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SENATE

STANDING COMMITTEE ON EDUCATION, EMPLOYMENT AND
WORKPLACE RELATIONS

ESTIMATES

(Supplementary Budget Estimates)

WEDNESDAY, 22 OCTOBER 2008

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

Wednesday, 22 October 2008

Members: Senator Marshall (*Chair*), Senator Humphries (*Deputy Chair*), and Senators Arbib, Cash, Jacinta Collins, Crossin, Fisher and Siewert

Participating members: Senators Abetz, Adams, Barnett, Bernardi, Bilyk, Birmingham, Mark Bishop, Boswell, Brandis, Bob Brown, Carol Brown, Bushby, Cameron, Colbeck, Coonan, Cormann, Eggleston, Ellison, Farrell, Feeney, Fielding, Fierravanti-Wells, Fifield, Forshaw, Furner, Hanson-Young, Heffernan, Hurley, Hutchins, Johnston, Joyce, Kroger, Ludlam, Lundy, Macdonald, Mason, McEwen, McGauran, McLucas, Milne, Minchin, Moore, Nash, O'Brien, Parry, Payne, Polley, Pratt, Ronaldson, Ryan, Scullion, Stephens, Sterle, Troeth, Trood, Williams, Wortley and Xenophon

Senators in attendance: Senators Arbib, Brandis, Cash, Jacinta Collins, Crossin, Fisher, Hanson-Young, Humphries, Hutchins, Kroger, Marshall, Mason, Milne, Parry and Payne

Committee met at 9.13 am

EDUCATION PORTFOLIO

In Attendance

Senator the Hon. Kim Carr, Minister for Innovation, Industry, Science and Research

Department of Education, Employment and Workplace Relations

Portfolio overview and major corporate issues

Cross Portfolio

Mr Bill Burmester, Acting Secretary

Dr Michele Bruniges, Deputy Secretary

Mr Ewen McDonald, Deputy Secretary

Mr Jim Davidson, Deputy Secretary

Ms Malisa Golightly, Deputy Secretary

Mr Graham Carters, Deputy Secretary

Mr John Kovacic, Deputy Secretary

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

Mr George Kriz, Chief Legal Officer 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 Aloka Sinha, Branch Manager, Procurement and Contract Manager, Legal, Investigations and Procurement Group

Mr Shayne Howard, Branch Manager, Investigations, Legal, Investigations and Procurement Group

Mr Brien Armstrong, Branch Manager, Internal Audit Group

Ms Margaret Pearce, Group Manager, Parliamentary and Communications Group

Ms Gillian Mitchell, Branch Manager, Parliamentary Branch, Parliamentary and Communications Group
Ms Mary Balzary, Branch Manager, Communications Branch, Parliamentary and Communications Group
Mr Bob Bennett, Branch Manager, CA and Remuneration Taskforce, People Group
Mr Ben Johnson, Group Manager, People Group
Ms Chris Silk, Branch Manager, Remuneration and Performance, People Group
Ms Robyn Kingston, Group Manager, Delivery and Network Group
Mr Justin Mein, Branch Head, Implementation and Risk, Delivery and Network Group
Mr Glenn Archer, Group Manager, IT Services Group
Ms Kerrie Reyn, Acting Group Manager, Applications Systems Group

Outcome 2—School Education

Ms Lisa Paul, Secretary
Mr Bill Burmester, Deputy Secretary
Ms Carol Nicoll, Group Manager, National Education System Group
Ms Deb Rollings, Branch Manager, Policy, Grants and Reporting Branch, National Education System Group
Ms Margaret Sykes, Branch Manager, Infrastructure Funding and Coordination, National Education System Group
Ms Suzanne Northcott, Branch Manager, National Education agreement Taskforce, National Education System Group
Mr Tony Zanderigo, Branch Manager, Reporting and Accountability Branch, National Education System Group
Ms Rebecca Cross, Group Manager, Lifting Educational Outcomes Group
Ms Helen McLaren, Branch Manager, Careers and Transitions Branch, Lifting Educational Outcomes Group
Ms Christine Lucas, Acting Branch Manager, Student Access and Equity Branch, Lifting Educational Outcomes Group
Ms Judy Petch, Director, Student Access and Equity Branch, Lifting Educational Outcomes Group
Ms Cathy Jubb, Director, Student Access and Equity Branch, Lifting Educational Outcomes Group
Ms Amanda Day, Acting Director, Student Access and Equity Branch, Lifting Educational Outcomes Group
Mr Garry Winter, Director, Student Access and Equity Branch, Lifting Educational Outcomes Group
Ms Regina Camara, Acting Branch Manager, Trade Training Centres Taskforce, Lifting Educational Outcomes Group
Ms Louise Hanlon, Branch Manager, Literacy and Numeracy Strategies Branch, Lifting Educational Outcomes Group
Ms Joanne Groube, Director, Literacy and Numeracy Strategies Branch, Lifting Educational Outcomes Group
Dr Evan Arthur, Group Manager, Digital Education Group

Ms Shelagh Whittleston, Branch Manager, Digital Education Revolution Taskforce, Digital Education Group

Mr Chris Sheedy, State Manager, South Australia, Branch Manager, National School Chaplaincy Unit, Digital Education Group

Ms Rhyan Bloor, Branch Manager, Broadband Infrastructure Taskforce, Digital Education Group

Ms Susan Smith, Acting Group Manager, National Initiatives Group

Ms Catherine Wall, Branch Manager, COAG Policy and Coordination Branch, National Initiatives Group

Ms Loire Hunter, Branch Manager, Indigenous Education Programs Taskforce, National Initiatives Group

Mr Scott Lambert, Director Science and Maths Education Section, National Curriculum Branch, National Initiative Group

Outcome 4—Vocational Education and Training

Ms Lisa Paul, Secretary

Mr Jim Davidson, Deputy Secretary

Mr Craig Robertson, Acting Group Manager, Tertiary Skills and Productivity Group

Ms Linda White, Branch Manager, Higher Skills, Tertiary Skills and Productivity Group

Ms Hilary Riggs, Acting Branch Manager, Skills Quality, Tertiary Skills and Productivity Group

Ms Suzi Hewlett, Branch Manager, Industry Engagement, Tertiary Skills and Productivity Group

Dr Caroline Perkins, Branch Manager, Tertiary Participation and Equity, Tertiary Skills and Productivity Group

Ms Robyn Priddle, Branch Manager, Foundation Skills and Pathways, Tertiary Skills and Productivity Group

Mr Patrick Cremen, Director, Workforce Development, Tertiary Skills and Productivity Group

Ms Sue Beitz, Branch Manager, Skills Australia Secretariat, Tertiary Skills and Productivity Group

Outcome 1—Early Childhood Education and Childcare

Ms Lisa Paul, Secretary

Dr Michele Bruniges, Deputy Secretary

Ms Vicki Rundle, Group Manager, Early Childhood Development

Ms Robyn Calder, Branch Manager, Early Childhood Development Strategy, Early Childhood Development

Ms Kathryn Shugg, Branch Manager, Early Learning and Care Services, Early Childhood Development

Ms Lois Sparkes, Acting Group Manager, Early Childhood Programs Group

Mr Murray Kimber, Branch Manager, Child Care Policy and Payments, Early Childhood Programs Group

Ms Annette Laurie, Acting Branch Manager, Child Care Programs Branch, Early Childhood Programs Group

Ms Deborah Anton, Acting Branch Manager, Office Secretariat, Early Childhood Programs Group

Ms Trish Mercer, Group Manager, Early Childhood Education and Workforce Group

Dr Gabrielle Phillips, Branch Manager, Performance and Analysis, Early Childhood Education and Workforce

Mrs Susan Bennett, Branch Manager, Early Childhood Workforce and Indigenous Pre-school Branch, Early Childhood Education and Workforce Group

Mr Chris Alach, Acting Branch Manager, Early Childhood Workforce and Indigenous Pre-school Branch, Early Childhood Education and Workforce Group

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

Mr Michael Manthorpe, Group Manager, Child Care Industry Taskforce

Outcome 5—Transitions and Youth

Ms Lisa Paul, Secretary

Mr Jim Davidson, Deputy Secretary

Ms Margaret McKinnon, Group Manager, Youth and Industry Skills

Ms Christine Dacey, Branch Manager, Office for Youth, Youth and Industry Skills Group

Mr Neil McAuslan, Branch Manager, Policy, Funding and Performance, Youth and Industry Skills Group

Ms Katy Balmarks, Branch Manager, VET Technology and Recognition Programs, Youth and Industry Skills Group

Ms Anita Mills, Acting Branch Manager, Australian Apprenticeships, Youth and Industry Skills Group

Ms Jan Febey, Acting Branch Manager, Trades Recognition Australia and ATCS; Youth and Industry Skills Group

Outcome 3—Higher Education

Ms Lisa Paul, Secretary

Mr Jim Davidson, Deputy Secretary

Mr Colin Walters, Group Manager, Higher Education Group

Mr Jason Coutts, Branch Manager, Policy, Compacts and Accountability, Higher Education Group

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

Mr Rod Manns, Branch Manager, Funding and Student Support Branch, Higher Education Group

Ms Julie Randall, Branch Manager, Infrastructure and Endowment, Higher Education Group

Ms Catherine Vandermark, Branch Manager, Quality and Private Providers Branch, Higher Education Group

CHAIR (Senator Marshall)—I declare opening this public hearing of the Senate Standing Committee on Education, Employment and Workplace Relations. The Senate has referred to the committee the particulars of proposed expenditure for 2008-09 and related documents for the Education, Employment and Workplace Relation portfolio. The committee may also examine the annual reports of the departments and the agencies appearing before it. The

committee will begin today's proceedings with Cross Portfolio and as far as possible follow the order as set out in the agenda. Proceedings will be suspended for breaks as indicated on the program. The committee has resolved that answers to questions on notice are to be lodged by Friday, 28 November 2008. Written questions on notice must be submitted by the completion of the supplementary budget estimates hearings, which we determine to be by the close of business on Friday.

Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. I remind officers that they are protected by parliamentary privilege. I also remind officers that, in its orders of continuing effect, the Senate has resolved that there is no area in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees, unless the parliament has expressly provided for otherwise.

The Senate has resolved that officers shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer such questions to superior officers or to the minister. This resolution, however, does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted.

Where an officer declines to answer a question, the grounds for that should be stated so that the committee may consider the matter. The giving of false or misleading evidence to the committee may constitute a contempt of the Senate.

I welcome the Minister representing the Minister for Education, and the Minister for Employment and Workplace Relations, Senator the Hon. Kim Carr; the Acting Secretary of the Department of Education, Employment and Workplace Relations, Mr Bill Burmester; and other departmental officers, as well as observers, to this public hearing. Minister, would you like to make an opening statement?

Senator Carr—No.

CHAIR—Mr Burmester?

Mr Burmester—Yes. I am here to represent Lisa Paul, who is unable to attend today's hearing because she is unwell. She wishes to extend her apologies to the committee. In fact, she told me that this was the first estimates hearing she had missed in 16 years in the APS.

CHAIR—Thank you. We will start with the cross portfolio.

Senator CROSSIN—I hope she is not feeling that guilty that she is watching it on her laptop at home! If I know Ms Paul, she probably is. I want to ask questions about the new structure in the department. Could you please explain to me what has happened to the specific Indigenous education group and who, as the manager, is now ultimately responsible for Indigenous education, other than the secretary?

Mr Burmester—Following the change of government and the changes to bring the department together, we undertook an exercise to realign the structure to meet the government's priorities, so we could address the priorities and agenda of the new government. In doing so we took the opportunity to amalgamate areas where there were duplication and overlapping responsibilities. That resulted in clusters under the deputies, each focused on particular outcomes for the government. Indigenous Affairs, which covers a whole range of

programs right across the portfolio, was amalgamated into a single group, called the Indigenous Group. That is under the broader cluster of Employment and Strategic Policy. That combines a range of cross-cutting portfolio responsibilities, such as our research function and so on. It includes Indigenous responsibilities. Bob Harvey is the group manager and Graham Carters is the deputy secretary. They have responsibility for Indigenous education. There is a branch that takes on responsibility for Indigenous education.

However, there are a number of Indigenous education programs which we continue to operate. A task force has been established to maintain and continue the operations of those specific education programs. They actually sit under me in my normal job under the schools and COAG space. There are changes to the Indigenous education program. A task force was set up to manage the transition of those programs to their new status, which will occur once COAG agreements are finalised by the end of the year, with a new arrangement for funding. Many of our Indigenous programs are funded through state government education departments.

Senator CROSSIN—In the program you refer to a strategic Indigenous group responsible for—

Mr Burmester—The Indigenous Group, led by Bob Harvey, is responsible for Indigenous policy and programs across the entire portfolio.

Senator CROSSIN—Where do I find that group on the program, because I do not see Mr Harvey's name listed as a witness for today?

Mr Burmester—He will be coming in. I think the program lists Indigenous matters under social inclusion later in the agenda. Mr Harvey is—

Senator CROSSIN—Stop there. You keep saying that, but can you point me to exactly where that is?

Mr Burmester—On the program under outcome 2, School education, which follows cross portfolio, there is a heading 'Closing the gap for Indigenous Australians', where we can take questions on matters of Indigenous education programs directed toward closing the gap.

Senator CROSSIN—I am trying to clarify this here, because what you are telling me and what is on the program are two different things. Closing the gap for Indigenous Australians actually comes under the new strategic Indigenous group? Is that correct? Is Mr Harvey the group manager for that area? Do I have that right?

Mr McDonald—In terms of the new structure which took effect on 18 August, the Indigenous policy group in Graham Carters' cluster is a role that cuts across the department. In relation to Indigenous education in the schools area, you will see an Indigenous education task force which is about continuing those education programs and bedding down that new structure. That will take a little bit longer until it is finally bedded down, but questions about Indigenous education could be taken either in the schools area or with Bob Harvey at that time.

Senator CROSSIN—I do not see Mr Harvey listed as an officer on the list of witnesses under school education that you have provided to us.

Mr McDonald—I understand he is available to appear, so he will be able to take questions.

Senator CROSSIN—Let me get this right: Mr Harvey is responsible within the department for Indigenous education and Indigenous employment?

Mr McDonald—Cutting across the department.

Senator CROSSIN—Yes, I understand that. Is that correct? It is Mr Harvey?

Mr McDonald—Yes.

Senator CROSSIN—And questions relating to Indigenous education across schools and higher ed would be asked in Closing the gap for Indigenous Australians? Is that correct?

Mr Burmester—That is one place where it can be asked if it is about those closing the gap targets, but Mr Harvey is available throughout the hearings to answer questions wherever they arise; if they are regarding higher ed, he will be here for the higher ed section, so he can answer questions in that time slot.

Mr McDonald—Susan Smith is now here as well. She will be able to answer questions in relation to the Indigenous education program.

Senator CROSSIN—Yes, I know she is here. I understand from the new organisation chart that that position is responsible only for implementing the Indigenous education initiatives, not the ongoing, day-to-day policy of Indigenous education. Is that right?

Mr Burmester—That is correct.

Senator CROSSIN—You talked about a strategic task force. Is this an Indigenous education strategic task force?

Mr Burmester—I mentioned that Graham Carters' overall group is called Employment and Strategic Policy. He is the deputy secretary that overlooks the cluster of groups that includes the Indigenous one. I said there was a separate task force in Susan Smith's area that has responsibility for managing the current Indigenous education programs until they are transitioned into the new arrangements under the COAG agreement with state governments.

Senator CROSSIN—Could you provide your latest organisation chart for us?

Mr McDonald—Yes. We can give you this one here if you like.

Senator CROSSIN—I just want the latest up-to-date one. We are still watching what happens with Indigenous education with interest, so thank you.

[9.25 am]

CHAIR—We will now move on to questions on outcome 2, School education digital education revolution, although we will return to cross-portfolio questioning when Senator Humphries returns.

Senator MASON—Yes, I think Senator Humphries has some questions that he wants to ask in person. I think there might also be some on notice. Last time we had such a big audience watching us including, I think, the Prime Minister, but this time perhaps everyone is watching Dr Henry in the economics committee this morning.

Senator Carr—Who said the Prime Minister was watching us?

Senator MASON—It was in the *Weekend Australian*.

Senator Carr—You would rely on that, would you?

Senator MASON—Well, you do. Good morning, Minister. It is good to see you.

Senator Carr—I would spend more time on your work than relying on the *Weekend Australian*.

Senator MASON—Let us get to that and see how we go. Mr Burmester, will you pass on my regards to Ms Paul. I am sure I will miss her throughout the day.

Mr Burmester—Yes, I will.

Senator MASON—In this year's February and June estimates this committee was told that there were no Commonwealth government estimates for the one-off and ongoing costs of the computers in schools program. Dr Arthur, you told us in the June estimates that, 'It is not a disputed point that there are on-costs to activate computers.' I ask again, Minister Carr: are there any Commonwealth government estimates of the total cost—and I emphasise total cost—of achieving all the objectives of the computers in schools program? Specifically, those objectives are: achieving a one-to-one ratio of computers to students; maintaining a broadband connection of up to a hundred megabits per second; and all the additional one-off and ongoing costs—that you will recall me going through last time, Dr Arthur—that will be required to run the computers for their four-year life span. Do you have those Commonwealth estimates?

Dr Arthur—Those issues certainly have now being considered by the Commonwealth government. A process was put in place by the Secretary of the Prime Minister and Cabinet to examine these issues, and a deputy secretary within the Department of Finance and Deregulation, Dr Paul Grimes, was commissioned—

Senator MASON—I want you to go slowly so I can write this down. So the Secretary of Prime Minister and Cabinet was the person—

Dr Arthur—Indeed. He commissioned a review.

Senator MASON—I want to write this down. I always start slowly, you may recall. When was that?

Dr Arthur—The review commenced on 2 July 2008.

Senator MASON—And who actually did the review?

Dr Arthur—Dr Paul Grimes, who is the Deputy Secretary of Department of Finance and Deregulation. He was the leader of the review. I was involved, as was Mr Don English, who was at that time Assistant Secretary in the Department of the Prime Minister and Cabinet.

Senator MASON—When you say the Secretary of Prime Minister and Cabinet commissioned the review on 2 July.

Dr Arthur—I said that was when it commenced. I do not have the date when the decision was taken to commission the review in front of me.

Senator MASON—That was what I was going to ask next. Can you find that out?

Dr Arthur—I can certainly take on notice exactly when it was done. We should be able to get that back to you before estimates conclude but if we cannot we will take it on notice.

Senator MASON—It is the decision to commission the review. Am I right in saying it would be after the last estimates?

Dr Arthur—That is correct.

Senator MASON—After 4 June?

Dr Arthur—Yes, that would be correct.

Senator MASON—When was that report finalised?

Dr Arthur—On 3 September.

Senator MASON—So it was commissioned on 2 July and finished on 3 September. What are the results of that review?

Dr Arthur—That review is currently being considered by government.

Senator MASON—Can we see it?

Dr Arthur—It is in the nature of advice to government at this stage.

Senator MASON—I see. Can I ask this then: does the review consider the total cost of the election promises?

Dr Arthur—It considers the costs associated with the implementation of the National Secondary School Computer Fund.

Senator MASON—Which is not the same as the election promise?

Dr Arthur—The election promise contained a number of elements, one of which was the National Secondary School Computer fund.

Senator MASON—Will the report have disaggregated figures cash, for example—and you will recall I did ask this in the June estimates—installing laptop cabling; laptop trialling; central server infrastructure, ongoing cost, repair and maintenance; technical support; ongoing electricity air-conditioning; and all that stuff that I will not go through now but I did ask in June. Will they all be there and disaggregated?

Dr Arthur—All of those issues were considered in the course of the review and all of them were considered as disaggregated elements and also—

Senator MASON—So they are considered as disaggregated elements within the—

Dr Arthur—They were all considered within the review, Senator.

Senator MASON—Good. This report was finalised on 3 September?

Dr Arthur—That is correct.

Senator MASON—Has it gone to the minister, Ms Gillard?

Dr Arthur—It was a report commissioned by the Department of the Prime Minister and Cabinet so it was made available to the Prime Minister. It was also made available to my minister and to the Minister for Finance.

Senator MASON—So it has gone to Ms Gillard as well?

Dr Arthur—Her office certainly has it.

Senator MASON—So it was finalised on the third. What is the date today?

Dr Arthur—The Treasurer too received a copy.

Senator MASON—So how many weeks ago—help me here. Is it seven weeks?

Dr Arthur—I will take your estimate, on my mental arithmetic.

Senator MASON—I think that is about right. So about seven weeks ago the report was finalised. Dr Arthur, I am just not sure what we are waiting for. This is a report that outlines the total cost of the program. It is advice as to the total cost. It is not advice as to policy. It is simply the advice as to costings, isn't that right?

Dr Arthur—It is advice as to costings, yes.

Senator MASON—And the advice as to the costings cannot be released to parliament?

Dr Arthur—I said it is in the nature of advice to government, where government is currently considering that advice.

Senator MASON—So you are unable to tell this committee the ballpark figures involved?

Dr Arthur—No, I am not.

Senator MASON—That is fine. If you can't, you can't. We might come back to this a bit later though. So, to get this right, we do not have the Commonwealth government's estimate of the program, is that correct?

Dr Arthur—We certainly have a report from the department of finance which contains within it a careful analysis of the costs, an analysis of those costs.

Senator MASON—Sorry, I did not express that well. When I said 'we' I mean the parliament and the public do not have that estimate as yet.

Dr Arthur—Correct.

Senator MASON—We are aware though of other estimates that have been done. I think that is right, isn't it, Dr Arthur?

Dr Arthur—That is certainly true.

Senator MASON—I think around the country there have been quite a few estimates done. Let us just recall for the committee, Dr Arthur, that the budget thus far allocated for the program is \$1.2 billion.

Dr Arthur—For the total program, yes.

Senator MASON—So \$1.2 billion is correct, isn't it?

Dr Arthur—Yes.

Senator MASON—I think you said that the capital cost of a laptop would be somewhere between \$500 and a thousand dollars. With bulk purchasing you thought it would be—let us say \$500, so it could be as low as \$500; it could be as low as that.

Dr Arthur—I would not want to contest that.

Senator MASON—I am giving you the benefit of the doubt here. I am very generous, as you know, Dr Arthur; you might recall that. Let us go through it then. Mr Chair, we have not

got any estimates to be made available to the committee, being the Commonwealth's estimates of the total cost—that is the evidence thus far. So what I am going to do now is point to—and ask for the minister and the department to comment on—other estimates.

CHAIR—On this same topic?

Senator MASON—Yes, on the same topic. Minister and Dr Arthur, are you aware of some documents that were produced by the ACT department of education for the COAG working group in March of this year and that were sought though, I think, freedom of information? You would be aware of those documents?

Dr Arthur—Yes.

Senator MASON—Have you seen them, Dr Arthur?

Dr Arthur—I think I have seen a version of those documents.

Senator MASON—Let me draw your attention to this particular one. First of all you might notice that it says a lot about costings. Is that right?

Dr Arthur—Yes.

Senator MASON—What does it say about costings, Dr Arthur?

Dr Arthur—I am not in a position to mentally recall the details. If you have them there I am quite happy to react to them.

Senator MASON—Let me help you.

Dr Arthur—Thank you, Senator.

Senator MASON—The oncosts are estimated by the ACT department of education. The oncosts have been estimated to be four times the cost of the unit over a four-year period. I can make this available if you want, Mr Chair—and Dr Arthur trust me here. In the next paragraph bar one it says:

From 2009-10 there will be a need to be additional funding for the ongoing management of these computers. The generally accepted cost across Australian government is four times the cost of a computer in support over its life ...

That is a quote—you don't dispute that?

Dr Arthur—I am happy to believe you are reading the document accurately.

Senator MASON—Let me make this very clear: the generally accepted cost across Australian government is four times the cost of a computer in support over its life. If we take a generous estimate for the cost of a laptop at \$500, no more—and I think you would even agree that is a generous, low estimate—what this report is saying is the ongoing costs will be four times that. I am not a mathematician. Four times 500 is 2,000—is that right? With a million computers, we have \$2,500—\$500 plus \$2,000 is \$2,500—times one million computers, which equals \$2½ billion. How is that, Dr Arthur?

Dr Arthur—I am happy to confirm that—

Senator MASON—My calculations are right.

Dr Arthur—That particular arithmetic, yes. I am also happy to be a bit more helpful and confirm that those figures and other figures provided by various states and territories in terms of their estimate of the costs were indeed considered by the Grimes review.

Senator MASON—Good, because guess what: we are going to be having a look at them. I want to make that very clear. You may recall I have just said that the Commonwealth budgeted \$1.2 billion on this. Giving the best possible cost for the laptop of \$500, we are already up to \$2½ billion. It is underbudgeted by \$1.3 billion. I want to make this very clear. Let's go to our next source. Are you aware of an article in the *Sydney Morning Herald* 22 June this year? We are going to Western Australia now:

West Australian Premier Alan Carpenter bluntly told the Prime Minister his state would not meet the extra costs of installing and operating the computers. In March, he warned at a Council of Australian Government meeting that for every dollar the Commonwealth planned to spend, states would have to stump up three to four dollars for the extras.

You would accept that that is what the newspaper report says?

Dr Arthur—Indeed.

Senator MASON—Next, New South Wales. I have gone to the ACT, I have gone to Western Australia and now we are going to New South Wales. I am quoting from the *Weekend Australian* of 27 September this year, page 4—there are two estimates on this page—where it says:

The continuing cost of computers under the NSW model is \$2400 a computer.

So again we are in about the same ballpark—funny, that. We are all coming back to the same sorts of figures. It is \$2,400 this time. Before that, more broadly, the article says:

Calculations by the states and territories of the continuing costs of the computers, including software, technical support, network access and broadband downloads, is \$4600 per computer—

I will explain this—

over the four-year life cycle of a computer.

To be fair, Dr Arthur, and to give complete disclosure, let me say that this is based on the capital cost being \$1,000. I am being totally upfront about this. But therefore the ratio is not one to four; it is one to 4.6. But we are all in the ballpark. Some are saying the capital cost ratio is about one to four, and this is one to 4.6, which makes the government's case worse.

Let us move on to what the teachers think. The New South Wales Secondary Principals Council also have estimates. The *Australian* on 14 October this year—and I am quoting from page 27 of the newspaper—says:

Jim McAlpine, NSW Secondary Principals' Council president, has called on the state's Labor senators to persuade Ms Gillard to release "genuine funding information" for the digital education revolution.

Of course, I have sought the same thing, Dr Arthur—I am sure you will recall. Then the article says:

The council has written to the ALP members of parliament to argue its case, but so far only one senator has acknowledged receipt.

Jim McAlpine, NSW Secondary Principals' Council president, has called on the state's Labor senators to persuade Ms Gillard to release "genuine funding information" for the digital education revolution.

Of course I have sought the same thing, Dr Arthur; I am sure you will recall. Then the article says:

The council has written to the ALP members of parliament to argue its case, but so far only one senator has acknowledged receipt.

I am sure that was Senator Marshall. The article quotes Mr McAlpine:

"Research has indicated that the total cost of acquiring a computer over a four-year period is around \$4200 for an initial outlay of \$1000.

So again, we are in the same sort of ballpark figure here—a ratio of about 4.2 to one. Would you agree on that assumption?

Dr Arthur—You appear to be quoting Mr McAlpine accurately, yes.

Senator MASON—It not coincidental that they are all about the same. Have you noticed that? They are all about four to one.

Senator Carr—So these states have caucused. Gee, what a shock!

Senator MASON—But I thought this was about cooperative federalism—no blame game. Those are your words not mine.

Senator Carr—Senator Mason, you have given us a lengthy review of newspaper quotes about what the states say about the Commonwealth.

Senator MASON—I have not finished. That is not the states; that is the New South Wales Secondary Principals Council.

Senator Carr—Alright, and various interest groups within the education system. They all say much the same thing. We have got that point. But what is your question?

Senator MASON—Let us go to what the private sector says. We have looked at what the states have said and the New South Wales Secondary Principals Council. Now what does the private sector say about the ratio? Let us have a look. The *Australian Financial Review* on 20 May 2008—

Senator Carr—They agree, do they? Can we get to the point, Senator Mason?

Senator MASON—Just hold on; we are getting to the point alright. The article says:

"The capital cost of a computer is only a fraction of the three-year life cycle cost of keeping it running and supporting it," VMWare Australia's managing director Paul Harapin said. "Analyst estimates are 20 per cent capital cost, 80 per cent operational support costs over a three-year period.

It is a coincidence again that it is 20 to 80 which is one to four. Shock horror! So we have all the states, the secondary school teachers and the private sector all saying the ratio is one to four. Dr Arthur, is any of that surprising to you?

Dr Arthur—No.

Senator MASON—No, I did not think so. Let me just recap the evidence: we have a program budgeted for \$1.2 billion, we have a capital cost of computers—and I am being very

generous—of \$500 and we have the ratio that everyone has said is four to one. Some have said it is a bit more—some have said 4.6 to one and some have said 4.2 to one, but I will let that go; I am generous. Let us say it is four to one. The total cost therefore of this program would be \$2½ billion. The Commonwealth has budgeted \$1.2 billion. So it is \$1.3 billion underbudgeted. Congratulations.

I would now like to go to the idea of partnership. Ms Paul told the committee on 20 February this year that these funding matters will be resolved in the terms of ‘an unfolding of a partnership arrangement’. Dr Arthur, because I have a very boring life, as you know, I read one of your speeches the other day—excellent speech that it was. I do not want to misquote you, Dr Arthur; I would hate to do that. It was a speech made at the ACEC conference. What is that, Dr Arthur?

Dr Arthur—That the Australian Council for Computers in Education Conference.

Senator MASON—Your contribution was excellent. On 1 October you gave a speech entitled ‘Experience the digital education revolution’. You said in one of the slides, ‘Collaboration and partnership: what is needed to make it work.’ You say, ‘Supporting cooperation with state and territory governments, Catholic and independent school systems is imperative for the success of the initiative.’ Is that right?

Dr Arthur—Yes.

Senator MASON—So it is imperative? Ms Paul has said that, you have said that and the minister has said that. Let us see how this partnership is unfolding. We have looked at the costings; now we are looking at the partnership. I am sure you know where I am going, Dr Arthur; you have been here before.

Senator Carr—Is that right! How long will it take us to get there, that is the point!

Senator MASON—I think we have already done a bit—\$1.3 billion under budget is a pretty good start. But what is the time? How long did it take me to establish that? It did not take long.

CHAIR—We did not actually start on time but it is 10 minutes in—

Senator MASON—I think we have done that in about 20 minutes, Dr Arthur.

Senator Carr—We have established that you read the newspapers.

Senator MASON—I think that is a pretty good start, ladies and gentlemen: \$1.3 billion under budget is a pretty good start for the morning. But I have not finished. Let’s go. We are talking about the partnership, and cooperation, now. Minister, Dr Arthur and Mr Burmester, are you aware of page 1 of an article—

Mr Burmester—If I could just interrupt there, what you have established so far is that in other people’s views—and in a number of people’s views—the arithmetic you have performed would show that you consider the initiative to be underfunded by \$1.3 billion. We have not said that.

Senator MASON—I know you are a good public servant, Mr Burmester, as is Dr Arthur. You cannot say that, and I am not saying you have.

CHAIR—Mr Burmester has just put on the record what he wanted to put on the record and you should not challenge the veracity of that.

Senator MASON—I understand that. I would not expect anything less of a deputy secretary of a Commonwealth department. He could not possibly agree with me. To do that would be very unhelpful, particularly if the Prime Minister is watching, as he was last time. Are you aware of an article on the front page of the *Sydney Morning Herald* on 30 June 2008? The headline reads thus: ‘How Costa put squeeze on Rudd—school computer debacle’, and the article goes on to say:

THE Rudd Government has been embarrassed by revelations that it was advised to make a \$245 million secret deal with NSW to avoid “a big political problem” and secure support for its election promise to give computers to high school students.

Are you aware of that, Dr Arthur?

Dr Arthur—I am aware of that article.

Senator MASON—Are you aware of it, Minister?

Senator Carr—No, I am not actually.

Senator MASON—Would you like a copy?

Senator Carr—You can do what you like.

Senator MASON—Would you like to pass this to the minister? I would hate to mislead him. I am always helpful, Minister, as you know. Let me go on. If I misread it, Mr Burmester, please call me up:

The deal - to be “hidden” from the other states - ...
—to be hidden from other states—

... was proposed to combat threats by the NSW Treasurer, Michael Costa, to scuttle the Commonwealth’s computers-in-schools program unless he got the extra money to cover costs linked to installing the computers, such as internet connections and electricity bills.

Is this a fair reading, Minister? In the next paragraph, it goes on:

Papers obtained by the Nine Network show Mr Costa made the threat in a recent letter to his federal counterpart, Wayne Swan. They also reveal Mr Swan’s advisers—

Mr Swan’s Treasury advisers—

urging him to offer NSW the secret sweetheart deal.

The Rudd Government is resisting this advice along with the Costa demands, which could mean a showdown before a meeting of federal, state and territory leaders in Sydney on Thursday.

It then comes to a beautiful climax:

In his letter to Mr Swan, Mr Costa said: “In the absence of a firm commitment from the Commonwealth to fully fund these costs, the state is unable to participate in round one of the [scheme].”

Do you call that a partnership, Minister?

Mr Burmester—I would just comment that—

Senator MASON—Yes please, Dr Burmester!

Mr Burmester—New South Wales did participate in round 1 of the fund.

Senator MASON—Well, we will get to that later.

Senator Carr—There is a significant problem with your line of argument.

Senator MASON—No, there is not. Do I ever let you down, Minister?

Senator Carr—Constantly, Senator Mason, but we will not go on with that.

Senator MASON—Would you call that a cooperative partnership? I would call it extortion.

Senator Carr—By Mr Costa?

Senator MASON—Yes. Costa is trying to extort. Would you call this a cooperative partnership, Dr Arthur? Minister, what do you say? Is this a reflection of a healthy, cooperative partnership on the computers in schools program? What do you call it?

Senator Carr—You are asking the officer for an opinion.

Senator MASON—I am asking you for yours.

Senator Carr—We have, as I understand it, a claim being made by Mr Costa in the *Sydney Morning Herald*, and the proposition that the officer just put to us demonstrated that the claim was untrue.

Senator MASON—That is not right, but we will get to that later on. So do you think this reflects a happy, cooperative working relationship?

Senator Carr—What I can say is that all states and territories have supported applications by their schools for support—

Senator MASON—Minister, I am not going to—

CHAIR—Please let the minister finish.

Senator Carr—With the exception of those from Western Australia, all the applications have been assessed. The information has been submitted to the department. I understand that some 9,665 computers have been delivered to 107 schools and that, as of 9 October 2008, 1,420 schools have applied for round 2. That strikes me as solid evidence of a very high level of cooperation and partnership on an important Commonwealth program.

Senator MASON—Minister, I promise that we will get to that aspect later on. You can hold me to that, Chair. We will get to the delivery aspect later on. You have my undertaking that we will get to that. Minister, you are reading off some brief. I do not blame you for this shambles. You are representing another minister. I do not blame you for this, but if you call this a reflection of a cooperative partnership when you have extortion from the New South Wales government—

CHAIR—Senator Mason, there is a problem with this. If you have questions which you are seeking to get some answers to you, you should ask them. If you want to engage in political rhetoric, I will invite the minister to respond to the political rhetoric so that we have a

fair and balanced debate. Minister, do you want to respond that? Then we will move on to questions.

Senator Carr—All I can say is that a very large number of computers have been delivered to children in Australian schools in response to the commitment the government made at the last election. That, to me, is a very good result.

Senator MASON—I have given my undertaking that we will get a precise issue.

CHAIR—Senator Mason, please, questions.

Senator MASON—That is one aspect of the New South Wales arrangement with Mr Costa. A report in the *Australian* from 26 September 2008 says:

NSW won't spend a cent of its round one, \$56 million allocation until the on-costs issues are resolved.

You would be aware of this, Dr Arthur.

Dr Arthur—I am aware of that, Senator.

Senator MASON—Good. You heard that, Chair. You might recall, Dr Arthur, a slightly embarrassing moment in the last estimates when I referred to the New South Wales budget, which I produced like a bunny out of a hat. Do you remember, Dr Arthur, that wonderful moment?

Dr Arthur—I remember.

Senator MASON—I remember it very well. Again, I want to draw your attention to that. Budget Statement 2008-09, on page 8-5, says:

The NSW Budget therefore has been prepared on the basis that the Commonwealth fully pays for all "legitimate and additional" State costs in implementing the Commonwealth Government's election commitments.

It also specifically refers to the digital education revolution. Is what I have read a fair assessment?

Dr Arthur—Yes.

Senator MASON—Good. We are in agreement here. What a cordial arrangement this is. I was watching the *7.30 Report* recently. Do you ever watch the *7.30 Report*, Dr Arthur?

Dr Arthur—Occasionally.

Senator MASON—Were you watching it on Monday night?

Dr Arthur—No.

Senator MASON—I was. The new Premier of New South Wales, Mr Rees, was on. He was asked questions by Kerry O'Brien about computers. On the topic of the computers in schools program, he said:

It's not an insignificant amount of money that we need to find to help implement that promise of Kevin's.

Then he went on to say:

Well, the most recent advice to me from some of the other jurisdictions is that they [had] serious reservation as well.

Do you trust that I am reading from the transcript, Dr Arthur?

Dr Arthur—Yes, Senator.

Senator MASON—Right. So, Mr Chairman, what we have here is the article about Mr Kosta that I have raised, an article about his attempt to extort money. We have what New South Wales has said about round 1. We have the budget papers themselves and we also have the comments from Premier Rees on Monday night to Kerry O'Brien. Again, you said before, this will take the cooperation of the states. Would you call this a cooperative arrangement?

Dr Arthur—All I can say, Senator, is that New South Wales agreed to participate in round 1 and signed a funding agreement associated with round 1 which had a clear statement of what funding would be provided by the Commonwealth and the obligations that New South Wales undertook in receipt of those funds.

Senator Carr—Can I just add, Chair, Senator Mason has made some assertions about Mr Kosta. They are his opinions—

Senator MASON—He'd be an old friend of yours, wouldn't he, Kim?

Senator Carr—I just say there are assertions that you have made which are nothing more than your opinions.

Senator MASON—No, that is not right.

Senator Carr—You have then gone on about extortion. You have made claims about the behaviour and attitude of Mr Kosta to this program. I want to emphasise they are your opinions; they are not the opinions of the government. You have then gone on to say that you saw an interview on the *7.30 Report* on Monday night. I have not seen that report, but what I can say to you, in contradiction to your claim that the New South Wales government does not support this program, is that I have a letter here dated 10 October from the minister, Verity Firth—so this is a very recent letter—to Minister Gillard which says:

I am writing to confirm that the NSW Government continues to support the Australian Government's National Secondary School Computer Fund initiative.

It then goes on to say:

We acknowledge—

that is, the New South Wales government—

\$56.2 million of funding already provided to NSW through Round One of the program.

You have made some claims about New South Wales and round 1.

Senator MASON—We will get to that.

Senator Carr—There is an acknowledgement here of \$56.2 million being provided by the Commonwealth to New South Wales to support the program in New South Wales. This letter, to me, suggests the New South Wales government continues to support the Australian government's National Secondary School Computer Fund initiative.

Senator MASON—Can I ask you a question about the letter? In that letter, it says there is support. In that letter, does Ms Firth commit the New South Wales government to paying the

additional on-costs—the one-off and additional costs—of the Commonwealth's election promise? Does she make a commitment?

Senator Carr—She says:

I am committed to making the Australian Government's initiative a success.

Senator MASON—Let me again ask you the question: does she promise that the New South Wales government will pick up the additional computer costs to make this program work? Does she say it in that letter? Does she commit the government? She doesn't, does she?

Senator Carr—She is committed to making the program work.

Senator MASON—This is not the minister's portfolio, sadly. It is not a criticism of you, Minister; you are representing someone else. But she does not commit the New South Wales government to paying the ongoing costs of computers, does she?

Senator Carr—Look, Senator Mason—

Senator MASON—Does she?

Senator Carr—let us get to the nub of this issue, instead of going around and around in circles—

Senator MASON—I have barely started and I never disappoint.

Senator Carr—where you read out a series of opinions from newspaper columns—

Senator MASON—No, I am not.

Senator Carr—and various lobbyists seeking additional support from the Commonwealth. These are matters which are subject to negotiation between the Commonwealth and the states through the COAG processes. There has been a review established to assist in the verification of the claims that have been made, or otherwise, about the amount of money in on-costs that is required. What has happened is that the Commonwealth has embarked upon an ambitious program, which has seen very substantial benefits delivered to children in Australian schools—benefits which were not provided by your party. And essentially we now have an argument going on in the newspapers about people trying to present to the Commonwealth a case for why they should pay more money. That is the nature of the Federation. It is nothing more and nothing less than that.

Senator MASON—Without going down that rhetorical angle, let me ask you again: has the New South Wales government committed itself to paying the on-costs?

Mr Burmester—The New South Wales government does not have to offer to pay the ongoing additional costs because that is a matter—it is well known and you have established it this morning—for discussion, consultation and negotiation between the Commonwealth and the states.

Senator MASON—Mr Burmester, you have my word, we are going to get there. I never disappoint—you ask Ms Paul—we always get there. We have done New South Wales. I have brought up the New South Wales attitude. No-one actually thinks that is cooperative. I think I have established my case that there is no cooperation. Since we commenced this estimates together back in February, Dr Arthur, I did a bit of a search and in answer to my questions the word 'partnership' was mentioned 42 times with reference to the computers in schools

program. This is why I am very keen to examine the partnership, Mr Burmester, you see because I went very gently—as you recall, Dr Arthur—on the department both in February and in June because I was told this was part of an unfolding partnership arrangement. Now we are examining the content of the partnership.

Next state. South Australia, what is going on in South Australia? I will tell you. Please bear with me, minister. In South Australia are you aware of an article from the *Adelaide Advertiser* on 14 July 2008 which says:

PUBLIC high schools are shunning Prime Minister Kevin Rudd's \$1.2 billion digital education revolution because they cannot afford to run more computers.

In a move that threatens to derail Labor's key election promise of an education revolution, between 20 and 40 South Australian secondary schools will not make an application to the National Secondary School Computer Fund.

The schools argue the benefits of new computers will be outweighed by the burden of running them, such as installing extra power points, training teachers and paying for software, maintenance, power and the internet.

Schools already are struggling with lower Education Department allowances for electricity and many are reluctant to add to their power consumption.

Do you accept, Dr Arthur, that what I have read out is accurate?

Dr Arthur—Again I can comment, Senator, that in round 2, which I think that article was referring to, South Australian government secondary schools have indeed applied under round 2—

Senator MASON—Some have, yes, some did not.

Dr Arthur—Ninety per cent have applied and their applications have been assessed by the South Australian government.

Senator MASON—Yes, sure. We will get to that.

Senator Carr—Senator Mason, nearly 10,000 computers have actually been delivered to 107 schools. That is not a bad record in a little less than 10 months that the program has been up and running. I think you should draw attention to that when you are quoting from these opinions.

Senator MASON—These are not opinions. Does that sound like a cooperative partnership to you, Dr Arthur.

Senator Carr—It sounds like an opinion.

Dr Arthur—All I can respond to, Senator, is the actual facts of the program's operation. I have indicated in the case of New South Wales round 1 and with South Australia in both round 1 and round 2 that the facts are of schools applying. In the case of round 2 since we have not got to that point of approval and funding flowing, they have been assessed by the government and are now in the process.

Senator MASON—So you think this is evidence of a strong partnership?

Dr Arthur—I am not expressing opinions, I am providing you with information on the operation of the program.

Senator MASON—We will get there. Still on South Australia, it has been revealed that for state schools in South Australia for every \$1,000 grant for a new computer, the state government will take \$250 in licensing costs and a further \$40 transaction fee. Have you heard about this?

Dr Arthur—Yes, Senator.

Senator MASON—Do you dispute the fact that this is the claim being made?

Dr Arthur—Not at all, Senator.

Senator MASON—Good. That is in South Australia.

Dr Arthur—I would just comment that my understanding is that in South Australia the licensing for the operating system and the basic office suite for the computer are purchased centrally by the South Australian government, so that is simply a case of the South Australian government making a particular decision about what costs are borne at an individual school and what costs are borne centrally. It is a merely a detail of the operation of the program.

Senator MASON—Again I refer to my undertaking to get to these precise issues later. I have said that to the chair, and you will have your opportunity. I am simply going through the states so we can look at the evolving partnership. Do you understand that, Mr Chair?

CHAIR—Yes, but you are putting positions that have been put by others and asking the officers whether they agree that they are accurate statements. I think it is fair that the officers are able to actually respond to the reality of the statements they put, not just simply confirm that it is accurate that someone else has got that opinion.

Senator MASON—I agree with you, Mr Chair. I have said though in relation to exactly what is happening in terms of the delivery of computers that I will return to that. I have said that on a couple of occasions, and I will do that.

Senator Carr—I could perhaps draw your attention to some other quotes, Senator Mason, since you are obviously keen to read the papers. The principal of a school not too far from where I live, Essendon East Keilor District College, welcomed the 529 computers to his school, saying, 'We have been held back by a lack of facilities and this is going to accelerate our progress.' The Corio Bay Senior College principal indicated an urgent need for new computers for the school, saying, 'Most of our current computers are very old, which makes it difficult for any students who are trying to do online research. It is not really assisting learning if students are sitting there twiddling their thumbs.' I am pleased to say that the students of Corio Bay Senior College will get 170 new computers through round 1.

Senator MASON—Minister, thus far I have been through a couple of the states, as I think you would agree. Are you satisfied that what has happened thus far is the unfolding of a satisfactory cooperative arrangement?

Senator Carr—Yes.

Senator MASON—Good, that is on the record then.

Senator Carr—I am satisfied that this is a practice—

Senator MASON—You're happy with it.

Senator Carr—It is tried and true. But the difference is this time the Commonwealth of Australia, under a Labor government, is providing direct assistance to students, which has had the effect of the provision of some 10,000 computers—9,665 to be precise—to 107 schools. Of course I am satisfied.

Senator MASON—Okay.

Senator Carr—It is a great initiative by a great Labor government.

Senator MASON—Minister, I am simply putting on the committee's record what is currently on the public record about this unfolding partnership arrangement. You might not like it, Minister, but let us keep going.

Senator Carr—What we can say is that there are a further 1,420 schools that are applying for computers under round 2. Now I would expect that we would see a much greater rollout than the nearly 10,000 we have already seen. So this is an ongoing program, it is a very worthwhile program, it is a very necessary program and it reflects the neglect that we saw under your government over the last 11 years.

Senator MASON—Western Australia is the next state. We are looking at the unfolding partnership arrangement. You are still with me, Dr Arthur, aren't you? So it is for Western Australia. We discussed last time the former Premier, Mr Carpenter, saying that he was less than enthusiastic about the program, initially saying he would not pay a cent towards implementation. That's right, isn't it? This was because in fact Mr Carpenter thought the true cost of the program was several times what the federal government actually budgeted for. In a report in the *Sydney Morning Herald* of 22 June 2008, he warned at a COAG meeting that for every dollar the Commonwealth planned to spend the states would have to stump up \$3 or \$4. And the new Premier, Mr Barnett, has said that the computers in schools policy will not work unless the Commonwealth pays for the ongoing costs. That is Mr Barnett on ABC local radio online.

Dr Arthur—Ministers—

Senator MASON—Yes.

Dr Arthur—They have indicated that there are no disputes, that there is a vision, a view, from the states and territories on this particular program and that the method for resolving that is to be the COAG process.

Senator MASON—Well, we are going to get there. I am putting on the public record that the key factor in the success of this program, which is the partnership—we have been there; that is exactly what everyone has agreed with—and the unfolding partnership arrangement, which you say, the minister, Ms Paul and the governor have said is critical to its success. I am rolling out the public record on the unfolding partnership arrangement. That is all I am doing, Dr Arthur. You might wonder why I am such a sceptic. Even in supporting the initiative earlier in the year, saying that her government would pay for some of the additional costs of computers, the Victorian Minister for Education, Bronwyn Pike, noted in the *Australian* on 25 September 2008: 'It will be a shared responsibility of government with, of course, the Commonwealth, through this initiative, taking the lion's share of responsibility.' For once,

even I got the smell of a partnership from Ms Pike—only a whiff; from no-one else but a whiff from Ms Pike. That was Victoria. Let us go to the ACT.

I have already brought up—Dr Arthur, I am sure you would agree—the documents that are FOI'd from the ACT; haven't I? Those documents obtained through FOI indicate that the 'territory has considered not buying as many PCs so that the residual money can be used to cover the ongoing costs.' In other words, due to the fact that the on-costs are so significant, they considered increasing the student to computer ratio, thus defeating the purpose of the initiative. You read that, didn't you?

Dr Arthur—I must admit that I cannot recall that particular sentence.

Senator MASON—They are saying that the on-costs are so substantial that they would replace old computers with newer ones.

Dr Arthur—I think we have established that there is nothing unfamiliar about the statement of that position.

Senator MASON—Does this reflect a healthy ongoing partnership arrangement?

Dr Arthur—Again, all I can comment on are the actual facts of the program. The ACT participated in round 1 of the program and is participating in round 2.

Senator MASON—I am going to get to that. Queensland is my home state, as you would be aware, gentlemen. Because I have a boring life, I was listening to the Queensland budget estimates on 17 July and I noted that the Queensland education minister, Mr Welford, said, 'We will give the federal government an accurate true costing of what the installation costs are. Maybe they can use that as some sort of benchmark for what supplementary funding they might need to give the other states for installation costs.' Would you agree that that is what he said?

Dr Arthur—I described earlier that there has been a formal process whereby all the states and territories have had full opportunity to put all of those views and all of those estimates of costs to the Commonwealth government.

Senator MASON—So, let's recapitulate. I have just gone around a circuit of every mainland state.

CHAIR—You have gone around in circles; that is true.

Senator MASON—And I have, in a sense, detailed what is on the public record about the unfolding partnership arrangement. Do you agree with that?

Dr Arthur—I think I have characterised the situation in my previous remark.

Senator MASON—All right. But you do not disagree that anything I have read out was misquoted? That's a fair question.

CHAIR—Unless you are going to provide all those articles—

Senator MASON—But is anyone suggesting that?

CHAIR—No-one is suggesting that, but I do not think it is appropriate to ask the witnesses to confirm that.

Senator MASON—The point is, Minister, that you say there is an unfolding partnership, but the states do not say there is a partnership because none of them have said that they will pay the difference between the \$1.2 billion allocated by the government for this program and the full cost of the program. Have any of them said that? It is a fair question.

CHAIR—The minister will be given an opportunity to answer that.

Senator Carr—I will do my best, Senator Marshall.

Senator MASON—Have they?

CHAIR—Without interruption.

Senator Carr—We have had a series of opinions read from newspapers as to what the positions of the states are or have been in public. We have had the officers explain to the committee that there is a process by which a review is undertaken and negotiations are continuing about the amounts of money the Commonwealth will provide for this program. It is customary practice for these sorts of dialogues to occur, often in the public arena. I will wait with interest for the conclusion of the COAG processes to see what arises in terms of the final resolution to these questions. The facts remain that all the states and territories participated in round 1, some nearly 10,000 computers were provided to 107 schools; and that in round 2 some 1,420 schools have applied for assistance through this program. To me that reflects a very high level of engagement with this initiative of the Commonwealth. It is a necessary initiative to try to plug the gap left by the 11 years of neglect by your government.

Senator MASON—I ask you again: has any state government said they will pay the ongoing costs—the difference between the \$1.2 billion allocated and the total cost? I asked that question. Dr Arthur can you—

Dr Arthur—I think that both Mr Burmester and I have already answered that question in full.

Senator MASON—So the answer to that is: no, they have not.

CHAIR—Well, that is not what the officer said.

Senator MASON—Well, actually, it is.

CHAIR—You are free to say that, as long as you are not attempting to verbal the officers.

Senator MASON—You may recall, Dr Arthur and Minister, that my favourite website, was Kevin07.com.au. You would recall that, Dr Arthur.

Dr Arthur—I certainly can recall you referring to that website, Senator.

Senator MASON—It is very sad for me that this site has now been rerouted to the ALP website. So my favourite website is now the one I look at frequently. This is the digitaleducationrevolution.gov.au. Are you aware of that website?

Dr Arthur—I am aware of that site.

Senator MASON—I am sure that you are aware of that website, Dr Arthur. I do not have a very interesting life, gentlemen! The document I am looking at is from that website and it is about round 2, frequently asked questions, National Secondary School Computer Fund. Right at the top of the list of the frequently asked question is, ‘Who will provide technical support,

repairs and maintenance for the ICT equipment?’ The answer is below. If you think I am not reading it correctly, pull me up. It says:

State, Territory, Catholic and Independent education authorities have responsibility for technical support and ongoing maintenance of computers and ICT equipment purchased with grants from the National Secondary School Computer Fund.

Have the states, territories, Catholic and independent schools said that they will pay for the technical support, the repairs and the maintenance of computers provided for under this fund?

Dr Arthur—What the site says, correctly, is that those bodies that you nominated are responsible for providing that support. That is correct.

Senator MASON—But they have not said that they will pay, have they?

Dr Arthur—There is, as we have established, I think, a conversation occurring, which will be resolved in the COAG context, about the total funding arrangements in the context of Commonwealth-state relations.

Senator MASON—We are going to get there. I accept that. So the Commonwealth says they are responsible. I am sure you do. I am not disputing that you say they are responsible. My question is: have they said they are responsible?

Dr Arthur—They certainly would take the view that they are responsible for administering those issues.

Senator MASON—Would they take the view that they are responsible ‘for technical support, repairs and maintenance of the computers provided’ under the computer program?

Dr Arthur—Yes.

Senator MASON—So they would?

Dr Arthur—Yes.

Senator Carr—Senator Mason, I have here an example of a particular school, the Temple Christian College. The principal has contacted the minister and points out that the Temple Christian College received a grant to purchase 199 computers through the federal government’s National Secondary School Computer Fund, and provided photographs. The computers have been purchased, installed and are being used by the students. They said:

It has been a wonderful blessing for the school and greatly appreciated by students, staff and parents. We were able to set up four new computing areas, as well as replace machines that were old.

So in a practical, operational environment at the Temple Christian College we see 199 computers provided, up and running and being used by the students directly as a result of this program. This suggests to me that the claims that you are reading do not necessarily reflect what is actually happening in schools.

Dr Arthur—I can assist you also by reading additional elements of that site. In response to the question: who will pay for the on-costs associated with the installation of the ICT equipment, it says:

Through the COAG process, the Australian Government is continuing discussions with state, territory and non government education authorities in relation to funding legitimate and additional on costs.

Senator MASON—That is right. I was going to get to that next.

Dr Arthur—So the site both says that as a matter of fact that technical support is operationally a responsibility of the education authorities and is quite open in terms of the ultimate funding for the program.

Senator MASON—We are going to get to COAG in a minute. That is fine. I want to go back and check this because I do not want any confusion about this. Dr Arthur, you said—and if I am misleading the committee, you tell me—that state, territory, Catholic and independent education authorities have agreed that they will pay for the technical support, repairs and maintenance of the new computers under the computers in schools program. Is that right?

Dr Arthur—With respect, Senator, that is not what I said.

Senator MASON—That is fine. I just wanted to make sure that we are not at cross-purposes. Tell me again. Maybe I am stupid—perhaps I am. Take it slowly.

Dr Arthur—I said that it is the responsibility of the states, territories and the education authorities to provide those services, but that the issue ultimately of who pays for the total cost of the program that the Commonwealth and the states and territories share is currently a matter for discussion and is to be resolved in the COAG context.

Senator MASON—Right. And we are going to get to the second issue in a few minutes. So the Commonwealth government's view is that it is the responsibility of state, territory, independent schools and so forth to provide that support. Have the schools said, have they acknowledged, that it is their responsibility?

Dr Arthur—Certainly, in the state government operations it is absolutely the responsibility and is acknowledged by the schools and state and territory governments that they have that role. Indeed—to pick one case you have mentioned—New South Wales manages and maintains a very large operation which the Commonwealth would never dream of duplicating to provide that support. So, yes, absolutely it is an established fact that it is the role of the state and territory government departments to provide that support.

Senator MASON—Hold on. That is not the question I asked. I asked: have they said that they will pay for the technical support, repairs and maintenance? You should follow this, Mr Chairman, as this is important. Have the state and territory governments and independent schools said that they will pay for the technical support, repairs and maintenance of the new computers provided with the computers in schools program?

Dr Arthur—Senator, I think we established earlier—

Senator MASON—Have they said it?

Dr Arthur—Senator, if I can answer the question in an accurate manner—

Senator MASON—Answer that precise question, please.

Dr Arthur—The accurate answer to that question is that we have established that those costs are a part of the overall on-costs of computers and we have stated that that issue particularly has been addressed in the Grimes review and we have stated that the position of states and territories is that this is a matter to be resolved in the COAG context, and that is also the position of the Australian government.

Senator MASON—Fine. So they have not said that they will, rather it is a matter for negotiation at COAG. That is the answer? Is that right?

Dr Arthur—Ultimate funding responsibility, I think we have said a number of times—

Senator MASON—Mr Chairman, that is right, isn't it?

Dr Arthur—is to be resolved in the COAG context.

Senator MASON—Right, that is all I wanted to know. We are finally there. It took me a long time. So the answer is that they have not said that they will pay but the issue will be resolved at COAG. I am not trying to mislead anyone.

Dr Arthur—As I recall, Senator, Mr Burmester made that statement some time ago.

Senator MASON—Fine. So the Commonwealth's position is that it is the state's responsibility, the states have not said they will pay and this is for negotiation at COAG; yes?

Mr Burmester—Senator, you keep using the words 'responsible' and 'paid for' interchangeably. We have made it quite clear that the states and the education authorities are responsible for the operation of computers in their schools. The issue of funding is yet to be resolved.

Senator MASON—Yes, that is fine. That is the Commonwealth's view. I understand.

CHAIR—What I intend to do now is take the morning tea break. After the break, we will go back to cross-portfolio until that is completed—we do not believe that will take a long time—and then we will move back to this line of questioning. That will be the end of cross-portfolio.

Proceedings suspended from 10.30 am to 10.43 am

CHAIR—The committee will reconvene. We are dealing with cross-portfolio questions.

Senator HUMPHRIES—I understand there is a second iteration of the razor gang to review expenditure across departments. Has this organisation, or this process, indicated to this department any cuts or savings that it believes the department needs to consider?

Mr Storen—Yes, the department is participating with processes of government in relation to the expenditure review process. As yet it is still within government to decide the outcomes of that. At the moment I would not expect to see anything until the next budget.

Senator HUMPHRIES—This is not simply about managing the efficiency dividend; this is about preparing for the budget process next year?

Mr Storen—There are a range of processes. Some of them may result in decisions being taken earlier than budget, but at this stage there is still a fair amount of consideration to be undertaken.

Senator HUMPHRIES—Does the department hold any special accounts?

Mr Storen—Yes, Senator.

Senator HUMPHRIES—How many such accounts?

Mr Storen—It is in the order of 10 open special accounts. Not all the special accounts have transactions running through them every year or have closing balances, but technically there are 10 open special accounts.

Senator HUMPHRIES—Can we get a list of those accounts? I do not mean right now, but perhaps take it on notice.

Mr Storen—Okay. That is fine.

Senator HUMPHRIES—Thank you.

Senator Carr—Senator Humphries, they are listed in the PBS.

Senator HUMPHRIES—Which page?

Mr Storen—On page 143 of the portfolio budget statement.

Senator HUMPHRIES—Does it list on that page what the amounts are in the accounts?

Mr Storen—Yes, Senator. It lists the opening balance for the previous year and the expectation for the current year—receipts, payments and the closing balances as well.

Senator HUMPHRIES—Thank you for that. Has there been discussion about the razor gang looking at the operation of those accounts as part of the process of reducing expenditure in the department?

Senator Carr—I do not think it is appropriate to ask the officer about matters that are currently before the cabinet. I am not commenting on which issues are or which are not, but I do not think it is fair to ask the officers to comment on matters that are a part of that process.

Senator HUMPHRIES—I am just asking whether the issue has been discussed.

Senator Carr—We could go right through every line of the budget and ask, ‘Has this issue being discussed or has that issue being discussed?’ I really think that it is inappropriate to ask the officers to comment on the budget processes.

Senator HUMPHRIES—Okay. I will move to another area. Do we have an annual report from the department as yet?

Mr McDonald—The annual report will be tabled by 31 October, which is the due date.

Senator HUMPHRIES—What is the due date?

Mr McDonald—For tabling—31 October.

Senator HUMPHRIES—All right. It is obviously a little bit less useful to not have an annual report at the time of estimates, but I suppose that is the problem with—

CHAIR—Basically, the annual report is done in the additional estimates period. Generally, in these portfolios, that is the general practice. I do not think it is normally available for the supplementary estimates—is it?

Mr McDonald—I think there has been some change in the timing of the committee. However, this year, particularly for our department, with the new department being established, pulling that together into one annual report with all the other issues we have been dealing with—we have been looking at the timetable and the timetable was 31 October, and that is what we have shot for.

Senator HUMPHRIES—Could you tell me whether the department has complied with interim requirements relating to the publication of discretionary grants?

Mr Storen—Could you give me a little bit more information, Senator?

Senator HUMPHRIES—I think there is a continuing order of the Senate with respect to provision of details about grants made by the department. Has the department complied with that order of the Senate?

Mr Storen—No, Senator, we have not been in a position to provide that information.

Senator HUMPHRIES—You have not been required to—

Mr Storen—We have not been able to provide that information as yet. We have certainly looked at the processes we need to undertake to provide the information. We are pulling together three large departments with three large financial databases at the moment. In order to provide the information to satisfy the standing order requires an amount of resources on our behalf, to be able to comply.

Senator HUMPHRIES—When can the Senate expect to get that information?

Mr Storen—Pending the clarification of a couple of the issues in the standing orders, we should be in a position to do it by—I would like to say the end of the month—the first part of November.

Senator HUMPHRIES—Has the department received any advice on how to respond to FOI requests?

Mr O’Sullivan—Are you talking about advice from the Department of the Prime Minister and Cabinet?

Senator HUMPHRIES—I mean advice from any department external to your department?

Mr O’Sullivan—Not that I am aware of.

Senator HUMPHRIES—I assume you keep the records on a financial year basis. Is that correct?

Mr O’Sullivan—For FOI statistics, I am not sure. It is either the full year or the financial year.

Senator HUMPHRIES—For whichever last full period you have, how many FOI requests has the department received?

Mr O’Sullivan—I will have to take that notice but I might be able to get the answer back fairly quickly.

Senator HUMPHRIES—That would be good. Could you also take on notice how many of those requests have been granted, how many have been denied and how many conclusive certificates have been issued in relation to FOI requests.

Mr O’Sullivan—Certainly, Senator. I will take that on notice.

[10.51 am]

CHAIR—We will now continue with outcome 2.

Senator MASON—You would recall that, right at the beginning, I asked some questions about the Commonwealth's estimate of the total cost of the computers in schools program. You said that this had been commissioned by the Secretary of the Department of the Prime Minister and Cabinet on 2 July. Is that right?

Dr Arthur—I said that that was when the review commenced.

Senator MASON—And you are finding out for me when the decision to commission the review was taken?

Dr Arthur—It is the responsibility of the Department of the Prime Minister and Cabinet to provide that information.

Senator MASON—But you are finding that out for me?

Dr Arthur—We are investigating that question.

Senator MASON—But we think the decision was after 4 June, which was the last estimates?

Dr Arthur—That is correct.

Senator MASON—And the review of the total cost of the program was finished on three September?

Dr Arthur—I think that is what I said, yes.

Senator MASON—Good. A copy of those reports has gone on the Prime Minister, the minister—Ms Gillard—and also the Treasurer. Is that right?

Dr Arthur—And the Minister for Finance and Deregulation.

Senator MASON—I asked you if you could table that, and clearly you see why the opposition would like that information, and you said it is advice to government.

Dr Arthur—It is in the nature of advice to government.

Senator MASON—Right. Mr Chairman, I have advice from the Deputy Clerk of the Senate and I want to refer to it, if I can. 'There are no restrictions on committees asking about advice to ministers, the preparation of which is a major function of the Australian Public Service and a large number of statutory authorities. Senators are empowered in legislative and general purpose standing committees to require the giving of evidence and the production of documents.' Then I have an attachment to this document which provides grounds for public interest immunity claims. They include things like commercial interests, legal proceedings and national security interests. One of the unacceptable grounds, No. 3 listed under 'The following grounds have not been accepted by the Senate in the past,' is advice to government. So that has not been accepted as a reason for not providing information in the past. Again, I call for that information.

Dr Arthur—It is not my position to comment on Senate rulings.

Senator Carr—We will take your request on notice.

Senator MASON—On notice?

Senator Carr—Yes.

Senator MASON—Will we get it today, Minister?

Senator Carr—No, you will not.

Senator MASON—I see—we will not get it today. Why not?

Senator Carr—Because I have to discuss the matter with the minister, and I will not be able to do that today.

Senator MASON—I assume it is not my position—I am only a participating member—but the committee is entitled to press for it at a private meeting, if it wishes to do so.

CHAIR—I can advise you, Senator Mason, that this is ground well travelled by this committee over the years and I am very familiar with the argument you are about to make. I am also very familiar with the rulings that previous chairs of this committee have made in respect of that, and it is my understanding that the minister has now acted most appropriately and consistent with decisions of previous chairs—that, if the question is taken on notice, that is the end of it. However, if you seek to press the matter at a private meeting, I will convene a private meeting at an appropriate time.

Senator MASON—I do seek to press the matter, and for this reason: as you know, Mr Chairman, I was the chairman of finance and public administration for several years and Senator Faulkner and Senator Ray were both on that, you will recall. The decision I made—and I am not questioning your decision—is that it is relevant, but of course we cannot force the government to provide it. That is a different issue.

CHAIR—No. The government is not saying that they will not provide it. The question has been taken on notice and an answer will be given on notice. That is the position, as I understand it.

Senator MASON—Did you undertake to provide it today, Minister?

Senator Carr—No, on the contrary.

Senator MASON—Okay, that is fine.

CHAIR—There is no requirement to. When questions are taken on notice, the committee earlier resolved—and I made comment on this in my opening remarks—the committee does require all answers to questions taken on notice to be in by 28 November, and we would expect an answer by that date.

Senator MASON—Clearly this is a cover-up. We know why the Commonwealth does not provide this information—

Senator Carr—Senator Mason, that is—

Senator MASON—because all the evidence is that the program is underbudgeted. I press the claim.

CHAIR—I am happy for the claim to be pressed and we will deal with that at a private meeting, but I do take exception to making a statement—

Senator MASON—Every estimates is going to be a lot of fun!

CHAIR—Senator Mason, you will also allow the chair to finish. I do not think it is an appropriate comment to say that this is a cover-up. This is the normal—

Senator MASON—Come on!

CHAIR—This has been the normal practice of this committee for many, many years, and this is the way it has been dealt with. So I fail to see that you can substantiate that claim.

Senator MASON—Dr Arthur—

CHAIR—But, nonetheless, if you want to proceed to a private meeting, we can do so.

Senator MASON—Everyone knew this would be the first question. The minister knew this question was coming, Mr Chairman. Everyone knew it was coming. I asked it in February, I asked it in June and I asked it as the first or second question this morning. Still there are no estimates. Finally they have been done and they cannot be provided, even though they were finished, on the evidence, on 3 September. You don't call that a cover-up? I do! I press the claim.

CHAIR—You can make any claims that you wish to in this forum, Senator Mason.

Senator MASON—I have made the claim.

CHAIR—Simply because you make the claim does not make it right.

Senator HUMPHRIES—Can I just comment? The position the committee might want to adopt with respect to this claim needs to be sorted out. Could I ask if we could have that private meeting now in order to be able to determine what we would do with respect to this matter?

CHAIR—The committee will suspend until a later time in the day.

Proceedings suspended from 11.00 am to 11.07 am

CHAIR—The committee will now reconvene. The committee has had a private meeting and it has resolved that the minister has taken the question on notice and that that is an appropriate course of action for the minister.

Senator MASON—I did not have the numbers again, Minister. It is a common problem in my life.

Senator Carr—Senator Mason, all I can reflect here is that—

Senator MASON—I just want to ask about 28 November—I think that is the date, Mr Chairman.

Senator Carr—That is right.

CHAIR—Yes.

Senator MASON—Mr Burmester, you referred to that issue. The committee can be confident then that this information will be to this committee by 28 November? That is a fair question.

Senator Carr—That is a fair question and you will get a fair answer. The question has been taken on notice. You have asked for the release of a report which is currently before government which is the product of a working group which has involved the states and territories and a number of government departments in the Commonwealth. They will have to be spoken to about the matter, and it is my expectation you will get a proper and considered

answer by 28 November. I will put that in the context where I sat in your position for 11 years in the previous government and was treated with considerably less courtesy and respect than you are being treated here today. There is nothing improper in me as the representing minister seeking advice of other ministers and the states and territories who were party to this report. You will get your answer within the time that has been set down by the committee for the answer to the question on notice.

Senator MASON—Thank you. I appreciate the 28 November deadline. The reason for this is this issue was raised—as you were aware, Minister—in February and in June, and quite frankly everyone expected it to be the first question today—

Senator Carr—But the report was—

Senator MASON—Hold on; let me finish. Still the information is not available so we can work out what the Commonwealth's estimates of its own election promises are. We still do not know 11 months later.

Senator JACINTA COLLINS—Senator Mason, can you please stop shouting.

Senator MASON—It is a very important question. This is a question I have been pursuing, as you know, Mr Chair, for 10 months—is that right?

Senator JACINTA COLLINS—Yes, but you can do that without hurting our ears. Just do not hurt our ears.

CHAIR—Order! A question is important whether it is yelled or whispered. They will all be treated the same, but I would prefer a level set of decibels. Thank you.

Senator MASON—It can be level and very high, Mr Chair.

Senator JACINTA COLLINS—No, Senator Mason, the point is that you have Hansard reporters with headsets on. Please be considerate.

Senator MASON—I am sure they are used to me.

Senator Carr—You understand the importance of the issue. Senator Mason, you have asked for a copy of a report from a review which was not begun until 2 July. Whatever questions you asked in February about this review, I think, do not take into account the fact that the report was not finalised until 3 September.

Senator MASON—Yes.

Senator Carr—The report is before government. It is part of a process which is to go to COAG and which has been explained to you on numerous occasions. It will form the basis of advice for an intergovernmental meeting. There will be opportunities for us to consider your request before 28 November.

Senator MASON—Minister, thank you. You are right; we will certainly be returning to that, I can promise you. Dr Arthur, we will go back to the round 2 frequently asked questions. Do you remember that—digitaleducationrevolution.gov.au? There is a typo at the top of the webpage. The question you ask on page 2 is: 'Who is responsible for the on-costs' of the program? Is that correct? I can show it to you if you need me to.

Dr Arthur—No, I think we have it here. I will just refresh my memory. Yes, Senator.

Senator MASON—You have that? Righto. Now maybe I am not very bright, but how many paragraphs are there? There are four. That is the key issue, Mr Chair; you will appreciate this. Who is responsible for the on-costs? I think we can all accept that that is a key issue of this entire estimates process. I thought, ‘Here’s the Holy Grail.’ That is what I thought. I read it several times, and I could not find who was responsible. But in the third paragraph, Dr Arthur—again, check me if I am wrong—it does not say who is responsible but it does say:

The Australian Government is discussing the issue of legitimate and additional costs associated with the implementation of the Fund with education authorities.

That is right, isn’t it?

Dr Arthur—Yes.

Senator MASON—So it is part of the ongoing discussions.

Dr Arthur—I think, Senator, that I read those remarks out myself a little while back.

Senator MASON—Yes. So that is right, isn’t it?

Dr Arthur—Yes, that is right.

Senator MASON—That is right. My point is that it does not say who is responsible; it simply says that that issue of responsibility is under discussion.

Dr Arthur—That is correct, and that is what we have said on a number of occasions this morning.

Senator MASON—That is fine; I just want to make sure. I would not want to mislead the committee. You know, Dr Arthur, that I would not do that. I gave an undertaking, Mr Chair, that I would ask some questions about the rollout of computers, because the witnesses have mentioned it. I said I would do that and I will do that. We will just go to that. Actually, something has just come into my mind.

Senator HUTCHINS—A UFO, perhaps!

Senator MASON—The most frequently asked question that I hear is: why does the Commonwealth government expect the state governments to pay for its election promises? That is not in there.

Dr Arthur—No, it is not.

Senator MASON—Isn’t it? All right. Dr Arthur, perhaps you could explain this to me: Why, in the round 2 frequently asked questions, is there talk about who is responsible for various on-costs such as technical support, repairs and maintenance—indeed, insurance, I note—yet, if we look at the round 1 frequently asked questions, there are no questions like that at all? What happened?

Dr Arthur—I think what happened is on the public record. There was a decision taken at a COAG meeting in terms of the ‘legitimate and additional costs’ and an agreement that that issue would be addressed in the COAG process. So that decision is quite correctly reflected in these guidelines which postdate that COAG decision.

Senator MASON—That is right, and yet they were not asked in round 1. Do you know why? Because the issue of who was paying the computer costs had barely been ventilated and now the states do not want to pay for the Commonwealth's election promises. Funny that.

Dr Arthur—I think I described accurately the process by which this has occurred.

Senator MASON—Funny that. It was not mentioned at all in the previous one, but it was mentioned in the second. What a coincidence. What are the consequences of this shambles of an unfolding partnership arrangement? Let us go to your documents again—the fact sheet on digitaleducationrevolution.gov.au. As I mentioned before, when we were discussing the unfolding partnership arrangements, I mentioned New South Wales, which I recall was one of the first states to say they would not pay for any of the ongoing costs. They have said—and I mentioned this to the committee—that they will not spend a cent of their allocation of \$56 million. And that is in the table—\$56.24 million. That is half of the entire round 1 allocation—48 per cent of it—and over two thirds of the allocation for state schools. Is that right—68 per cent?

Dr Arthur—That sounds right.

Senator MASON—The New South Wales Government under round 1 has been given \$56.24 million. That is 48 per cent of the total funding—on your documents—68 per cent of the total government funding to the neediest schools. Is that right?

Dr Arthur—The schools which had the lowest ratio of computers to students.

Senator MASON—The neediest schools, right? None of that money will be spent until New South Wales has been told they are not responsible for the on-costs.

Dr Arthur—I cannot comment on statements which have been made by New South Wales. All I can say—as I have said before—is that New South Wales has signed a funding agreement with the Commonwealth in return for receipt of those funds and has clear obligations under that funding agreement.

Senator MASON—What a shambles. It is half the money from round 1 for the neediest state schools in this country—on their own documents. Two-thirds of the money to the neediest state schools in this country will not be spent, because New South Wales have said they will not spend one cent until the matter of ongoing costs is resolved. That is a fact. That is why this idea of a partnership is an absolute shambles. I said I would get to this. I asked you to wait and you did. That is the problem, Dr Arthur and Minister, isn't it?

Dr Arthur—As I said, the factual situation is perfectly straightforward. New South Wales accepted the funds and signed a funding agreement which contains quite specific commitments in terms of how those funds are to be expended.

Senator MASON—Let us talk about computers on desks. How many computers were to be rolled out in round 1? Just remind me.

Dr Arthur—Funding was to be provided which would cover the purchase of—I will just get the particular figure—if you bear with me for one second.

Senator MASON—I think you know where I am going.

Dr Arthur—Yes, we do and we have that figure.

Senator MASON—How much money was provided in round 1?

Dr Arthur—\$116 million, in round numbers.

Senator MASON—\$116 million.

Dr Arthur—Indeed.

Senator MASON—How much per computer unit cost is it? \$1,000?

Dr Arthur—\$1,000.

Senator MASON—How many computers would that provide for? You are the mathematician, Dr Arthur.

Dr Arthur—No, in fact, I am not a mathematician.

Senator MASON—How many? Someone help—

Dr Arthur—116,000.

Senator MASON—There were 116,000 computers that were paid for.

Dr Arthur—Correct.

Senator MASON—How many computers, after 11 months in government, have hit the desks in round 1? How many are on the desks?

Dr Arthur—As the minister has said, approximately 10,000 computers have been provided in the three months that have occurred since the decision was taken to approve the funding under a funding agreement which provides two years for the funds to be expended.

Senator MASON—Correct me if I am wrong: 3 March, round 1 applications were opened. Correct?

Dr Arthur—Correct, Senator.

Senator MASON—4 April, round 1 applications closed. Correct?

Dr Arthur—Correct, Senator.

Senator MASON—And the funds were allocated, as per funding agreement, on 12 June?

Dr Arthur—The decision was taken, the funds were provided to states and territories and other educational authorities at the end of June. The actual funding arrangements require some time to execute, and so the funding became available approximately—it varies from state to state, but 30 June will do.

Senator MASON—Right, so this is where we are: after 11 months in government, the principal policy of the government with respect to the education revolution has delivered less than 10,000 computers on the desks of schoolkids—years nine to 12—which is less than 10 per cent of the money allocated under round 1. Is that right?

Dr Arthur—As I said before, Senator, within the short time that has transpired since the decision was taken, some 10,000 computers have been deployed. In my experience, that is a rapid deployment of a computer fleet of that size.

Senator MASON—The reason why, Dr Arthur, two-thirds of the needier schoolkids in state schools in this country have not got their computers is because New South Wales will

not pay for the ongoing costs—as you know well. Two-thirds of the kids are missing out because of that. This partnership you refer to is a shambles. Less than 10 per cent of the computers promised have been delivered, and that is all.

Dr Arthur—If I could just comment on the facts—

CHAIR—Before you go on, Dr Arthur, I do have a problem, Senator Mason, with you putting words into the mouths of the officials.

Senator MASON—I am just trying to get the numbers right.

CHAIR—The officials are here to give you factual answers to questions that are asked, and I would prefer if you refrain from re-suggesting their answers and putting words into their mouths. Their evidence will speak for itself.

Senator MASON—All right.

CHAIR—Dr Arthur, you can respond now.

Dr Arthur—I want to go back to your comment regarding New South Wales. As I understand it, their intended, and described at the time, method of proceeding was to place a very large order for a single configuration of computers. In my experience, that is a process which would normally take a very significant number of months to write the specifications for that tender, to invite people to respond to that tender and then, given the size of the order, quite possibly for people to commence the manufacturing process to supply that order. That is in the normal course of events something that would take a very significant number of months.

Senator MASON—Are you arguing, Dr Arthur, that the documents I read out in relation to the New South Wales minister, Mr Kosta and Mr Rees on Monday night all said they would not pay one cent of the ongoing costs until the issue was resolved? These computers will not be delivered until the Commonwealth says they are paying for the ongoing costs. They are not my words; that is what New South Wales says, Minister. That is what they say.

Senator Carr—Senator Mason, I have already read a letter from the minister for education indicating that ‘the New South Wales government acknowledges the receipt of \$56 million from the Commonwealth’.

Senator MASON—Yes, and how much have they spent of it, Kim?

CHAIR—Senator Mason, please—

Senator Carr—Senator Mason, you can carry on all you like about it, I will still proceed to provide any information.

Senator MASON—Go ahead. We have got all day.

Senator Carr—The \$56 million will be provided by the Commonwealth. New South Wales has indicated that they have signed an agreement on the use of that money. Does the Commonwealth have any reason to believe that they are dishonouring that, given the letter?

Dr Arthur—We have no reason to believe that.

Senator Carr—So that is where it stands, Senators Mason: the deployment will be made consistent with the tendering arrangements for the New South Wales government and we would expect the agreement to be honoured.

Senator MASON—How much money of that \$56 million has been spent, Minister?

Dr Arthur—Senator, we do not have that information. I can provide you with some information—

Senator MASON—I do! I will tell you, Dr Arthur: not a cent.

CHAIR—Senator Mason, you have asked the question, let the officer answer.

Senator MASON—But he does not know. Dr Arthur does not know. That is what he said. That is right, isn't it?

CHAIR—It was not a yes or no question. Wait for the officer to answer the question.

Dr Arthur—Under the funding agreement which is in existence, the reporting date, which New South Wales is required to comply with, is 31 December 2008, so we have not yet passed a reporting timeframe which would provide us with any indication that there was an issue. You have on a number of occasions referred to press indications of the New South Wales position without making any commentary on the accuracy of that. I would note that, in the *Australian* of 16 September, the relevant minister is referred to as saying that New South Wales would:

put the wheels in motion from next month to start spending the state's \$56 million ...

Under the fund

Senator MASON—Let me get to that in a minute. None has been spent thus far.

Dr Arthur—I did not say that, Senator.

Senator MASON—No, but I can tell you. Do you have any evidence to the contrary?

Dr Arthur—I have indicated to you the date on which we expect—

Senator MASON—Do you have any evidence to the contrary?

CHAIR—Senator Mason, you have asked that question and the witness is trying to answer it.

Senator MASON—Do you have any evidence that New South Wales has spent any of that money?

Dr Arthur—New South Wales, as I have indicated, like all other funding recipients is not obliged to provide us with a report on these matters until the first funding reporting date of 31 December of this year.

Senator MASON—We are going to get to that in a minute because I have some questions on that. About 9,000 computers have hit the desks—is that right?

Dr Arthur—I think 10,000 was the figure that we have used.

Senator MASON—That is fine, 10,000. That is about one per cent. The project was for a million computers one to one ultimately. That is one per cent. Twelve months after the

inauguration of the program, we have delivered in this country one per cent of the laptop computers. Well done, Minister, what a star!

CHAIR—Senator Mason, you are entitled to ask questions—

Senator MASON—It is a fair point.

CHAIR—There is a line. While I am happy in general terms for people to make the points that they want to make in the manner they want to make them, there is a line that I think you are now crossing. I would ask you just to consider the process of the committee. The officers are here to answer your questions and to be of assistance.

Senator MASON—It is now 22 October. The next COAG meeting and the next opportunity to discuss the on-costs with the states will be at the COAG meeting on 17 November. With state high school students finishing, at the latest, on 12 December there is not much time for these computers to hit the desks. Minister, can you guarantee that the computers will be on the desks of students by the end of the school year?

Dr Arthur—Senator, perhaps I can be of assistance.

Senator MASON—I would like to hear what the minister says. Minister, can you guarantee it?

Senator Carr—Processes have been embarked upon by the government obviously designed to produce a ratio of computers to students, one to two, at all secondary schools for years nine to 12. It is my expectation that, over the period of this agreement, that is what will happen.

Senator MASON—Can you guarantee that? It is a very fair question. Laptops will be provided to the year nine to 12 students in the most needy state schools in the country by the end of the school year?

Dr Arthur—Senator, you are assuming that that was the intention of round 2.

Senator MASON—Sorry, round 1.

Dr Arthur—Round 1 provides for a two-year funding agreements so that all of the computers which would be paid for under round 1 would be available within two years. That funding timetable was done specifically at the request of education authorities around Australia that they would be allowed sufficient time to ensure that there was a good deployment of the computers. There was a very clear view from stakeholders that they did not want to rush the deployment, in order that they would be able to ensure an effective deployment of the computers.

Senator MASON—Dr Arthur, there is a problem with—

Dr Arthur—There was a very clear view from the stakeholders that they did not want to rush the deployment, in order that they would be able to ensure an effective deployment of the computers.

Senator MASON—That is interesting because I was told—and you will recall this, Chair—when I asked about the information on-costs way back February, that the computers had to be deployed very quickly because of these very needy students. They were the most needy students in the country in terms of computers. We could not worry about on-costs, we

just had to get it to the neediest year 9 to year 12 students in the country. On 12 June Ms Gillard said that the Rudd government had to turbocharge efforts to get these computers into schools as soon as possible. That is why I thought, 'Okay, we've got to get them out this year. On-costs are perhaps not a big issue, particularly for the most needy kids.' What you are now saying, Dr Arthur, is 'No, it's not about delivering computers this year; it's about delivering them over the next two years.'

CHAIR—Senator Mason, I am not going to allow this. You have asked questions and the officers' answers will stand. You should not reinterpret what the officers have said and put it back to the Senate as a matter of fact. Now, that is the point I am making. I do not want you to do that.

Senator MASON—Hold on. I am referring to evidence in the past. That is fair enough.

Senator Carr—Senator Mason—

Senator MASON—Hold on, Minister. I have received evidence in February—and Ms Gillard said in June that it had to be turbocharged—that this money had to be expended quickly so that the neediest students, year 9 to year 12 state school students in the country, got their computers as soon as possible. It was not over some two-year time frame but as soon as possible. This is the evidence from February. Now we are talking about a two-year delivery time frame. What a shambles!

CHAIR—Senator Mason, again—

Senator MASON—You had better have a look at the *Hansard*, Minister, from February.

CHAIR—Minister, do you want to respond?

Senator Carr—All I want to indicate is that the delivery of nearly 10,000 computers over the three-month period, to me, is a reflection of the urgency that the government has attached to this program. Now, there are processes underway. There is always going to be argy-bargy with the states but that does not detract from the government's view of the urgency of this program. If it takes two years to get the program concluded so be it, but there have already been delivered 10,000 computers, or thereabouts, in a three-month period.

We now have 1,420 schools seeking support for the second round, which will be delivered as a matter of urgency as well. In education terms I might suggest to you, Senator Mason—knowing your knowledge of education—that the delivery of these computers at this rate reflects a high level of urgency and is, in fact, a very rapid roll-out of a program of this type.

Senator MASON—Thus far one per cent of the computers have been delivered. At this rate it will take 100 years!

CHAIR—You can say that. The officers have already addressed that. Again, I do not want you reinterpreting the evidence that is before the committee and putting—

Senator MASON—It is not funny. It is 10 per cent of round 1 and one per cent of the total cost. What a farce!

CHAIR—You have made some statements, Senator Mason. Minister?

Senator MASON—Go ahead; this is making my day.

Senator Carr—You are making editorial comments. The officers have answered your questions properly. Frankly, we have now spent the better part of two hours on this issue. If you wish to waste your time in this manner I guess that is a political judgement that you and your colleagues have made.

Dr Arthur—Perhaps I could make some factual commentary which may again be of some assistance.

Senator MASON—Hold on, Dr Arthur. I have some questions relating to this. You can say something if, at the end of this, you think you have not had your say. I have some specific questions. I would like to ask questions first, Chair.

CHAIR—Well, all right.

Senator MASON—We ask the questions. The last day of school, funnily enough, seems to be exactly six months from the allocations under round 1. We know, as I have mentioned, that the New South Wales state government's allocation of \$56 million makes up 40 per cent of the total allocation under round 1 in 68 per cent of the most needy state schools. We know that. Now, I noticed in the 'frequently asked questions' section on the digitaleducationrevolution.com.au site, Dr Arthur, that each applicant must spend 40 per cent of their allocation within six months. Is that right?

Dr Arthur—Yes. I believe it is '.gov.au'.

Senator MASON—Thank you. So it is true that each applicant must spend 40 per cent of their allocation within six months. Is that right?

Dr Arthur—That is correct.

Senator MASON—Can this committee be assured that New South Wales will spend \$22.4 million—that is, 40 per cent of the \$56 million—of their round 1 allocation by 12 December?

Dr Arthur—All I can say, Senator, is that New South Wales signed funding agreements and that funding agreement is perfectly explicit.

Senator MASON—It certainly is from the Commonwealth's point of view, but it is a pity they are not going to pay for the ongoing cost in New South Wales. In these very helpful documents, Dr Arthur, they refer to there being a six-month reporting framework for the two-year period. Is that correct?

Dr Arthur—That is correct, Senator.

Senator MASON—What is the date for that six-month reporting period?

Dr Arthur—I think we have already given that information; it is 31 December 2008.

Senator MASON—Why is that? Six months from what? Just explain why it is 31 December?

Dr Arthur—Because the funding agreements took effect from 1 July 2008.

Senator MASON—So it is by 31 December. Minister, when will those reports be available for the Commonwealth parliament to look at? They are due on 31 December. I look forward to seeing them.

Senator Carr—We will take that on notice.

Senator MASON—What mechanisms have you got in place to ensure that the aims of this program in relation to round 1 and the purposes of the grant money are being achieved?

Dr Arthur—Those are set out in the funding agreements.

Senator MASON—You will be following that up, will you?

Dr Arthur—Yes, Senator.

Senator MASON—Mr Chairman, you will recall that I also gave an undertaking to return to the COAG process—I said I would do that. Let us have a look at that.

CHAIR—I am in your hands.

Senator MASON—Minister, has the department received, from any of the states or the territories, estimates of what the rollout of the program or phase of the program will cost them?

Dr Arthur—Senator, as I have indicated, those matters, including information from the states and territories, were all considered by the Grimes review.

Senator MASON—So the department did receive information from the states about the costs to them?

Dr Arthur—That is correct, as part of the Grimes review process.

Senator MASON—Hold on, you told me in the June estimates that the department had received estimates from the states and that was before the commencement of the Grimes process.

Dr Arthur—And that answer was accurate. We have received—

Senator MASON—I just want to make sure.

Dr Arthur—Yes, that is correct.

Senator MASON—Is that right?

Dr Arthur—Yes, Senator.

Senator MASON—So before the commencement of the Grimes process the states had sent in some estimates of what they thought the ongoing cost would be.

Dr Arthur—Correct.

Senator MASON—How many of the states?

Dr Arthur—Two, we think.

Senator MASON—Can I have that information?

Dr Arthur—I believe that you asked that question at the last estimates.

Senator MASON—And guess what—

CHAIR—Hang on, he has not yet finished his answer.

Senator MASON—I have not received the information, Dr Arthur.

Dr Arthur—That is correct.

Senator MASON—Are you shocked, Mr Chairman?

CHAIR—If that is the answer you want, and you are satisfied with, then move on to your next question.

Senator MASON—Why have I not received that information, Minister? Why have I not received information about estimates from the states as to the total cost to them of a Commonwealth election commitment? Why has the committee not received that information?

CHAIR—You have asked the question, Senator Mason.

Senator MASON—There are 749 questions on notice to this committee—both parts of it—and only a handful have not been answered, including mine—what a surprise!—relating to the ongoing costs of computers. It is the same issue every time. Where is the information?

CHAIR—It is appropriate and as chair I do expect the committee, wherever possible, to answer questions within the time, but—

Senator MASON—This is what worries me, Mr Chairman.

CHAIR—It worries me. When I was sitting in your position not very long ago, Senator Mason, there were over 800 unanswered questions.

Senator MASON—We do not ask as many questions on notice, I think you might find.

CHAIR—They were left over from several estimates processes.

Senator MASON—You are not excusing this?

CHAIR—No, I am not excusing it. But you have asked a question and Dr Arthur has been trying to answer it.

Senator MASON—The minister was, I think.

Senator Carr—I am not familiar with what the officers have said about this particular question. It may well have been appropriate to actually answer the question by saying that this is part of the COAG processes. This information goes to the review that has recently been concluded. The suggestion I will now put to you is that that will be picked up in the other question you have asked about providing a copy of that review and its findings.

Senator MASON—Let me just remind the committee. I ask this question: can you make that correspondence available—that is, advice from state governments as to what they think the one-off costs and the ongoing costs will be? Again, Mr Chairman, no information is provided by the department—and then I have go through all the publicly available information as to the cost of the ongoing costs with some chagrin, because I cannot get the information out of government. Everyone knows that this fund is under budget by more than a billion dollars, and the Commonwealth has provided no information to facilitate this—neither their report nor answers to questions about the state asking for money to pay for Commonwealth election promises back in June. This is a disgrace and a cover-up, and the minister has nothing to say on it.

CHAIR—What is your question?

Senator MASON—When is that information going to become available and can I be assured, Mr Burmester, that come November the report that was commissioned by PM&C will be available? I no longer trust the government—if anyone does—on this issue.

CHAIR—Let's just deal with one question at a time.

Senator MASON—Go ahead, Minister.

Senator Carr—We have carefully considered the—

Senator MASON—This is a farce!

Senator Carr—Senator Mason, I have been—

Senator MASON—Come on!

Senator Carr—I have watched the histrionics of this committee for some time—

Senator MASON—I want the information; you will not give it—and it is fair.

Senator Carr—and I may have even participated in a bit of it from time to time. The point is that you normally have to wait till we give a reply to the question on notice—

Senator MASON—It has been 4½ months!

CHAIR—Senator Mason, if you are not going to allow people to answer your questions there is no point in you continuing.

Senator MASON—Go on, Minister.

Senator Carr—Senator, I think you should oblige us with the normal protocols and put on the histrionics after we have answered the question in November and wait until there is actually a response from the government to your request.

Senator MASON—Dr Arthur, when did the states first make you aware of their estimates of costs?

Dr Arthur—I would need to take that on notice. It is a matter of detail; I do not have that date in front of me.

Senator MASON—Let me give you a little hint.

CHAIR—No, the question has been taken on notice.

Senator MASON—Let me give you some information: the FOI documents from the ACT Department of Education that you have seen—

Dr Arthur—Indeed.

Senator MASON—were prepared for the March COAG meeting. Right?

Dr Arthur—Indeed.

Senator MASON—We will get to the working group in a minute. Mr Chairman, I now want to go through the COAG process. So you are taking on notice when the Commonwealth government first received the state estimates of their ongoing costs in the program?

Dr Arthur—Yes.

Senator MASON—Let's have a look at the COAG documents. It is more and more interesting, Mr Chairman—I am sure you will agree.

CHAIR—Do not press me to answer that question at the present point in time.

Senator MASON—Let's go back. When did we have the election? Remind me. Was it 24 November last year?

CHAIR—It is a day I thought you would recall, Senator Mason.

Senator MASON—Fortunately, I was not up for election, Chair. In the communiqué of the Council of Australian Governments meeting on 20 December 2007, computers in secondary schools are raised. Again, if you have any concern that I am not reading correctly, let me know. It says this:

COAG agreed today—

20 December 2007—

to accelerate work on the National Secondary School Computer Fund.

That is why less than one per cent of computers have been put on desks by now, I suppose. It continues:

Once fully implemented this initiative will benefit around one million secondary students nationwide each year.

The States and Territories agreed to immediately conduct an audit of their schools—

so I recall—

so that Commonwealth funding can be targeted where it is most needed and where there is capacity to use it effectively. That audit will be completed in mid-February 2008.

The completion of this audit by mid-February 2008 will speed up the roll out of technology to our schools.

So COAG agreed to accelerate work on the computer program in schools. That is on 20 December 2007. Attached to that is the report of the Working Group on the Productivity Agenda—education, skills, training and early childhood development. Dr Arthur, Minister and Mr Burmester, are you aware of that working group?

Mr Burmester—Yes, Senator.

Senator MASON—There is a heading, 'Commonwealth/state implementation plans to be delivered to March 2008 COAG meeting'. You still trust that I am reading correctly? The second dot point states:

Oversighting the work of implementation groups involving the State/Territory Independent and Catholic school systems for the Commonwealth's Digital Education Revolution and trades training centres in secondary schools.

Fair enough—I have read the right thing? So this is the Commonwealth-state implementation plans. They were going to be delivered, as the heading says, to the March COAG meeting. Is that right, Mr Burmester?

Mr Burmester—Yes, Senator.

Senator MASON—We are still on deck here. Then we go to the 26 March 2008 communiqué. It says:

COAG acknowledged that the Commonwealth should be responsible for its election commitments. In a number of the reports from Working Groups Commonwealth election commitments—

I am reading from the COAG communiqué—

have legitimate and additional financial implications for the States and Territories. Consideration of these costs will be included as an addition to the work of Treasurers in the final determination of the new generation SPPs at year's end.

Correct?

Mr Burmester—Correct.

Senator MASON—That is fair enough?

Mr Burmester—Yes, that is all on the public record.

Senator MASON—Right; I just want to make sure. I do not want you to think that I am reading bits there are not there. From that, COAG acknowledged that the Commonwealth should be responsible for its election commitments. In a number of reports from the working groups, Commonwealth election commitments have legitimate and additional financial implications for the states and territories—I am just reading from the communiqué. All right?

CHAIR—Yes, you have told us.

Senator MASON—Then we will go to the supplementary information to that contained in the communiqué on 26 March 2008—again, this is publicly available information, Mr Chairman:

COAG approved as a basis for further work:

the implementation plans, relating to Commonwealth election commitments, requested at COAG's December 2007 meeting ...

This is in March. The second final dot point is 'Digital Education Revolution'. Is that right, Mr Burmester?

Mr Burmester—No, I have not got that part of the communiqué with me, Senator.

Senator MASON—You would not dispute that that is what it said?

Mr Burmester—If you think it is there, it is there.

Senator Carr—Can you get to the point, Senator Mason?

Senator MASON—I will, Minister. You can always rely on me. On 3 July 2008—at the second-to-last COAG meeting—COAG acknowledged the following:

At that meeting, COAG acknowledged that the Commonwealth should be responsible for its election commitments. In a number of the reports from Working Groups Commonwealth election commitments have legitimate and additional financial implications for the States and Territories.

It is the same line. That is in the July 2008 documents. Do you agree with that?

Mr Burmester—It is on the public record.

Senator MASON—Back in December 2007, COAG agreed to accelerate work on the National Secondary School Computer Fund. By March 2008, COAG recognised that the Commonwealth should be responsible for election commitments. At the March COAG meeting the states turned up with their estimates of the costs of the digital education revolution. By March 2008 it was recognised that the Commonwealth government should be responsible for its election commitments? In March it said that that was the case. It was

flagged in December last year that implementation of this program was critical and that work needed to be accelerated. Given all that—I do not want to mislead anyone—why is it that the report into Commonwealth estimates, seeking a Commonwealth view as to the ongoing costs of computers—that is, what it would cost the Commonwealth government to implement this program—was not commenced until 2 July 2008? By that time every state had already had its own estimates? It was not the states' election promise, Minister, it was yours. No estimates of the cost of this program were even sought until July this year—after three COAG meetings. By March, the states already had their estimates. Why did it take so long?

Dr Arthur—I think you read out the words in that communicate which stated that the process would be concluded by agreement in the heads of Treasury process, which was to conclude at the end of this calendar year.

Senator MASON—Calendar year or financial year?

Dr Arthur—Calendar year.

Senator MASON—That does not answer the question. Why—

Senator Carr—It does.

Senator MASON—Hold on.

Senator Carr—It actually makes it very, very clear that you are wrong.

Senator MASON—No, it does not. Why is it that the Commonwealth government did not come forward with estimates at the March COAG meeting—where every state had them—given that it was a Commonwealth election commitment?

Senator Carr—I think what we have here is straightforward.

Senator MASON—It is a fair question.

Senator Carr—It is straightforward. When this plan is fully implemented it will provide computers for nearly a million students a year.

Dr Arthur—Yes.

Senator Carr—That is a very substantial reform. Already, in a three-month period, nearly 10,000 computers have been provided to the neediest students. That has been the—

Senator MASON—10 per cent of the neediest students?

Senator Carr—No; it has been highly targeted to schools—

Senator MASON—Yes; 10 per cent of the—

CHAIR—Order, Senator Mason! You have had a good go.

Senator Carr—If I can quote directly from the Independent Schools Council of Australia's press release of 12 June, Mr Bill Daniels says:

Today's announcement has been the result of extensive consultation with the Minister and the Department on the arrangements for the administration and delivery of the program. Consequently the first round of funding has been highly targeted to the schools most in need ...

The response from Mr Daniels—and the Catholic Education Office's response was along similar lines—was highly complimentary of the level of consultation that is involved.

The truth of the matter is, once you start to consult with people, it does take time. That is one of the consequences of consultation. The government is in the process of consulting with the states and territories about the costs of this program. That does not mean that the states have a veto on the Commonwealth's expenditures, nor for that matter does the Commonwealth automatically accept claims that are made against the Commonwealth budget. There is a process of dialogue and negotiation. A review has been established which will inform the Commonwealth in terms of its position for the COAG meeting to be held on 17 November. That is basically the long and the short of this. The end result will be that there will be nearly a million computers rolled out every year—a position that the Liberal Party in government failed to address.

Senator MASON—Was Mr Daniels from the independent schools?

Senator Carr—Yes—the Independent Schools Council of Australia.

Senator MASON—All right. That is all very well, Minister, but, if you look at your own website, 68 per cent of the most needy state school children in this country have not received a computer yet. Less than 10 per cent of round 1 laptops have hit the deck and less than one per cent of the total has hit the deck. So this is a fiasco. But let's not go there—I have got other questions.

Senator Carr—Well, you cannot.

CHAIR—No, no, Senator Mason, you are not going to just make an assertion and then say, 'I decide to move on.' You have put something and I will ask the minister to respond.

Senator MASON—I am happy to talk about this all day.

CHAIR—I am happy for you to talk about it all day, too.

Senator Carr—The Commonwealth has a program to provide a million computers per annum. In the first three months of the program it has provided some 10,000 computers to the most needy children of this country. To provide a program of that size there has to be due process, there has to be proper consultation and there have to be legitimate tender processes. You do not just wander down to the supermarket and pick up computers; you actually have to go through legitimate procurement processes. There is going to be a discussion about what the cost of all that is. That takes time. The program will be delivered. In my opinion, this is a high-quality program meeting a fundamental need in this country—a need which was not responded to by your party when in government.

Senator MASON—That is interesting, minister, because 10,000 computers in 107 schools have been delivered—you are right. That is less than 10 per cent of round 1. The evidence that I got from Dr Arthur is that it is less than one per cent of the entire program after 12 months.

Dr Arthur—That is a comment on just the—

Senator MASON—Are you telling me something that was not right, Dr Arthur? I wrote that down.

CHAIR—Senator Mason, Dr Arthur is trying to assist.

Senator MASON—Please help us, Dr Arthur.

Dr Arthur—In terms of the detail of that, that 10,000 will largely be involved in schools that are making relatively small purchases, which they are able to do quite rapidly. For state systems, we are making very large purchases, and it is not just New South Wales; every state and territory, unless they have provision under a standing tender, will need to go through a process. That process will take a considerable number of months. So you would expect the expenditure pattern to be relatively modest in the first few months and then to accelerate as those large tenders come to fruition. I might also correct a comment made earlier. The impression was given that the two-year time frame for expenditure of these funds was not canvassed at earlier estimates—it was.

Senator MASON—I did not say that. That is not what I said. Nonetheless, 10,000 laptops have been delivered—less than 10 per cent of round 1. We have established that. Less than one per cent of the entire program. Great. Let's go back to COAG. You will recall that COAG agreed to accelerate work on the National Secondary School Computer Fund. Between then and March, between the December COAG meeting and the March meeting of COAG, all the state governments went away and did their estimates of what the cost of the program would be—again, installation, internet costs, insurance and so forth, things we have discussed many times. All the states did that work on the estimates of the on-costs. Why didn't the Commonwealth do that?

Dr Arthur—What occurred during that period was the rollout of round 1 of the fund. The states and territories and the non-government authority participated in that and round 1 was successfully concluded with all parties participating.

Senator MASON—I ask again, Dr Arthur: why didn't the Commonwealth government seek an estimate of the cost of its own election promise after the December COAG meeting and before March, when every state government did that. Why didn't the federal government seek an estimate of the cost of its election promise to deliver this program?

Dr Arthur—The Commonwealth undertook the activities necessary to ensure the effective implementation of the program and round 1 was effectively implemented.

Senator MASON—Why didn't the Commonwealth—

CHAIR—No, no—

Senator MASON—It is a fair question.

CHAIR—But you have asked—

Senator MASON—I will ask the Minister.

CHAIR—All right.

Senator MASON—Why didn't the Commonwealth seek an estimate of the cost of its own election program, whereas every state government did? Why didn't the Commonwealth do that?

Senator Carr—The answer will not change, no matter how loud it is asked. The fact of the matter is the Commonwealth has its own estimates. There has been dialogue with the states around—

Senator MASON—It had no estimates until September.

CHAIR—Senator Mason, you have asked this question several times.

Senator MASON—And I am not getting an answer.

CHAIR—You have not allowed people to answer it.

Senator Carr—Senator Mason, I think you will find there is a misunderstanding there. The Commonwealth has a view as to the costs, the states have a view as to the costs. There was a dispute about that, so a review process was established to allow those estimates to be—

Senator MASON—You are right; there is a dispute.

CHAIR—Have you finished your answer, Minister?

Senator Carr—No, I have not finished my answer.

CHAIR—I will call you when it is time for your next question, Senator Mason.

Senator Carr—The review findings are before government and there will be a further round of discussions with the states on 18 November. COAG meets again on the 18th. I presume officers will be having dialogues with the states in the run-up to COAG, as is the normal custom and practice. We will be able to respond to your other questions in the period before 28 November.

Senator MASON—Why is it that every state and territory government all did their homework about the costs of this program—a Commonwealth program—and the federal government did not? Why is that? I tell you why: because they knew there would not be enough money. You give me an answer. It is a cover-up. Minister, why didn't the Commonwealth do an estimate?

CHAIR—Senator Mason, please! You have asked that question on a number of occasions and you have had an answer from the officers and the minister.

Senator MASON—I have not had an answer, Chair. That is not an answer.

CHAIR—It is not the answer you may want; that is true.

Senator MASON—It is worse than question time.

CHAIR—But it is an answer. Simply by asking it again in a different form will not change that. You have another question? We will move on.

Senator MASON—Let us get this right. Between December and March COAG meetings, state and territory governments all costed the Commonwealth's program. The only people who did not do that were the Commonwealth.

Dr Arthur—I do not think that is an accurate statement.

Senator Carr—I have already answered that question on numerous occasions.

Senator MASON—No, you have not. I want to hear what Dr Arthur has to say.

CHAIR—Dr Arthur has also answered the question.

Senator MASON—No, he has not.

CHAIR—Does anyone at the table have anything further to add to that question? Move on, Senator Mason.

Senator MASON—On this issue or—

CHAIR—You can stay on this issue, but do not ask the same question that has been answered.

Senator MASON—Dr Arthur, I think you said before—correct me if I am wrong—that a couple of states wrote to the Commonwealth telling the Commonwealth what their estimates were of the total cost of this Commonwealth program. Is that right?

Dr Arthur—They did provide estimates of their cost associated with deploying computers in schools.

Senator MASON—When was that?

Dr Arthur—I will need to check the exact dates.

Senator MASON—Just roughly?

Dr Arthur—I do not want to give a rough answer.

Senator MASON—Make my day.

Senator Carr—You are making ours!

Dr Arthur—I am informed that one state wrote, I think, in January and another in March.

Senator MASON—One in January and one in March—yet the Commonwealth did not seek its own estimates until July.

Senator Carr—Senator Mason, we have been over this ground—

Senator MASON—We certainly have! There is something I cannot quite understand. The Commonwealth did not commence the estimates of the cost of the program until July 2008. If that is the case—

Senator Carr—It is not the case. That is the point you are missing. That has been the fundamental problem with your line of questioning for the last two hours.

CHAIR—This matter has been explained already.

Senator Carr—Several times.

Senator MASON—The Commonwealth's view on the estimates of the cost of the entire program was sought in July. Is that correct?

Dr Arthur—Yes. The process to review the issue of the legitimate and additional costs for computers was commenced in July.

Senator MASON—And finalised on 3 September?

Dr Arthur—Correct.

Senator MASON—Given that we did not have the final figures until 3 September—

Senator Carr—You are assuming that the Commonwealth did not have a view about the costs until the inquiry was established—and you are wrong. The Commonwealth has a view and the states have a view. There was a difference of opinion, and a formal process was established to review that.

Senator MASON—I want to get this right. The government commenced a review of the total costs in July. We have just heard that that is right. I want to make sure that it is right because it is important. Is that right?

Dr Arthur—Perhaps I can also indicate, as I have done previously, that the issue of legitimate and additional costs as you have indicated, was raised at the March COAG. That issue was not, as I canvassed at the last estimates, a point which was directly germane to the effective implementation of round 1, as has been demonstrated by the fact that round 1 has indeed been successfully delivered.

Senator MASON—I think we have already established that I did ask on notice about information you have received from the states. That is on record.

Dr Arthur—Indeed.

Senator MASON—The Commonwealth did his review of what it considered to be the total costs in July. Is that right?

Dr Arthur—It commenced that process of looking at the legitimate additional costs in July.

Senator MASON—Additional ongoing costs—is that what this review is about?

Dr Arthur—The phrase used in the COAG communique was ‘legitimate and additional costs’, and that is what we are investigating.

Senator MASON—I pointed this out in the last estimates in relation to New South Wales budget documents. Do you recall that?

Dr Arthur—Yes.

Senator MASON—Given that the process did not start until July, how could the Commonwealth confidently say that \$1.2 billion would cover the cost of the computers and the on-costs?

Dr Arthur—What the Commonwealth committed to was delivering, in partnership with the states and territories and the education authorities, the program for those funds. On that basis, it has to date successfully delivered funding for round 1 of the fund.

Senator MASON—But, in the \$1.2 billion, it did not budget for on-costs, did it? How could it? It had not done its own review.

CHAIR—Senator Mason, when you ask a question, please give the officers at the table the opportunity to answer it. They are trying to assist you. I just want to caution you about the manner of the questioning. The officers are trying to assist you, and I think you should appreciate that.

Senator MASON—I do not have any doubt that the officers are trying to help me. But remember that, from the word go, since the February estimates, we have received no evidence and no help from the government about the ongoing costs of these computers. Let us be honest. Everything I called up this morning was from the public record. Everything I have asked for from the government has been denied to this committee. It is true, Chair, so do not say that the government has been helpful.

CHAIR—The very fact that you are able to ascertain all of this information from the public record actually speaks for itself.

Senator MASON—Thank God I have, otherwise we would not know it was underbudgeted, would we?

CHAIR—You are free to draw any conclusions you like.

Senator MASON—That is fair.

CHAIR—What I am drawing your attention to is the way the questions are being conducted. I strongly urge you to consider the way that questions are being asked of the officers because the officers are trying to assist you.

Senator MASON—I know Dr Arthur and Mr Burmester are doing the best they can in appalling circumstances. I do not even blame the minister, because he is representing someone else. This is a fiasco with the Deputy Prime Minister—

Senator Carr—Senator Mason, the only fiasco is that your research is so poor and your office is so badly organised that you have relied entirely on information that is in the public arena and after nearly 2½ hours you have not taken us one inch further.

Senator MASON—Because you will not give the committee any other information, Minister. I am happy to look at your information. If you have some Commonwealth information, I am happy to look at it. If it will prove me wrong, I am happy to look at it.

CHAIR—The committee will take a short break.

Proceedings suspended from 12.11 pm to 12.14 pm

CHAIR—The committee will now reconvene, and we are still dealing with questions on outcome 2.

Senator MASON—Minister, let me go back and re-cover old ground. We have estimates in December and we have estimates in March, state governments sought the cost of this program and the Commonwealth did not; it has certainly released nothing publicly.

Dr Arthur—I think, as you have indicated, a process was commenced and the process was to conclude at the end of this calendar year.

Senator MASON—If the Commonwealth did not commence its assessment of the ongoing costs until July and finalise them in September, on what basis did the government arrive at the estimate of \$1.2 billion and know that would be enough? I want to get to that. I have asked you before.

Dr Arthur—I am not in the position to answer the question of the original calculation of that estimate since the department was not involved in that original calculation. However, the basis on which we are proceeding is that the states and territories agreed to participate in round 1 and have done so. At the March COAG they raised issues in terms of legitimate additional costs and a process was agreed to address those. That process is to conclude at the end of this year. That is the sequence of the events that have occurred.

Senator MASON—Minister, given that the Commonwealth did not do its own estimates of ongoing costs until July, how was the sum of \$1.2 billion arrived at such that it was supposed to cover the cost of the computers and the ongoing costs?

Senator Carr—I do not know how many times I have made this point but I will seek to draw your attention to the obvious flaw in the proposition. You say that the Commonwealth did not establish its own estimates of costs until July. That is just not true.

Senator MASON—Where are the estimates of those costs then to arrive at \$1.2 billion?

Senator Carr—As to the estimates of those costs, as I understand the situation, the department has made its calculations, the calculations are predicated on the budget appropriation, the budget appropriation has been communicated to the states and the states have indicated that they feel that there are other appropriate figures. There was a dispute about the appropriateness of those figures. A review was established in July to try to see if we could reach an agreement between the states and the Commonwealth about what is an appropriate figure. That review reported to the Department of the Prime Minister and Cabinet on Wednesday, 3 September. That review report is now being considered by the government and the matters will be the basis of advice to the Commonwealth to go to the Council of Australian Governments, which is meeting, as I understand it, on 18 November. Over the last two or so hours those have been essentially the terms of this discussion.

Senator MASON—Minister, I think Dr Arthur just said that the department—and correct me if I am wrong, Dr Arthur—did not arrive at the \$1.2 billion figure.

Dr Arthur—I think it is a matter of public record that the figure was contained in the election statement of the then opposition before they won government. It has changed since that time in that \$200 million has been added to that estimate to cover the final year of the current forward estimates. I think that those facts are quite well known.

Senator MASON—You are right. So it went from \$1 billion in the election campaign documents to \$1.2 billion to cover that?

Dr Arthur—Correct.

Senator MASON—Okay, we agree. There is no argument about that. Now my question then, Minister, is not to the department but to you. When the election promise was made, given there had been no estimates, how did you know that the \$1 billion or even \$1.2 billion was going to be enough to cover the costs of the laptops and all the associated costs? How did you know that?

Senator Carr—Now that you have the great glory of being in opposition ahead of you, you will discover how these processes are undertaken. The opposition made a commitment based on the best available information we had at the time. That commitment as I understand it was submitted through the processes of the Charter of Budget Honesty. I was not the shadow minister responsible for this at that time.

Senator MASON—I am not blaming you, Minister.

Senator Carr—No, I am just making the point to you. This is my understanding of it in terms of the processes that the opposition went through because that was the point of the question you asked me: how did we arrive at this conclusion when we were in opposition? I

suspect that it will be very much the same way that you arrive at calculations now that you are in opposition. You will do it on the best available information. It will go through due processes. There will be an argument about those costings around the election time. In our case we were fortunate enough to be elected by the Australian people and there is now an argument with the states about how much money they think it costs versus the views that the Commonwealth has. These processes are being discussed through the COAG arrangements and I have absolutely no doubt that, in line with the COAG agreements, a conclusion will be reached by the end of this year.

Senator MASON—At the previous estimates the department told us that they had no estimates of additional costs. If that is the case how would you know whether \$1.2 billion would cover the ongoing costs if you had no estimates?

Senator Carr—At the time of the election that was the view we took.

Senator MASON—No, at the last estimates on 4 June.

Dr Arthur—At that time we indicated that the basis on which the exercise we were currently engaged in which was round 1 was able to be successfully carried forward with the agreement of the states and territories on the basis of those estimates and that has proved to be correct.

Senator MASON—What about the entire program?

Dr Arthur—As we have canvassed a number of times we now have a process whereby the states and territories have raised formally the issue of legitimate additional costs. They are on the public record with respect to their position about the future of the funds, specifically round 2, and there has been an agreement with COAG on a process to resolve those issues.

Senator MASON—So what we now know is that the election promise was made for a billion dollars, I concede it went from a billion to 1.2 billion. There is no evidence there had been any consideration of ongoing costs. The Commonwealth at the last estimates had no estimates of ongoing costs. They commenced the process of review on 2 July which finished on 3 September when every other state and territory already had estimates of the ongoing costs. That is a shambles. You did not know the cost of your own election promise. That is the evidence.

Senator Carr—That is not true. That is not the evidence.

Senator MASON—Yes it is, how much is it?

Senator Carr—Just because there is no agreement on the settled costs does not mean that a program is in disrepair as you are trying to assert. We can go over this again and again. If I am correct in my assessment a better part of three hours has been spent on this issue.

Senator MASON—If I am wrong—

Senator Carr—It is really not going to advance the position that I am putting on behalf of the government by asking the same questions over and over again.

Senator MASON—I am asking them in different ways. You would have heard this morning that I went through all the states and I think it was the secondary schools association

as well as the private sector and they all had around the same ratio of one to four. There was no argument about that this morning. There was no argument about what I read out.

Senator Carr—They are the public positions. I am saying to you, Senator Mason, that there is a process of dialogue and discussion. There have been attempts made by all sorts of people to get more money out of the Commonwealth. That is the nature of the conversation in education; that is the nature of the dialogue that occurs. People will make claims publicly as to what the costs are of these programs. The Commonwealth has another view. A process has been established to try to reach agreement—a settled cost for the additional expenses that have been claimed. That process will result in an agreement by the end of the year.

Senator MASON—Minister, this is what we know: all the states have estimates around \$1.4 billion, as do the private sector and the secondary schools association. If they are right—they might be wrong—this project is underbudgeted by about \$1.2 billion. Prove to me they are wrong. Give me some evidence that they are wrong. Show the committee that they are wrong.

Senator Carr—I have also worked for a state government. I have also engaged in negotiations from the state side on these matters. Being right or wrong is always a matter of dispute. There will be an agreement about the cost of this program. This is a negotiation. By the end of the year a process will be resolved in which a figure will be agreed. There will be settled costs that arise as a result of that agreement. This much I think I can predict. Equally, I can predict that the states will maintain a position and the various lobby groups associated with education will maintain their position until such time as there is an agreement. Then everyone will agree that that is a reasonable course of action.

Senator MASON—You have already changed the nomenclature. I recall the happy days of the partnership, which we hear a lot less about now—

Senator Carr—It will be a partnership. They will all be happy.

Senator MASON—Hold on. I have not finished the question. Now we hear about—your words—disputed cost and negotiation. We hear a lot less about partnership and being lovey-dovey.

Senator Carr—I do not know about you, but I think that most partnerships are negotiated.

Senator MASON—Minister, you know that I am a generous soul.

Senator Carr—I know. We have seen it today. You have been generous with your time and with the opposition's time. I trust that your colleagues are equally generous in their response to you.

CHAIR—We are in the home stretch before lunch. I bring the committee to order.

Senator MASON—The only evidence available to this committee is that which is on the public record. That evidence all suggests that your promise is underbudgeted by over a billion dollars. If that is wrong, tell this committee and the public why they should not believe that. Show us your figures. All the evidence shows that you have underbudgeted by \$1 billion.

Senator Carr—Senator Mason, there will be a resolution to this question. In the nature of these things, in education, the states will make claims on the Commonwealth, the

Commonwealth will say that they do not agree to those particular claims, there will be a dialogue, a negotiation, a discussion, and there will be a resolution. The main thing is that nearly a million computers are provided every year. That is what this program is about. And in three months, 10,000 computers or thereabouts have been provided to the most needy children in this country. Bridging the gap, having equality of opportunity in this country, is the issue. There will be a resolution and there will be a provision of nearly a million computers a year.

Senator MASON—The estimates that I mentioned are not just from the government sector; they are from the private sector as well. You will recall that I mentioned VMware this morning. They, as well as the teachers association, the principals association, the states and the private sector all say this cost is underfunded by over a billion dollars. Moreover, this is the problem: the reason why only 10,000 computers have been delivered, which is 10 per cent of round 1 and one per cent of the entire program, is that the states will not pay the ongoing costs of your election promise. That is the problem. They will not pay for your promise.

Senator Carr—All the states participated in round 1 of the program. The program has delivered 10,000 computers in three months. All the states, in my judgement, have indicated that they are continuing to support the program. There will be a process of dialogue and all the states—

Senator MASON—The public record shows that they are not, Kim. I read it out.

Senator Carr—All I can repeat to you is the letter from the minister verifying—

Senator MASON—You have one letter. I have read out 20!

CHAIR—Senator Mason!

Senator Carr—The letter from Minister Firth, dated 10 October, says:

I am writing to confirm that the NSW Government continues to support the Australian Government's National Secondary School Computer Fund initiative.

You can quote all the scribblers you like and all the newspapers in this country, but that is the correspondence we have from the minister.

Senator MASON—Has she said she will pay the ongoing costs? She has not. No-one has said they are going to pay them.

Proceedings suspended from 12.30 pm to 1.36 pm

CHAIR—We will resume with questions on outcome 2.

Senator HUMPHRIES—I want to ask some questions about gifted education. I assume that falls under 'Schools'?

Mr Burmester—Yes.

Senator HUMPHRIES—I understand some policy or budgetary decisions were made a few years ago to support, for example, a national gifted education centre. There are now some questions about the future of that program. What provision has been made in the budget for this year to continue the funding provided to gifted education between 2004 and 2008?

Ms Lucas—There is money in 2008-09 for final payments for the gifted and talented workshops for parents and teachers in gifted and talented education.

Senator HUMPHRIES—How much money?

Ms Lucas—It is \$29,000. That is a final payment.

Senator HUMPHRIES—So there is just that one activity that is supported in that area?

Ms Lucas—At this stage, yes.

Senator HUMPHRIES—How many staff are currently employed in the schools division with specific responsibility for gifted education?

Ms Lucas—There are staff who have several responsibilities, one of which is gifted and talented education. Currently, three staff look after four programs, one of which is gifted and talented education.

Senator HUMPHRIES—You are saying it is part of the time of each of two officers who are responsible for gifted education?

Ms Lucas—It is part of the time of a small team of three staff who look after four programs, one of which is gifted and talented education.

Senator HUMPHRIES—In July 2007 the then Minister for Education, Science and Training announced \$1.2 million in additional funding for gifted education programs in 2008. Is that \$1.2 million still in the budget and, if so, what programs will this money be spent on in 2008-09?

Ms Lucas—Senator, I think you are talking about some commitments that were given. Certainly some workshops were undertaken for parents and for teachers, and there was, I guess, a feasibility study looking at some national work that could happen with a gifted and talented centre, which I think you alluded to earlier. At the moment, that work has not progressed as we look at other policy options for gifted and talented students at a national level.

Senator HUMPHRIES—So is the \$1.2 million of which the then minister spoke still earmarked in the budget?

Ms Lucas—I may have to get back to you with an accurate answer to that question.

Senator HUMPHRIES—Okay. If the money is still there, could we also have information about what it is proposed to spend that money on in 2008-09, please—divided between whatever programs there are that it is going to be spent on.

Ms Lucas—Certainly.

Senator HUMPHRIES—I mentioned the national gifted education research centre. You cannot confirm to me at this stage whether that is actually still going to happen or whether it is possible that the money for that might be reallocated?

Ms Lucas—At this stage we are looking at various policy options under the umbrella of gifted and talented education, and I cannot indicate to you at this time whether that centre would go ahead or not.

Senator HUMPHRIES—All right. Can you give me an idea—philosophically speaking, I suppose—of where you see gifted education falling in the government's education revolution policy?

Ms Lucas—There is certainly alignment with lifting the top end of achievement of students, and certainly gifted students would be part of that group, so we would be looking at options that would help identify and support the gifted and talented cohort of students.

Senator HUMPHRIES—Okay, but has that been reduced to writing somewhere? Is it part of the government's published policies on the education revolution or is that, as it were, your take on gifted education?

Ms Lucas—At this time we are still considering policy options under gifted and talented education. Until we have some firm policy position I am not sure I can answer that question with any more detail.

Senator HUMPHRIES—Is gifted education in any sense on the table with respect to the expansion review process that the government is undertaking at the moment? In other words, is it possible that that program may not be funded at the level that has been proposed in the past?

Mr Burmester—Senator, I do not think the review that you have mentioned will be going to that level. The gifted and talented programs have always been funded as part of a bigger suite of programs that go to national interventions in school things. They cover things from a whole range of specific interventions that the Commonwealth has identified over time. It has always been a relatively small budget—in fact, I think it was only ever a couple of million a year at any time—and the whole of the school funding basis is more likely to be reviewed in the context of COAG and the rolling of funds from Commonwealth sources into the new broader special purpose payment for school education. That is why we have not got a firm policy position at this point—because it is part of the mix on where the Commonwealth ends up through that COAG process, how many responsibilities the states take over and how much remains a Commonwealth responsibility.

Senator HUMPHRIES—Okay, but it is not just in the COAG context that the funding might be reviewed; it is also possibly in the context of the expenditure review process we spoke about earlier today.

Mr Burmester—Once the COAG process is concluded, there will be a level of Commonwealth own-purpose expenditures in the schools area—that is true. As such, of course, they could come within the purview of the finance review just as through the normal budget process. But as far as I know this certainly has not been identified specifically as something that would be inquired into.

Senator HUMPHRIES—That is as far as I will take it at this stage. Thank you.

CHAIR—Senator Mason?

Senator MASON—I am happy to yield the call to one of my colleagues.

CHAIR—I doubt the veracity of that claim, to be honest.

Senator MASON—Having been admonished by the minister I am happy to. I was providing you with some friendly advice.

Senator KROGER—I want to turn to where we are with the work that is being developed in relation to the national curriculum program. But firstly I want to ask: what was the process

in determining who was going to head up each of the areas in history, English, mathematics and science? What was the process for determining the individuals who head up each of those working groups?

Mr Burmester—As you know, an interim curriculum board was established by the government earlier in the year. Subsequently, that board has started to get the foundations laid for the future work on the national curriculum. The board is independent and they made decisions about which specialists they would get in to lead the various curriculum areas that they were going to review. So it was a decision of the Interim National Curriculum Board.

Senator KROGER—Following on from that, was the minister the one who determined who would be on that board?

Mr Burmester—On the Interim National Curriculum Board?

Senator KROGER—Yes.

Mr Burmester—They were appointments made by the Commonwealth minister, but I believe there was consultation with state ministers of education about possible people for the board to make sure we had a strong, broadly based board that would be able to do the national curriculum and have the confidence of all the jurisdictions.

Senator KROGER—You made comments that it is an ideal for the board to reflect the broadest possible academic spectrum in the determination of the curriculum for each of those subjects. I am thinking in particular of Professor Stuart McIntyre, who was certainly a communist. As the *Age*—a great paper not noted for its Liberal sympathies—wrote on Saturday 20 September, he is:

... a former communist and prolific labour historian who was one of the chief protagonists in the history wars over the impact of European colonisation on indigenous people...

Whilst I respect that everyone should have the opportunity to form their own views on the history of our great country, what concerns me is that under him the working group will be one that reflects broad academic sentiment, if you like, in relation to that so that a balanced position is taken in forming the curriculum for history. Who is largely responsible for the determination of that working group under Professor McIntyre?

Mr Burmester—I want to correct you slightly in your construction: Professor McIntyre is not a member of the National Curriculum Board. He has been appointed by the Interim National Curriculum Board to create the framing documents for the history curriculum. The board's process will mean that once the framing documents have been developed they will be broadly consulted on through a very extensive public process. The first responsibility of the working group which Professor McIntyre will head up is to present what is called a framing document, which sets out the broad parameters and directions of the curriculum that they wish to pursue. That will then be tested and consulted on with jurisdictions, educationalists, school people and the public more broadly, and only from that will the specifications of the history curriculum then be drawn together. That will then be submitted to the board, and it will be the board's responsibility—not the responsibility of the working group or of Professor McIntyre—to sign that off. The board has responsibility for approving and determining the national curriculum.

Senator KROGER—Thank you for that and for the correction. I have the initial advice here on the national history curriculum in terms of the process, My copy does not seem to have a date but presumably it is very recent. In the initial outline in terms of the sorts of things that need to be considered, on page 5 there is a heading that says ‘Why history?’. One of the points under that heading says:

Like the humanities, it—

and it is referring there of course to history—

deepens our understanding of humanity, creativity, purposes and values.

It is those values that I would actually like to come to and ask you about. In the same report one of people providing input has made a comment comparing this to what happened in New South Wales when they were conducting curriculum design. I quote again:

... The experience in New South Wales, which in 1999 introduced a compulsory Australian history syllabus in Years 9 and 10, was that it was too laden with content, too prescriptive, too much of a forced route-march for many students.

And so there was a need for the revision of that syllabus in 2002. Despite the practice that has actually taken place in states, and certainly is listed here in New South Wales, we seem to be going down this very path where we are trying to nationalise, if I can call it that, or standardise a curriculum where one size may fit all.

I am a senator from Victoria. I have been approached by many schools who are concerned about the implementation of a national curriculum on their curriculums, which they use to attract their students. I am speaking of groups like your small Christian schools, Jewish schools—and even a Muslim school has approached me—and schools like your Montessori and Steiner schools. They offer a very defined school curriculum, and one that parents choose to send their children to study under.

So I ask you: how is the process taking into account the needs of individual schools that offer a specialist education and have very strong value systems which they promote within those schools? How are they going to be accommodated given that there has been a suggestion that schools will be funded on the basis of compliance with the national curriculum?

Mr Burmester—All governments in Australia, all education ministers, have agreed through COAG and their own ministerial council that we will adopt a national curriculum. So there will be a national curriculum. It will cover the key subjects and they are set out. Once you have made a decision that you are going to proceed with a national curriculum, that means it is national—all students have the opportunity, and will be required, to undertake that curriculum. The level at which the curriculum will be specified, however, cannot be down to the very last lesson or content of things; it will be a framework of the knowledge and skills that the students need to be able to obtain, achieved by going through the study.

So within the national curriculum there will be flexibility for individual schools and jurisdictions in the way they show that they have met the requirements of the national curriculum, and that goes to the independent schools. So the decision is that across all the years of schooling there will be a national curriculum. That obviously varies at age groups, and some of those are Montessori and Steiner schools in particular. The early years in those

schools are certainly different from those in the mainstream schools in younger grades. They will still be required to demonstrate they are meeting the requirements for that age group. In the more senior years, where the curriculum is obviously more determined and applied, I am not sure there will be so much variation, but there would still be flexibility within the curriculum for particular syllabuses—the actual content of the course—to vary between jurisdictions.

On the other point, I think you started off saying the values that are reflected in the history curriculum—or possibly you were looking to this—might impact on the values that individual schools were teaching in a broader context of social values. I think the reference in the history curriculum to values is simply saying that, as a democratic country, Australia has a set of community values and they would need to be reflected, and how they became part of our community would need to be part of the history curriculum. It is not about saying there is a single set of values and every school would need to apply those values. The schools will still be able to have their own values and so on within the framework.

Senator KROGER—When it comes down to the determination of the appropriate history that is taught in schools, in the academic arena there is no question that there is a great divergence in the teaching of history—and I support the divergence that is there. I immediately think of two who probably would be on opposite ends of the spectrum in relation to this, one being Professor Stuart Macintyre and one being the eminent Geoffrey Blainey. They would have very, very different positions. My questions are in relation to how that is dealt with, because it would be a bit rich to suggest that one is necessarily right over the other, but there certainly should be a reflection of those diverging academic views on, in this case, the colonisation of Australia. Can I move on from that, because one of the other areas of great concern for many schools is the subject of science.

Senator Carr—Before you do, I don't think the comment should be left unchallenged concerning Professor Macintyre's qualifications to undertake this work—or, for that matter, your claim that there is only one view of history that would be taught as a result of the discussion paper. I frankly cannot see how you could draw that conclusion. There is an emphasis here on ensuring that the study of Australian history is undertaken by all students up until the end of year 10. There would be the introduction of a distinct subject in primary school, but in years 11 and 12 the paper proposes that there be offered an optional in-depth study of ancient, modern and Australian history. I don't know if you have read Stuart Macintyre's views on ancient history—I must say to you I don't think he has written at length on the topic. He has written at length on Australian history. But for you to become excited about the fact that an eminent Australian like Professor Macintyre should have a role to play in the development of this paper I think is misplaced.

Senator KROGER—Thanks for those comments. That is why I prefaced my remarks with the fact that I believe that the concern here and the issue that schools will have is that the curriculum offered is a balanced one.

Senator Carr—That is what the paper is proposing.

Senator KROGER—That is why I prefaced my remarks with that comment—that it is actually balanced and not a formula.

Senator Carr—I don't think you have anything to fear about that. If anything was unbalanced, it was the Howard government's approach to the teaching of history.

Senator MASON—What—we did not support the black armband view?

Senator Carr—No, you had an ideological obsession with history. The fact is that those days are gone. There is now an opportunity for students to undertake a balanced view of history.

Senator MASON—I know whose balance this is, Minister.

Senator KROGER—I want to move on to science, which is an area of concern, particularly for religious based schools—

Senator Carr—They do not believe in science; is that what you are suggesting?

Senator KROGER—and the teaching of the evolution theory.

CHAIR—Minister, I am sure that is not the suggestion.

Senator KROGER—Thank you, Chair. At the end of the day the choice of schools should primarily rest with the parents, and parents are the best judges of where they believe their kids will get the best and most appropriate education given their own family values. It is critical that the curriculum is sufficiently flexible in its guidance and the way the compliance is determined so that they still have the choice of sending their kids to those schools where they believe their children will have an education that reflects their values.

Mr Burmester—The science curriculum will follow the same process as the history one. A framing document will be created—in fact, I think it has been put out already. In relation to your concerns about whether the curriculum can become one-sided, each step of the process is being done quite publicly. The framing documents are presented for discussion and consultation and then, as the board moves through the process, it will continue that process.

I do not know whether evolution is specifically referred to and included in the science curriculum, but obviously that is an issue that has to be addressed. It has been part of the school debate in Australia and no doubt around the world for school systems for any number of years now. The way it is dealt with within the science curriculum will result from that consultation process and the board's determination on the way forward. There will be a national science curriculum. I do not think we can move away from that. It then goes to the degree of flexibility that is provided for within that and the way that it is presented to students.

Senator KROGER—At an inquiry into maths and in the media recently, Foundation Professor of Mathematics Education at Melbourne University, Kaye Stacey, commented that the current maths curriculum was unteachable. It is of huge concern that someone who is so eminent and involved in the development of curriculum would consider that. I am hoping these observations are taken into account in the development of the curriculum.

Ms Smith—The mathematics framing paper was developed by Professor Peter Sullivan from Monash University in collaboration with a number of other eminent specialists and academics. The paper argues that the national maths curriculum needs to address several significant issues, particularly student disengagement in the middle years of schooling, the

decline in participation of students in specialised maths studies in most jurisdictions, the decline in students undertaking major sequences in tertiary studies as a result and the shortage of qualified secondary mathematics teachers. It is not necessarily addressing the crowded curriculum or there being too much; it is actually identifying significant issues that need to be addressed. If you like, I can add more about what it is actually arguing.

Senator KROGER—Yes, that would be good.

Ms Smith—It is suggesting that there should be no barriers to progression in mathematics imposed, so that if students have made a choice about how much mathematics they will have taken in earlier years, they should not be prevented from continuing in mathematics if at a later stage they are interested in mathematics. So students should have the opportunity to choose maths study at the start of year 10 and not have their options restricted by their own previous choices or their school's restructuring of subject offerings. The paper also outlines the important domains of the maths curriculum, including numbers, measurement, space, chance, data and algebra or structure and pattern. So that is essentially the essence of what the framing paper suggests.

Senator Carr—Senator, the fundamental problem we have got in this country is that not enough people are studying maths and science and the enrolment numbers have been declining for some years. What this approach is aimed to do is actually try to enhance the teaching of maths and science to change the approach that students have—and enrolments are how you measure that—on maths and science. I think the whole approach of the national curriculum across the humanities and the sciences is to actually lift the quality of teaching, to encourage students to undertake studies at higher levels and to do so from prep right through to year 12 with regard to secondary schools and, finally, to ensure that there is a much more sound base for undertaking disciplines at the tertiary level.

Senator KROGER—Which comes to one of the inputs, for probably a decade now, for the determination of the international baccalaureate programs. Part of that requires mandatorily one humanities, one science and one language subject, so it is a broad—

Senator Carr—But all the years 11 and 12 credentials across the country now have that approach. It is not just confined to the particular European model that you are speaking of. That is custom and practice across the education systems in this country. No, the big problem is whether or not we have a curriculum that actually is national in its focus, one that allows people—particularly in terms of the increasing mobility of Australians—to undertake a quality education that can be assured at each level across each of the states.

Senator KROGER—So would you think that the international baccalaureate program would lose its strengths, those being the reason why so many families decide that their children will study it? Do you think that it would diminish the interest in that program, so that it would probably fall over here in Australia?

Senator Carr—I do not have in front of me the numbers that undertake the international baccalaureate. The last time I looked at that program, the numbers were actually quite small by comparison to those that undertook the various years 11 and 12 credentials in each of the systems. People will undertake international programs if it suits them. Our emphasis here is to develop a national curriculum of high quality that does have international respect. In my

judgement, the provision of these professors to provide this advice to the curriculum board will enhance that objective.

Senator MASON—I have some questions on the national curriculum, to follow up Senator Kroger's questions.

Senator Carr—Are we going to check the political opinions of all the other professors?

Senator MASON—Who knows? We might get there. We will see how we go.

Senator Carr—It will not surprise me, Senator Mason. It's straight out of the McCarthyist era.

Senator MASON—I am missing Ms Paul today, Senator. That is the problem: I am missing Ms Paul. On national curriculum I want to ask some follow-up questions on Senator Kroger's questions and also on June estimates, when I did ask some questions on the national curriculum. In June the committee established the time line for the first four subjects in the national curriculum—English, maths, science and history. They would be developed by 2010 for implementation from 2011. That is right, isn't it?

Ms Smith—That is correct.

Senator MASON—In the last week we have seen the release of the initial advice—the framing documents that Mr Burmester referred to—in each of those four subject areas. What is the time line on the process, Ms Smith, from now through to the actual implementation?

Ms Smith—The board itself has provided a time line. The four framing papers—English, history, maths and science—were released during the week of 13-17 October. They are currently available on the interim board's website for public comment until 5 November. The interim board intends to release the final versions of the framing paper for further public comment in mid-November. So they are out there as a draft. The board also released a general position paper which outlines its overall approach to the development of a national curriculum. So it is on track to receive further public comment.

Senator MASON—So the consultation process will be very broad. I think Mr Burmester mentioned everyone, including education authorities, had an opportunity to contribute. Is that right?

Ms Smith—That is right. It has been quite extensive. I can give you further details if you would like. The board intends to make its final recommendations in relation to those in term 1, 2009.

Senator MASON—Will the same people who drafted the framing documents also assess the merits or otherwise of submissions from the public on the curriculum? In other words, when people send in their view of the framing document, who will judge the worth of those public contributions?

Mr Burmester—I am not sure about the responsibilities of the individuals who are appointed to do the initial framing documents. I am not sure what the board has determined as to their continued involvement. But, as I said earlier, within each of those groups they obviously need to get some experts in. Even though there is a nominated leader in each of those areas, there are quite extensive panels of experts. I would imagine the panels of experts

would certainly be involved in assessing the contributions that came back. The overall responsibility for the final position rests with the board. So that group of experts would then have to report back through the board before it was endorsed and determined as the final position of the board.

Senator MASON—I see. But you see my concern, Mr Burmester: that it is the people who draft the framing document who determine the value of the public contributions. In other words, it is, in effect, people whose work is being assessed by the public who assess the value of that contribution. Can you see that that is problematic?

Mr Burmester—I think the quite extensive public process that the board has set out shows that they understand the contention that arises when anyone sets out to create a curriculum.

Senator MASON—I accept that.

Mr Burmester—Therefore, by having a public process and having broad consultations, the understanding and acceptance and credibility of the curriculum that emerges has to respond to those public consultations, and be seen to have done so.

Senator MASON—So you think the public ventilation of the curricula might, in a sense, be sufficient even if the people who write the curricula are the examiners of the public contributions?

Mr Burmester—Yes, I think a public process will assist in that whole process. The thing about curriculum, as I said, is that it is a contested area.

Senator MASON—I accept that.

Mr Burmester—There will always be critics of curriculum materials, but I think some of the reactions to the English one for example, the English framing document, have been very positive—

Senator MASON—They certainly have. We know why.

Mr Burmester—and supported by people that initially expressed some scepticism about the process. I think that demonstrates that a public process does give air to people's concerns and appropriate responses to them.

Senator MASON—You are right. For what it is worth I thought the framing document for English thus far was excellent. I think a return to basics in teaching students actually how to read might be a way to go for the country, but of course 10 years ago I was in the minority. How things change. We had previously been advised that all states have agreed to implement the national curriculum from 1 January 2011 and Senator Kroger touched on this. In the Schools Assistance Bill at the moment section 22 gives the compliance with the national curriculum as mandatory on or before 31 January 2012. That is over a year later. That is right isn't it?

Mr Burmester—I think that is right. I do not have the bill in front of me. That bill has been referred to another Senate committee for examination.

Senator MASON—Yes, I was just wondering why that was the case.

Ms Smith—There are implementation arrangements that the states and territories need to put in place in order to get the right sequence of who will commence on the national

curriculum. It will not be possible at year 12 to commence. You may need to start the work as a year 11 student. There will be phasing issues that states and territories will need to work through as to when they come on board with the national curriculum. But they have all agree to implement the national curriculum.

Senator MASON—That makes sense. I have follow-up questions from some of the questions that Senator Kroger asked before, which I found very interesting. I have looked at the Schools Assistance Bill. Section 22 requires all schools and school systems—and this was your point Senator Kroger—to:

ensure that the school, or each school in the system, implements the national curriculum prescribed by the regulations for primary education or secondary education ...

That is what the bill says. In our previous estimates there has been discussion about what level of prescription would be required by the national curriculum. Now that the framing documents have been published is the government in a better position to give some clarity on that? Does that make sense?

Mr Burmester—Yes, Senator.

Senator MASON—What level of prescription are we talking about given that the new bill coming before the Senate, at this stage, mandates the national curriculum? That is fine. I am looking at the consequences now.

Mr Burmester—The broad description that has been used and will be applied is that the national curriculum will establish the knowledge base that students should understand, the skills and capabilities that they develop in those particular subjects, so it is against a set of standards. That will be determined through the process we have talked about. That does not go to, but can extend to, examples of content. The specification of the knowledge that a student should have at the completion of a course will be part of it. Schools will have to demonstrate that the teaching and lessons that they provide teach those students the knowledge and the skills that are set out in the curriculum. The way they do it however, may not be included within the curriculum. That goes more towards the individual school's responsibilities.

Senator MASON—Individual schools. I am not trying to be difficult, Chair. I am not saying you are not doing your best, Mr Burmester, but that is a little bit rubbery. How will we determine those outcomes? Is there any idea of setting up national testing to determine whether in fact the outcomes are being reached and the syllabus is being covered? I mean examinations that include not just state schools or the Catholic sector or the independent sector but across the Montessoris and the baccalaureate schools and so forth. Is that under contemplation?

Mr Burmester—Yes, Senator. The last COAG agreed that a new body would be created that combined the functions of curriculum, assessment and reporting with regard to school education. So there will be a new national body created under Commonwealth legislation that is responsible for determining the national curriculum assessment of standards against those curricula and reporting. To the extent which that involves national testing has not yet been decided or considered by education ministers.

Senator MASON—But the issue has been considered; it has been flagged?

Mr Burmester—The issue is that there will be a national curriculum assessment, and national assessment already exists for literacy and numeracy in years 3, 5, 7 and 9. All students also undertake some assessment in international tests. The PISA test is probably the most well-known one. So there are already some national assessments. How extensive that becomes has not yet been determined. The body would be the one that would be responsible for implementing that policy.

Senator MASON—When the final version comes through of different curricula and so forth and that in a sense becomes, as is proposed under the bill, a condition for funding, schools have to comply with it. Who ticks off the curricula? Is it the board or is it the Minister for Education or someone else?

Mr Burmester—The board will be responsible for determining the national curriculum and the standards attached to that.

Senator MASON—That is fine. As Senator Kroger pointed out before, this is the tension, if I might say this, Mr Burmester. If the national curriculum is only loosely interpreted by schools, then what is the point? If it is highly prescribed and the details of curricula highly detailed and very prescriptive, then there may be tension in schools such as Montessori, international baccalaureate and others. What worries a lot of people is that, if there is no prescription or little prescription, what is the point of a national curriculum? If it is highly prescriptive then the issue that Senator Kroger raised becomes quite a big issue. Some people do the international baccalaureate because they might want to study overseas or there might be family reasons for doing it. The Montessori schools, as you know, are quite different. This is all part of parents' choice. The concern that has been put to me on many occasions already—we have not got very far through this debate—is, 'What about these schools?' If it is a condition of Commonwealth funding, how will that, in a sense, pervert the international baccalaureate schools or the Montessori schools or Steiner schools and so forth? You see my point, don't you? It is early days.

Mr Burmester—It will of course be a matter of balance, as all these things are. At this stage it refers only to the key curriculum areas. It is not the entirety of the school experience that a child would experience. So it goes to the key subject areas. What is the national agreed level of knowledge, skills and capability a student should achieve by studying that subject? That is what the task is. Where that balance falls out between the flexibility in how that is delivered and within what context that is delivered is yet to be determined.

Senator MASON—So it is still early days?

Mr Burmester—Yes, we are at the framing document stage.

Ms Smith—Could I also add that the board position paper itself anticipates this issue. It has a section on implementation and it anticipates that the provisions of particular educational philosophies, such as Montessori or Steiner, or of the International Baccalaureate and other special schools with curriculum adapted to the needs of their students, could continue. But ultimately it is a matter for the state and territory registration authorities as to whether—

Senator MASON—Will they make the final determination?

Mr Burmester—Currently, under existing arrangements, all schools are required, under state legislation—

Senator MASON—I know that.

Mr Burmester—to meet the state curriculum requirements. So this is saying that we have to maintain a system that allows that to continue. They are still required to show that they are meeting the curriculum determined by the states. It is just that now it will be required to be determined against a national curriculum.

Senator MASON—That is my point. In other words, at the moment, the Steiner, Montessori and International Baccalaureate schools and so forth—the University of Cambridge International Examination is another one I know of, and there are others, I am sure—currently fit into the state system. I am just concerned that with the new national curriculum these schools may be marginalised and miss out on funding. Or they may need to drastically change their curricula such that the International Baccalaureate may not be available. I raise the issue. I know it is early days but that is the concern that has already been put to me. I know it is early days; I just raise it.

Mr Burmester—It is clear that that is not the intention.

Senator MASON—I am not saying it is the intention. I have not said that. I am simply saying that that is why Senator Kroger raised the issue, and that is why I have raised the issue. It is a constant concern. In my state of Queensland people have raised it with me. I want you to know that.

Senator KROGER—I would just like to pick up on one of the comments that the minister made in relation to the increasingly diminishing numbers of students that are pursuing science and mathematics, how that is a concern and how the curriculum addresses that. That has obviously had a historic flow-over in terms of the numbers of teachers specialising in the teaching of science and mathematics. Has that been taken into account in considering the compliance, because it may well be that we will have a paucity of teachers because they have not been trained and educated to teach mathematics and science? It may, in fact, make it very difficult to employ or recruit the right people to comply with the national curriculum. Has that been considered?

Senator Carr—I understand the government's position is also to move towards the reform of the HECS program and provide other additional incentives for the training of teachers in maths and science. So there are measures that are being taken to improve the numbers of people who are qualified in maths and science. As you rightly indicated, the problem in recent times has been the significant number of teachers in maths and science who are not properly qualified. So there is action being undertaken, as I understand it, for in-service training to enhance opportunities for existing teachers to lift their qualifications. Now, as I have understood the documents, those considerations have been made and the government is actively pursuing deliberative measures to improve the quality of maths and science teaching in this country.

Mr Burmester—That is correct, and there is quite a focus, in terms of quality teaching outcomes, being conducted under the auspices of both MCEETYA—the ministerial council, jointly across all states—and the Commonwealth. That has been reflected in one of initiatives

under the COAG reforms in the area of schools, which will directly address quality teaching, particularly in those areas of skills shortages where we do not have enough particularly trained teachers. So it is on the government's agenda and how we take those forward is being considered.

Senator KROGER—The complying state would obviously need to take that into account so that if there are not sufficient educated teachers to cover the subjects that would need to be taught then it would be very difficult for schools to comply. So obviously that needs to be taken into account in terms of—

Mr Burmester—That will be settled at COAG. Work is already underway, as the minister has explained, on other supporting strategies in the higher education sector.

Senator Carr—The government is providing \$18.8 million to Teaching Australia's operation to 'support and advance the quality of teaching' and school leadership, to strengthen and advance the standing of the teaching profession and to develop a national body for the teaching profession itself. These are issues of long standing and again reflect the neglect by the previous government of providing the resources to ensure that these sorts of measures could be undertaken.

Senator KROGER—It is lucky you have that surplus to work with; that is all I can I say.

Senator Carr—There have been major deficiencies in the approach of the previous government to education, and I am afraid the sorts of attitudes you are expressing reflect that.

Senator MASON—I only have two questions. Remind me, Mr Burmester and Ms Smith: who will oversee the implementation of the national curriculum? Is it the board?

Mr Burmester—Under the national funding act—as it will be then—or through the national education agreement between the Commonwealth and the state jurisdictions, the schools authorities will be responsible for implementing the curriculum.

Senator MASON—Here is my last question on this issue of a national curriculum. In the June estimates the advice was proffered that no timeline had been set for the second tier of subjects to be included in the national curriculum, that being languages and geography.

Ms Smith—That is correct.

Senator MASON—Can you, Ms Smith, give us any update on those subjects? What is happening with those? Where are we?

Ms Smith—There is no further update—

Senator MASON—No further advice?

Ms Smith—in terms of time frames, other than to say that those are the next—

Senator MASON—Cabs off the rank—languages and geography?

Ms Smith—Yes, that is right.

Senator MASON—The Prime Minister, who watches these estimates proceedings—

Senator Carr—Not while he is question time, I would have thought.

Senator MASON—is very interested in languages. Thank you, Ms Smith.

Senator MILNE—I would like to refer to the Australian Education Union report written by Associate Professor Jim McMorrow. In that he says that from 1996 to 2007 public schools' share of federal funding declined from 43 to 35 per cent and that it will decline further, to 33.8 per cent, by 2012 under the funding model if that model is retained. Could you confirm those figures in the McMorrow report for me—that that cut in funding to public education is as Professor McMorrow has stated?

Mr Burmester—I have not done the arithmetic to check those calculations, and perhaps we can have that looked at, but the difficulty with that report is that it is only looking at one component of the funding of schooling, which is the Commonwealth contribution. So, whatever the Commonwealth contribution has done, it needs to also reflect what has happened in the main source of funding for government schools, which is obviously the state governments, as well as what the Commonwealth has done for non-government schools. I have not got those particular figures, but they are only part of the story.

Senator MILNE—I am fully aware that the states fund public education, but I am talking about the federal funding over that period of time and asking for a confirmation that Professor McMorrow's figures are right.

Senator Carr—No, you will not get a confirmation that Associate Professor McMorrow's figures are right from this committee. The fact is that the report that has been circulated, Professor McMorrow's report, did not take into account the government's election commitment of \$42 billion or its plan to have national partnerships to assist disadvantaged schools, to improve teacher quality and to increase literacy and numeracy.

Dr McMorrow's report failed to mention the Australian government's investment of \$1.2 billion in the digital education revolution or the \$2.5 billion in the trades training program, and of course a substantial proportion of that extra \$3.7 billion would end up with public schools. I acknowledge that Professor McMorrow is extremely knowledgeable about these matters, but his particular report failed to identify those issues. I do not know how that came about. What it does indicate though is that the report is incomplete.

Senator MILNE—To go on from there, what he is indicating is that there needs to be an immediate investment of \$1.5 billion, as you would be aware, in order to bring it up to what it was previously. But I understand that there are essentially two elements to the government's funding of public schools going forward from here: there will be the special purpose payment to the states based on the previous model and there are going to be national partnerships through COAG. The problem is that they can be distributed to either public or private schools, so it is not necessarily going to mean an increase in funding to public education. Is that correct?

Senator Carr—The Schools Assistance Bill actually delivered on commitments made by the government in the election, but as I understand it there are other pieces of legislation that are coming forward as a result of discussion with the states.

Ms Nicoll—It will mean that there is an increased investment by the government into public education. As you have said, whilst under the national education agreement there will be a specific purpose payment and several national partnerships payments, those national partnerships payments will be open to the public and non-government sector—but through

those there will be an increased investment in public education. So whilst the non-government schools will participate, the government schools will also be significant beneficiaries of that additional new investment in education by the government.

Senator MILNE—But the issue for me is that you are giving certainty to the private schools right now through the Schools Assistance Bill, and in many cases they are continuing to get more funding than they previously got, because of the distortions in the SES funding mode. Now they are going to get more money, whereas the public schools have no certainty about what they are going to get out of the COAG process and out of these payments. I would like to know what the rationale was for a separate bill for appropriation for non-government schools when this has never happened before. If the public schools have to wait, why don't the private schools have to wait?

Ms Nicoll—As you may be aware, the payments for the government sector through the SPP are going to go through a Treasury bill that will appropriate the money for all of the COAG initiatives. If we had waited for that particular bill to go through, the non-government school sector would not have been picked up by that bill. It needed to be addressed separately. So whilst the previous acts did address both sectors, it had to be divided, and to ensure the funding for the non-government sector a bill had to go through this year. The COAG process had to be finalised before Treasury could proceed with a bill to appropriate that money, and that process will be finalised in COAG in November. A Treasury bill will follow early next year to appropriate the money for the SPP for states and territories.

In addition, the states and territories are very clear: they know and are certain about the fact that the funding arrangements are going through in that way and they are aware that there will be additional funding. The quantum has not been decided because that will be a decision of heads of Treasury and then COAG, but the states and territories are well aware that there will be increased investment in public education by this government.

Senator MILNE—Well, they are aware that there will be some but there is no degree of certainty about how much or how much of that money will go to non-government schools as well. But, in terms of this, it is not a question of whether you put through two separate bills. The timing is the issue for me in that you are bringing through certainty now for the private school system and you are leaving the public schools without that certainty, without being able to plan into the future because your other bill is not coming through until February. Isn't that right?

Ms Northcott—In fact, that is not correct. The legislation that has just gone to the Senate has been referred to a committee. The committee is not due to report until 27 November. COAG is now going to be on 17 November, and that will provide certainty for state governments in advance of the finalisation of the legislation governing the non-government sector.

Senator MILNE—So you are saying that out of the COAG meeting in November there will be certainty about the amount they are getting?

Ms Northcott—Correct.

Senator Carr—And with legislation presented to the parliament it will be up to the Senate if there is certainty or not. The Senate will provide the certainty, because the government will be seeking to have that legislation carried by the time we rise in December.

Senator MILNE—The public school bill?

Senator Carr—Yes. It is part of the COAG processes. That is the only distinction that has occurred on this occasion. COAG is meeting on the 17th. That will be the point at which these numbers are signed off. There will be legislation presented to the parliament. Officers are advising me that there is an expectation that the bill will be carried before we rise during whichever week it is in December.

Senator MILNE—I will look forward to seeing some certainty.

Senator Carr—It certainly will be that they will have a bill before the parliament. There will be the inevitable debate in the Senate as to what day we go home. But the bill will be on the list to be debated by the Senate in that period prior to the break from the middle of December.

Senator MILNE—I wish to ask about reading assistance vouchers. I am particularly interested to know how much investment there has been in these vouchers. How many students do they cover? Has there been any assessment of whether there has been any improvement in the reading performance of the students who are the beneficiaries of these vouchers?

Ms Hanlon—Can I confirm that you are speaking about the reading assistance vouchers and not the current program, which is the Even Start program?

Senator MILNE—You can actually tell me about both.

Ms Hanlon—Currently the Even Start program is operating for just this 12-month period. It is for years 3, 5 and 7 in reading and writing and numeracy. The reading assistance voucher program operated last year and was only for year 3 students in reading.

Senator MILNE—Okay. Can we start with the reading assistance vouchers?

Ms Hanlon—Yes.

Senator MILNE—How much was spent? How many students were there? What assessment was there about any improvement in their reading performance?

Ms Hanlon—There were 13½ students on the reading assistance voucher program last year. The total expenditure for the program, for the voucher component, was about \$9 million. In terms of the evaluation of that program, there were pre- and post-diagnostic tests. They were provided for each student in the reading assistance voucher program. There was a demonstrated difference in the reading abilities of those students that actually participated in the reading assistance voucher program. Under the Even Start program—

Senator MILNE—I will stop you there. You say there was ‘demonstrated’ improvement.

Ms Hanlon—Through the diagnostic testing.

Senator MILNE—So what does this diagnostic testing test?

Ms Hanlon—The reading ability of a student.

Senator MILNE—Who assessed that?

Ms Hanlon—The tutors administered the test.

Senator MILNE—The people who were the recipients of the vouchers, the beneficiaries. Was there any independent assessment of whether these students actually improved?

Ms Hanlon—We did not actually have an independent evaluation of the RAV program. We are in fact evaluating the Even Start program this year, through the entire sequence of the program. So, rather than evaluating the RAV program itself at the end of last year, we have moved into a different style of program in Even Start, and there is continuous evaluation occurring for that program.

Senator MILNE—What is the difference between the reading voucher program and Even Start?

Ms Hanlon—The reading voucher program, to start with, was just for reading and it was only for the year 3 cohort of students. It was also a strictly one-to-one personal assistance program. Under the Even Start program there has been much greater flexibility in the way in which that tuition is actually delivered. A large majority of the assistance under Even Start has been provided through schools, in classroom situations and in small groups. So there is quite a distinction.

Senator MILNE—Just to go back, you say that there was an improvement in the students because of these diagnostic tests. The tests were undertaken by the person doing the tutoring. It was one-to-one tutoring. What was the percentage of students who did not improve their reading out of 13½ thousand students?

Ms Hanlon—I do not have that information on me. I would have to take that on notice.

Senator MILNE—I would be very interested, because I will bet it is zero.

Ms Hanlon—I do not have that information on me, I am sorry.

Senator MILNE—Surely a system that allows the beneficiary of the voucher to then test the effectiveness of the voucher would see self-interest prevail in these circumstances.

Ms Hanlon—There were a number of different ways that the program was evaluated. It was not just in terms of the increase in the reading ability of the student. Some of the evaluation or the comments about the program were about the students' ability to concentrate or their confidence levels. Again, because the reading assistance program was only for a particular period of time, those one-to-one assistance sessions totalled a minimum of 12 hours but probably up to about 16 hours. So I guess it is about what you can measure in that period of time.

Senator MILNE—I would suggest that the confidence of a child and the concentration of a child is a subjective judgement.

Ms Hanlon—True.

Senator MILNE—So, again, I return to the point that the person receiving the money on the tutoring end of things is obviously going to find an improvement so that the money continues, so I am very dissatisfied with the fact that there was no independent assessment of the effectiveness of \$9 million expenditure in terms of any reading outcomes. But I am glad

that is over and we are going to a better system. Now, to return to the new system, which is being delivered through schools, from what you are saying—

Ms Hanlon—It is a parental choice still under the current program as to whether the child receives the assistance through the school or through a private tutor.

Senator MILNE—So the one-to-one is still there, and how is the evaluation going to be done? How are we going to know with this independent evaluation that you do not just tick the boxes in order to keep the money coming?

Ms Hanlon—The parent still chooses the type of assistance that they want their child to receive. If it is with a private tutor, it is one-to-one assistance. If it is within the school, it is again an agreed arrangement with the parent as to how that assistance is provided at the school. Once again, we have a very robust and theoretically designed pre- and post-diagnostic test, which was developed by ACER for this program, in years 3, 5 and 7 reading, writing and numeracy. So it is very comprehensive. All of that information is being stored in the national database for the program. Because tuition delivery is only halfway through at this point, we have not actually done any full evaluation of the effectiveness of the assistance.

Senator MILNE—In terms of evaluating whether it might not have been better to spend the money on more teachers in the schools rather than tutoring outside schools, is there any kind of assessment? As to the in-school program you are talking about, is that additional teachers, or how is that working? How is that delivered?

Ms Hanlon—The in-school tuition is being provided by the extra resourcing that has flowed through the vouchers. So the parents have made a decision that that assistance can occur within the school, so the resourcing goes to the school to provide the extra teaching support that is required for that assistance.

Senator MILNE—All right. So are we doing any comparative analysis between the improved performance in reading resulting from private tutors outside the school system and the changes in reading ability being provided in school by the employment of additional staff in a school environment?

Ms Hanlon—It will be an analysis that we can undertake once we have completed the program because we will have substantive numbers of students in both scenarios, so we will have the results of the pre and post diagnostic test to actually do some of that analysis.

Senator MILNE—And to come back to the diagnostic tests, what confidence can I have that they are anything more than the subjective analysis of one on one?

Ms Hanlon—Because we commissioned them through ACER. They have proven the methodology that they have used. It was tested with that expert advisory group that we worked with through the design and construction of those tests.

Ms Cross—There is no particular advantage to any tutor to change the results from the diagnostic tests. It does not influence any funding that they receive. These are all professional people conducting the diagnostic assessments and we have absolutely no basis to think that they are doing it in any other way than as a diagnostic tool. There is no personal benefit to them. The program is ceasing at the end of the year, so it is not going to determine future business or be any advantage for them.

Senator MILNE—Nevertheless, as I indicated, it is parent choice and the better the performance, the more likely the return.

Ms Cross—The program is finishing so it will not involve parent choice.

Senator MILNE—This program is finishing; I understand that now. Thank you. I have no further questions on that particular program.

Senator MASON—I have some questions that follow on from Senator Milne's very interesting questions about literacy and numeracy. Let me get this right: money previously used for the Even Start program has now been redirected to the National Action Plan on Literacy and Numeracy. Is that right?

Ms Hanlon—That is correct.

Senator MASON—Previously, this committee was advised that the Even Start program had about 36,000 students registered for the program out of about 150,000 that were eligible. Is that right?

Ms Hanlon—That is correct.

Senator MASON—I think also that officials said that this is in line with what we would expect, given that it is a very early stage of the program. Is that right?

Ms Hanlon—That is correct.

Senator MASON—Is there an updated figure that you can help the committee with, disaggregated into states, on how many students have now taken up these vouchers?

Ms Hanlon—Yes, there is. I can give you the Australian stats here and I can actually provide you the state breakdown.

Senator MASON—You have them here now?

Ms Hanlon—I have.

Senator MASON—This is a bit of a change from earlier in the day. I am going to enjoy this. Thank you.

Ms Hanlon—We currently have 105,000 students registered in the program and we currently have 60,000 that are in tuition. The 105,000 registered means that the parents have given permission for their students to receive this assistance.

Senator MASON—Right; and 60,000 receive tuition. All right. How is that disaggregated into states?

Ms Hanlon—I have them broken down in the school based tuition and the private market.

Ms Cross—We can give you approximate numbers if you are happy with approximates.

Senator MASON—You can? You are very helpful.

Ms Cross—New South Wales would be about 28½ thousand, Victoria would be around 19,000, Queensland around 31,000—

Senator MASON—Thirty-one thousand? My home state has a lot more per head. I wonder why that is? Do not speculate Ms Cross. Carry on.

Ms Cross—South Australia would be around 8,000, Western Australia around 10½ thousand, Tasmania around 3½ thousand, the ACT around 1½ thousand and the Northern Territory around 1½ thousand. I am rounding considerably so they are estimates.

Senator MASON—That is fine. I just wanted ballpark figures. Ms Cross, did you have some information on public and private?

Ms Hanlon—Yes. I have a breakdown.

Senator MASON—Could you give me that?

Ms Hanlon—Approximately 83 per cent of the students registered are receiving school based tuition. Seventeen per cent are currently receiving tuition through private tutors.

Senator MASON—Senator Milne has touched on this also. The National Action Plan on Literacy and Numeracy will commence on 1 January 2009.

Ms Hanlon—Correct.

Senator MASON—And that will replace the previous voucher program. This committee has previously been advised that questions on where funding will go and what programs will be supported will be answered after consultation with stakeholders and the states and territories, with a number of pilot programs being introduced initially. To follow up from those previous questions, what pilot programs have already been introduced?

Ms Hanlon—We are funding 29 pilot programs in literacy and numeracy. All of that information is publicly available on the website. It lists each of the pilots—

Senator MASON—I get a lot of information from the website.

Ms Hanlon—plus the funding announced for each of those pilots. Those pilots may commence this year, although at this present time they are probably planning them for the beginning of next year.

Senator MASON—If I look at the website, will there be a state by state breakdown of the pilot programs?

Ms Hanlon—I believe there is. At least, they are identified by state.

Senator MASON—Senator Milne asked a comparable question to this, so forgive me again, but how are these pilot programs being assessed? Accountability and outcomes are what we are focused on. How will they be assessed?

Ms Hanlon—Each pilot program is quite different. There is an expectation that each pilot will be evaluated at the local level. We are also evaluating them at a national level by engaging all of the pilot participants in a range of collaborative forums and expectations of them providing evidence against indicators that the pilots are actually improving the outcomes of the students involved.

Senator MASON—That is a start. I have a question similar to the one I asked Mr Burmester on the national curriculum. This might be difficult to answer, given the context. Is there some sort of national testing program or national evaluation where you can contrast the performance of a pilot program in Queensland, for example, with a comparative one in Victoria? Is that possible?

Ms Hanlon—It is a complex issue.

Senator MASON—It is. I accept that.

Ms Hanlon—We do have the NAPLAN test, which will be an indicator of student outcomes in literacy and numeracy. That is applied to particular cohorts every second year. We are working through a process of identifying other indicators that we might use in between those two-year periods to demonstrate that students are actually improving in literacy and numeracy.

Senator MASON—That is a good start. Is it anticipated that any of these pilot programs would be in a form that would be appropriate for wider dissemination next year across the country?

Ms Hanlon—Actually, the aim of the pilot programs is to develop an evidence base of what works for particular types of students in particular types of environments. We are hoping to enable access to the information that is developed as a result of these pilot programs so that people can assess whether the types of interventions and the type of resourcing that has been applied in that particular context can be applied to another environment or situation.

Senator MASON—Are there any international precedents? It is not a criticism. I am just wondering whether similar programs have been trialled internationally. Are they helping? Can we get some overseas examples?

Ms Hanlon—We have looked at places like Ontario that have been carefully looking at the impact of particular interventions in literacy and numeracy. But, because these pilots are focused on low-SES school communities, we are particularly interested in the dynamics of those school communities and the types of interventions that will work with those types of students. So, in a sense, we cannot compare to other countries in that way.

Senator MASON—There are different cultural contexts—Indigenous issues and so forth—so that is fair enough.

Ms Cross—The areas that we are focusing on have been shown internationally and nationally to be the areas that make a difference—things like school leadership, good use of data to track performance, and student intervention strategies. For all the areas that have been tested in the pilots, there is national and international evidence that these are the areas on which you should focus to improve literacy and numeracy.

Senator MASON—So international experience can, in a sense, better indicate where to intervene?

Ms Cross—Teaching is one of the greatest influences, so there is a strong focus on teaching practice within the pilots.

Senator MASON—What are the vouchers being replaced with at the moment? How is the money being spent in these pilot programs?

Ms Hanlon—The vouchers are being used this year.

Senator MASON—I mean from 2009.

Ms Hanlon—For the out years of the vouchers program, the money has been redirected towards the National Action Plan for Literacy and Numeracy. Through that approach, we are

looking to build an evidence base of effective interventions for different types of students, different cohorts—the types of interventions we require in reading, writing and numeracy. So it is a different approach, but it is to build an evidence base of what works and to enable a collaborative and sharing environment of those types of interventions.

Senator MASON—This is very interesting. I will be following this with great interest—and I know that Mr Pyne, the shadow minister, is very interested in it. I want to go next to special appropriations. What information is currently required of non-government schools in relation to their funding sources?

Mr Burmester—There is quite a long list of requirements that were implemented under the 2002-2008 school assistance act. I am sure somebody has the full list. It is quite lengthy.

Ms Rollings—For many years we have collected details of the income of non-government schools from all sources, through a financial questionnaire. Under the legislation currently before the House, we will continue that practice.

Senator MASON—The bill is still before parliament, so let me go back to the information you currently collect under the legislation we are still operating with. What information is required there?

Ms Rollings—I have a list of all the items that we collect through the financial questionnaire, and I am happy to table it. It is publicly available.

Senator MASON—I have not looked at that. Does this include fundraising conducted by parents and friends?

Ms Rollings—The income details that we collect includes private income and recurrent income from other bodies. That could include parents and friends associations and so forth.

Senator MASON—Fundraising. And alumni groups?

Ms Rollings—We do not specifically request the source in terms of stating whether it is an alumni group, but we do request that all income is reported.

Senator MASON—How about bequests, school fetes, raffles and so forth?

Ms Rollings—If that income goes through the school's financial accounts of the books then it is reported in our financial questionnaire.

Senator MASON—Under current legislation do you ask for the particular source—in other words, whether it is from alumni or bequests or school fetes? Do you ask for that?

Ms Rollings—We do not go down to that level of detail. The items are aggregated, if you like.

Senator MASON—Under the current legislation?

Ms Rollings—Yes.

Senator MASON—How about in the bill?

Ms Rollings—We have not determined the exact format of the financial questionnaire. We are reviewing the financial questionnaire, but I would not expect that there would be too much variation in that process. Again, though, that would be a matter of consultation for us with the non-government sector as we go through the detail of the information that we will collect.

Senator MASON—You mentioned the legislative authority under which you collect that information.

Ms Nicoll—If I could add to that. We do collect information about other private income and it is coded according to a number of aspects which we ask non-government schools to report. We can certainly provide you with a list of what ‘other private income’ comprises.

Senator MASON—Thank you. That would be very useful. Will that change under the bill?

Ms Nicoll—As Ms Rollings outlined, we are looking at reviewing the current financial questionnaire. We will be working with the non-government sector next year, as we are now, in consultation with the Catholic Education Commission, Christian schools and the independent sector to see where we go with the financial questionnaire. There will be in the guidelines that accompany the act some outlining of that, but we are going to look at the financial questionnaire over the next year, with the idea of introducing a reviewed questionnaire for the 2010 calendar year.

Senator MASON—So the legislation has been introduced into the parliament—and I think it is correct to say that it has passed the House of Representatives and is going into the Senate—but we are still reviewing the disclosure regime. That is still being reviewed.

Ms Nicoll—That element of it is going to be addressed over the next year.

Senator MASON—I just thought that would have been already sorted out, but I am wrong, Ms Rollings, clearly.

Ms Rollings—We do have a commitment under the Banks report to reduce regulatory burden. We are looking at reducing the amount of data we collect from schools rather than increasing it in any way.

Senator MASON—That you are requiring from the schools?

Ms Rollings—That is right.

Mr Burmester—This has been the practice in past quadrenniums where we have introduced a schools funding act which set out the broad requirements of reporting, both of the non-government schools and of the state schools because the old bills used to cover both sectors. Subsequent to the legislation passing, regulations and guidelines were issued that specified the detail. It has always been a mix. For example, in the last act there was a requirement to report on having a flagpole and flying the flag, but the details of that were in the regulations that sat under that act.

Senator MASON—Right. And that is yet to be determined in relation to the new—

Mr Burmester—Those regulations are yet to be determined. I think your questions are going to what will be in the regulations. The guidance we have is that we are to streamline those regulations and reduced the reporting burden on schools.

Senator MASON—I know they are only subordinate regulations but they are very important to how schools operate. It is not insignificant. But that is coming?

Mr Burmester—That is correct.

Senator MASON—Do you have a date for that?

Mr Burmester—The current financial questionnaire is determined through that process under the present act.

Senator MASON—What sort of time line do we have for the new one?

Ms Nicoll—We are in the process of drafting regulations and guidelines. We will be going out to consult with the non-government sector in November.

Senator MASON—You mentioned that, yes.

Ms Nicoll—Then the subordinate legislation will have to be tabled.

Senator MASON—Do you have a time line for that?

Ms Nicoll—Given our commitment to consult in November, we would like to think we could get it in before the end of this year, but that will depend upon the timetable we observe in terms of the consultation. We want to ensure that the consultation is as wide as possible with the non-government sector.

Senator MASON—Under the current act which is still operating does the government have the capacity to disclose, release or publish all the information that is collected about their funding sources that you discussed before?

Ms Rollings—We do not disclose that information because we collect it under an agreement with the schools for a particular purpose and so unless the schools agree that we can release it at a school level, we do not release it publicly. We do report through the annual national—

Senator MASON—I am sorry could you say that again? I am not trying to be difficult. Unless the schools agree that the information can be released, it is not released or cannot be released?

Ms Rollings—That is correct. But we do publish at aggregated levels to the annual national report the figures around income, expenditure on schools and teachers and so forth and salaries et cetera in a table format. So there are aggregated reports.

Mr Burmester—There has been a change in government policy in this regard in that the current government has indicated that it will increase the transparency of a whole range of school issues including performance in testing, income sources and so on. So it is part of a change in government policy. It may well vary from practice in the past because there has been a change in government and government policy.

Senator MASON—I appreciate that. It is just a little bit hard to determine now what that precisely will mean at the school level. I am not criticising anyone here because you have to go through the consultation phase but I am still not certain what will be required. The regulations have not been drafted. We are still consulting—I think that is right.

Ms Nicoll—Correct.

Senator MASON—I am just trying to get a handle on where we are going and what might happen. Early days I think it is fair to say—is that right?

Mr Burmester—The level of disaggregation is yet to be determined, but I would be surprised if we ended up trying to report at levels down to whether it is a school fete or some other fund-raising by the school but that has yet to be determined.

Senator MASON—Are you speculating that it could be disaggregated down to the level of a school?

Mr Burmester—Each individual school both government and non-government will be required to report their income sources.

Senator MASON—Sure. But I think we just heard that that has not in the past been published.

Mr Burmester—Correct. It is a change in policy.

Ms Rollings—I should add that many of our non-government schools are actually incorporated under ASIC law and so their financial reports are publicly available through that process.

Senator MASON—If they are incorporated, sure, but many are not. What Mr Burmester seems to be flagging is that information disaggregated down to the level of an independent non-government school may be publicly available.

Mr Burmester—The minister has flagged that this level of public reporting on schools will apply equally between the government and non-government sector. It is not just the non-government sector. The reason that you can see that is that the bill refers only to non-government schools so the provisions apply to non-government schools but the minister is on record as saying it will apply equally to both sectors.

Senator Carr—The minister published her views on 1 September in the *Australian* where she said:

I want to make it absolutely clear that everything we require of public schools, we will require of non-government schools and everything we require of non-government schools we will require of public schools.

The minister also indicated that the:

... framework for reporting will include the income streams into schools so we can properly analyse what difference extra resources make.

This compares with the approach that was taken by the previous government where for the better part of 11 years I sought advice on exactly how much was spent on the different sectors of the school system and I was deprived of that information. I am now able to advise you, Senator Mason, because I know you are concerned about this that the real increase under the previous government for public schools was 67 per cent. The real increase for non-government schools was 130 per cent. Those figures were not made available, so the level of transparency under the previous government was at a minimum.

Senator MASON—Minister, I understand. This is where we are at cross purposes. I understand that the government may want the information about funding sources for non-government schools—sure—but what we are now talking about is a different issue: publishing that information publicly. That is quite different. They are two different issues. You

see what I am saying. One is requiring the information—fair enough. The other is publishing it.

Mr Burmester—There are two reasons to require the information from non-government schools. One is to assess their financial viability, which has been an ongoing requirement of us, and obviously under public administrative practice you would not—

Senator MASON—But why does it need to be published to do that? I am not saying you should not require it. Do you need to publish it to do that?

Mr Burmester—The second reason is that the government is determined that they want greater transparency in the performance of schools as well as the resources that are available to the schools so they can assess, as the minister quoted, an analysis of what difference resources make to schools and how you can support poorly performing schools by increasing resources.

Senator MASON—But the government can make that analysis without publishing the information, Mr Burmester—or do you disagree?

Ms Nicoll—The issue is not just the government; it is also to enable and empower parents to make an informed decision about what sorts of outcomes are generated according to the sort of investment that there is in schools. At this point, in the non-government sector, that information is confidential to us, but parents are not in a position to make that call. For parents in government schools, similarly, there is not a point of comparison in terms of the investment of government funds in those schools, so we cannot compare like with like and neither can parents.

Senator MASON—That still does not make sense, because as I understand it—correct me if I am wrong, Mr Burmester or Minister—there seems to be in this country at the moment a movement from the public to the private sector in schooling. People are making up their minds, for whatever reason—it is a private decision—to go to certain schools. I think people feel they have enough information from non-government schools to want to go there. The two issues raised by Mr Burmester do not require publication by the government of that information. The government can make those policy decisions, as it is entitled to, without publishing it. It is a very strange answer, Mr Burmester. I am sure we will hear a lot more about this; I have a feeling. Minister, you are not against the current SES system of funding, are you?

Senator Carr—What the government has indicated is that transitional arrangements are being made and that the bills we have before the parliament will provide certainty for the non-government school system and, of course, for the public education system when the bill arrives after the COAG meeting on 17 November.

Senator MASON—That is going to be an interesting COAG meeting, isn't it, Minister?

Senator Carr—I would have thought all the COAG meetings are interesting, Senator Mason.

Senator MASON—I do not know if they are all as interesting as this one is going to be. As a graduate from government schools I am interested in public schools, as you know, Minister.

Senator Carr—Yes.

Senator MASON—That is why I am very concerned about the health of them.

Senator Carr—The fact is that under your government there was an increase of \$2.1 billion for public schools but for non-government schools there was an increase of \$4.7 billion. I am sure you expressed your interest when these figures were being debated the last time the schools bill was before the Senate.

Senator MASON—The funny thing is that state government schools are supposed to be supported by the states, but I suppose that is another issue, isn't it? Let us move on. The Schools Assistance (Learning Together—Achievement Through Choice and Opportunity) Act 2004 is the instrument that makes provision, at section 102, for new non-government schools establishment grants. That is right, isn't it?

Mr Burmester—Yes.

Senator MASON—I think that has, in a sense, got independent schools up and flourishing in the last few years. I just want to ask in relation to those non-government schools establishment grants: how many schools have accessed these grants in the last 12 months?

Ms Rollings—In 2008, we have had 18 new schools which have received—

Senator MASON—Is that so far this year?

Ms Rollings—That is right.

Senator MASON—How many last year?

Ms Rollings—Thirty-four.

Senator MASON—Can I ask: how much money has been provided through these grants?

Ms Nicoll—Do you mean to each school or in total?

Senator MASON—In total. And can you disaggregate it to each school?

Ms Nicoll—An average is between \$25,000 and \$30,000. Ms Rollings can tell you—

Senator MASON—Sorry, is that \$25,000 to \$30,000 per—

Ms Nicoll—That is per school.

Ms Rollings—Expenditure since 2001 is currently \$12.9 million—it is \$12,996,089.

Senator MASON—Alright, let's say it is \$13 million. I do not think you could have a go at me for putting it up a touch. For what period is that?

Ms Rollings—That is since 2001.

Senator MASON—Can you get me the figures for each year since then, disaggregated, in effect, for each year from 2001?

Ms Rollings—Yes.

Senator MASON—Not now, but on notice is fine. Is that all right?

Ms Rollings—Yes.

Senator MASON—Could you also find this for me: how many schools have accessed these grants in each of the years since the grants were introduced—since 2001?

Ms Rollings—Yes.

Senator MASON—Thank you very much. This might be difficult. Has anyone done any assessment of how successful those schools that have taken up these grants have been, comparatively?

Ms Nicoll—No, Senator. That certainly has not been taken into account.

Senator MASON—It is a difficult question.

Ms Nicoll—We have done no review of where that has taken those schools.

Senator MASON—It is difficult but in a sense—

Mr Burmester—All new schools were eligible for the grants so there is no comparator group to say whether the grant is effective or not. It was just a grant for all eligible new start-up schools.

Senator MASON—Yes, if they took it up.

Mr Burmester—I would be surprised if—

Senator MASON—They all took it up?

Mr Burmester—I would be very surprised if they did not.

Senator MASON—They did. All right. How many students, then, are students of schools that have taken up that grant since the beginning and in each year? Does that make sense? How quickly have the school populations grown? I know that in my state often these grants are very important in kicking these schools off, and it is quite common for the school population to be very small and expand quite rapidly.

Ms Nicoll—Just to clarify, do you mean how many students benefited from the first two years of that establishment grant, when it was available, or do you want some comparison in terms of the size of the school now? The latter would be quite difficult for us to ascertain, given—

Senator MASON—Would it be too hard—

Ms Nicoll—We can certainly provide you with data. Because the grant operates on a per capita basis and each new school is entitled to it for two years, we can provide you with data about the numbers of students that benefited from that. To do a comparison would be quite challenging.

Senator MASON—That would be great. Take that on notice. Could you also provide the committee with the increase in the amount of students since they took up the grant until today?

Ms Nicoll—That is what I think would be quite difficult for us to ascertain. It would be quite a lot of data to go through to ascertain the school numbers now. It could take quite a lot of time. We will look at that and do what we can but I am just not sure how much work it would involve.

Senator MASON—I appreciate that.

Ms Northcott—The program started in 2001 so if you were to take the first four years of the program you could then compare that with current enrolments.

Senator MASON—That would help.

Ms Northcott—But looking at schools that commenced in 2006 and comparing them with 2007 is not that useful.

Ms Rollings—We will look at the amount of work that it might involve.

Senator MASON—Okay. I would not want to put you to undue effort.

Ms Nicoll—Thank you, Senator.

Senator MASON—The minister never would have done that in the past, would you, Minister? You never asked the education department—

Senator JACINTA COLLINS—We do not want to see a trolley again!

Senator MASON—Mr Chairman, I thank the officers. I have finished questions in relation to special appropriations but I have further questions on outcome 2, unless someone else wants to take over the batting.

CHAIR—I am happy for you to proceed, Senator Mason.

Senator MASON—I will carry on. Mr Burmester, I think I flagged with you this morning out of session, and also with the chairman—I think I am being fair—trade training centres in schools. Why don't we do that now, Mr Chairman. Will that be all right?

CHAIR—Yes. Does this overlap with some elements?

Senator MASON—To help the committee, the last group of questions I have got on outcome 2—others may have other questions—is in relation to trade training centres. So, in effect, I am going from trade training centres into outcome 4, vocational education and training. There may be some overlap between those two areas.

CHAIR—Why don't we move to outcome 4 and include the officers in that area that remains in outcome 2, then we can dispose of outcome 2.

Senator MASON—That is fine by me unless there are any other questions.

CHAIR—We will now move to outcome 4 and to trade training in schools from outcome 2.

Vocational Education and Training

Senator MASON—On 10 May last year Mr Rudd and Mr Smith announced as part of their education revolution:

Federal Labor's 10-year, \$2.5 billion Trades Training Centres in Schools Plan—a groundbreaking initiative which will see new trade centres built in Australia's 2,650 secondary schools.

There is not going to be a trade training centre in each of Australia's 2,650 secondary schools, is there?

Ms Camara—All secondary schools can apply for trade training centres.

Senator MASON—They can apply, but it does not mean that there is going to be one in their school, does it?

Ms Camara—It depends on how they apply. Schools may form clusters.

Senator MASON—Or they may not be successful.

Ms Camara—This is in issue with stages of the program. We have 34 that are successful, but the program spans over 10 years.

Senator MASON—Indeed. You are talking about round 1 now.

Ms Camara—For round 1 there were 34 successful applicants.

Senator MASON—There were 34 successful applicants from how many?

Ms Camara—We had 87 applications in round 1, phase 1.

Senator MASON—So we had 34 successful applicants. Is that right?

Ms Camara—That is correct.

Senator MASON—From 87 applicants?

Ms Camara—Yes; 87.

Senator MASON—Of the 34 successful ones, how many individual schools received a trades training centre?

Ms Camara—Out of the 34 there were 15 stand alone and 19 clusters.

Senator MASON—What is the size of these clusters?

Ms Camara—They vary.

Senator MASON—Can you just aggregate that?

Mr Burmester—Overall, the combined 34 proposals covered 96 schools. So if you take away 15 stand alones from the 96, that gives you about 70, so the other remaining 19 covered 70 other schools which formed clusters.

Senator MASON—How big is the average cluster?

Ms Camara—Sorry, I do not have that information with me. I can take that on notice for you, but the clusters do vary in numbers.

Senator MASON—Looking at this then, and correct me if I am wrong because I am not good at maths, as you know Mr Burmester—the minister knows that I am not good at maths—about five out of six schools will not have their own one but they will have a shared one in a cluster with other schools.

Mr Burmester—I think the average cluster is about three to four schools. There would be various combinations obviously but the average is three to four schools getting together and an additional 15 that are stand-alone, single school centres.

Senator MASON—Where I come from in Queensland, Mr Burmester, I think that schools thought they might be receiving their own one, but you are saying that that may have been the impression. I read out the quote before.

Mr Burmester—This is a 10-year program, so that may well eventuate over that time, but in the initial phases, obviously getting as many schools included as possible through a clustering process was given priority in our assessment of the proposals. It was actually a

design criterion to try to get as many schools involved as early as possible. That does not mean that that is the eventual end state of this program.

Senator MASON—In round 1, were schools favoured who could guarantee or assure the department, or the government, that they could get the trade training centres up and running earlier than other places? Is that a factor? I want to know how long these trade training centres will take before they get going.

Ms Camara—All proposals were assessed in accordance with the program guidelines and the published criteria outlined in the program guidelines.

Senator MASON—In those published guidelines, is getting the program up and running one of the criteria?

Ms Camara—No; that is not one of the criteria.

Senator MASON—Is expedition of the process one of the criteria?

Ms Camara—No. Quality of the proposal is one of the criteria, as is meeting program priorities and the need for and the capacity to benefit.

Senator MASON—Not expedition?

Mr Burmester—No. This is a new program and—

Senator MASON—I thought expedition would be relatively important.

Mr Burmester—With the 10-year time frame and the fact that these are creating new centres which have to be built, speed was not one of our main criteria, but making sure access to as many students as possible from those that were successful was part of the design of the program.

Senator MASON—Maybe this is a more honest approach. We have heard about turbocharging the computers in schools program, unsuccessfully. Maybe you are being very honest in saying, ‘Well, it’s going to take a while and expedition isn’t the principal criterion.’ Let’s have a look at clustering, if we might. I think it was Ms Sykes in the February estimates—we are going back a while now—who said to me:

... schools in close proximity to each other that are seeking to share trade training centres in schools facilities will be allowed to pool capital funding to create schools trade precincts ...

That’s right, isn’t it?

Mr Burmester—Yes. That is what we are describing as a cluster.

Senator MASON—Indeed. I want to see how they are being clustered. That is my point. I was looking at some of the successful grants from the first round and I noticed that there was one successful application called MarineTech, which caters to schools in Cairns and surrounds. Ms Camara, do you know about that particular application? I am sure you do.

Ms Camara—Not specifically. I know there is a cluster with those schools, yes.

Senator MASON—You know of it. Of course, this is in Queensland, my home state—that is why it caught my eye. The reason it caught my eye is this. I noticed that it includes these schools: Cairns State High School, in Cairns; Gordonvale State High School, which is about 25 kilometres south of Cairns; Smithfield State High School; Trinity Beach State School,

which is about half an hour north of Cairns; Bentley Park College; and Kuranda District State College, which is about half an hour north-west. I think it is up on the escarpment there. That is also part of the cluster. I also noticed that Mossman State High School is a part of that cluster, and you will know, because I am sure you have all been to Queensland and know how beautiful it is way up there—Mr Burmester, I am sure you have been there—Mossman is about 75 kilometres north of Cairns, about an hour's drive or so. Is that an accurate reflection of the cluster?

Ms Camara—It is.

Senator MASON—Good. I quoted Ms Sykes because she said 'schools in close proximity to each other'. Minister, do you or the department consider the schools in this cluster to be in close proximity to each other?

Mr Burmester—I do not know this proposal myself, but close proximity—

Senator MASON—Do you trust my geography?

Mr Burmester—Yes, your geography sounds roughly like my description of that area.

Senator MASON—Roughly.

Mr Burmester—But it goes to the way that the facilities would be used and structured. It could be that, instead of students walking a limited distance to share a facility regularly during the week, they actually come in for a day or something. So there might be other ways of structuring the access to the facility. It could be the teachers travelling rather than the students. I do not know this proposition and this particular proposal. The fact that it has been approved means that it did meet our criteria of providing a quality outcome for the students in that area. It could be that, over time, other facilities are added in that same region. We do not know that yet. But as an initial proposition it has been ticked as one of merit.

Senator MASON—You would not describe a two-hour trip as close proximity, would you, Mr Burmester? Even I would not be so rhetorically loose.

Mr Burmester—I do not know how many students from up north of Cairns, in Mossman or that area, travel down to Cairns every day. It could be that there are quite a large number of students who already commute from the tableland down to the city; I do not know.

Senator MASON—I do not know either, but I do know that Mossman is about 75 kilometres north of Cairns and that it takes about an hour to drive there; I have done it. You are talking about trades training centres in close proximity, but for students that is a two-hour round trip.

CHAIR—I have found that students tend to drive faster than we do, though.

Senator MASON—Perhaps so.

Mr Burmester—I am not sure we are encouraging that, Senator.

Senator MASON—Anyway, the bottom line is that some of those students will be required to make that trip to use the facilities, won't they?

Mr Burmester—I do not know the basis of how they intend to deploy the facilities, so we would have to take that on notice and give you an explanation of how students from the

further distant places that you have mentioned can access the thing. We will take that on notice.

Senator MASON—The access is going to be 75 kilometres south.

Senator Carr—It is not uncommon for students to travel, Senator. Even in your day you would have found that.

Senator MASON—It was harder in my day, Minister.

Senator Carr—They did have buses at your school, did they not?

Senator MASON—They did. I want to raise that, because that is going to become an issue depending upon how the department assesses trades training centres. We are not going to have, as I initially thought, schools in close proximity. I assumed it would be, in effect, a neighbourhood cluster.

Senator Carr—It might in the city.

Senator MASON—Indeed—that is my point—but, in fact, up in Cairns, which is a city, it may nonetheless not be like that. We are talking about, potentially, a two-hour drive there and back. I just want to raise this. I am raising it because this was not my initial impression in February.

Ms Camara—That is not the only element that is considered in assessing the applications.

Senator MASON—I know. Clearly you are right, because that is why it got up, but are the considerations different for clustered trades training centres from what they are for a trades training centre in an individual school? Are there different criteria?

Ms Camara—No, the criteria are the same.

Senator MASON—So they are judged in the same way?

Ms Camara—Exactly the same way. It is in accordance with what is published.

Senator MASON—All right. Let us just go to the applications from the first round, if we might. How many applications from schools were successful in each state and territory?

Ms Camara—I can provide you with that data.

Senator MASON—How many applications were successful in New South Wales?

Ms Camara—Seven were successful in New South Wales, four in Victoria and 11 in Queensland.

Senator MASON—Eleven successful ones in Queensland?

Ms Camara—Yes.

Senator MASON—Very good.

Ms Camara—There were six in WA, three in South Australia and three in the Northern Territory.

Senator MASON—Who are we missing out here?

Ms Camara—Tasmania and the ACT.

Senator MASON—Did any applications come from Tasmania and/or the ACT?

Ms Camara—Yes.

Senator MASON—They did?

Ms Camara—Yes.

Senator MASON—They were unsuccessful?

Ms Camara—Yes.

Senator MASON—Why?

Ms Camara—Because on the assessment, which is according to the program guidelines, they did not get up. They did not meet all the criteria.

Senator MASON—Including here in the ACT?

Ms Camara—Including here in the ACT.

Senator MASON—One of the most sophisticated places in the country, wouldn't you say, Mr Burmester?

Senator HUMPHRIES—Hear, hear!

Mr Burmester—The criteria that they were assessed on go to things such as project management skills to actually achieve the outcome which we were funding and the sustainability of the established centre once it was commissioned, so it could be—and, again, I was not part of the assessment panel—that there were concerns about some of those aspects. It does not mean that they cannot apply in future rounds once they address the concerns that would have been raised. As you know, the program was not intended to fund every idea that came forward. We had some criteria that required sustainability, a business plan that guaranteed delivery and achievement of the outcome and the quality and access that were generated from the provision. So it could be those technical matters rather than the need in which they were found wanting, and they can address those things and come back with a future proposal.

Senator MASON—So that is typical; I follow that. Can I ask: how many applications came from Tasmania and how many from the ACT.

Ms Camara—There were two applications from Tasmania—

Senator MASON—Yes, and how many from the ACT?

Ms Camara—and one from the ACT.

Senator MASON—And 11 got up in my home state, Senator Humphries, you may note but none in the ACT and none in Tasmania. What does that say?

Senator HUMPHRIES—No comment.

CHAIR—On many things we can only begin to speculate.

Senator MASON—Let's just go through New South Wales and the localities of the successful applicants. I assume this list is right. Broken Hill is the site of a successful application. Is that right? It is in the state's west.

Mr Burmester—Yes.

Senator MASON—And Epping, in Sydney's north?

Ms Camara—Yes.

Senator MASON—Lithgow, north-west of Sydney.

Ms Camara—Yes.

Senator MASON—And Northern Beaches Secondary College is at the northern beaches, of course.

Ms Camara—Yes.

Senator MASON—And Orange in the state's central west.

Mr Burmester—Yes.

Senator MASON—There is Armidale in New England to the north.

CHAIR—Senator Mason, the time has got away from me, and we are into our break so we will now suspend until 4 o'clock.

Senator MASON—I am sure you are upset about that, Chair!

Proceedings suspended from 3.46 pm to 4.02 pm

CHAIR—The committee will now reconvene. We are in outcome 4.

Senator MASON—Ms Camara, I went through the geography and propinquity of the localities in New South Wales where there were successful applicants. Looking at that, I found that the only trades training centre in this first round in Sydney that is south or west of the harbour is Christian Brothers College, Burwood, which is an application from a cluster that takes in a number of Catholic schools. Is that right?

Mr Burmester—Yes, that is right.

Senator MASON—Thanks. So if you are in a state school or another denominational school in southern or western Sydney, there are no technical colleges or trades training centres in this round—is that correct?

Ms Camara—That is correct in this round.

Mr Burmester—We are talking about the first phase of the first round, so it is not surprising that the geographic spread of the initial 34 successful colleges is limited. We have another 314 applications for phase 2, so the geographic spread of these centres will increase over time.

Senator MASON—Let me ask this: are geographic considerations among the considerations you use to determine whether a trades training centre will be approved? Is that one of the criteria?

Mr Burmester—It is not a direct criterion in its own right. It may have some influence if local industry can be linked into the proposal, so it could be that in some geographic areas there are particular industries that are enthusiastic in supporting the proposals coming forward. It is not a criterion on its own. As we have said, this is a long-term program, broadly spread, but that will take some time.

Senator MASON—In answer to one of my earlier questions, you said it was possible that schools could have missed out because their applications may have been technically deficient. Is that right?

Mr Burmester—Yes, that was the term I used.

Senator MASON—Is ‘need’ necessarily the primary criterion?

Mr Burmester—No. There are four criteria. One is the local partnerships that are created to make sure that the proposal reflects the needs of the local economy. The next one is the quality of the proposal itself—are they meeting needs, and do they have reasonable access for students. It goes to the very nature of whether it is a quality proposal that will generate benefits quickly in terms of trade training outcomes.

Senator MASON—So speed is part of the criteria? You said it was not.

Mr Burmester—Sorry, I was looking down the list very quickly. The criterion is actually ‘timetabling and transport’—can they provide practical access for students through a combination of timetabling of classes and transport arrangements and so on. So, sorry, I misread ‘timetabling’ to mean ‘timing’. The next one is sustainability—can they demonstrate that they have the teaching workforce available, the industry placements and so on that would allow the trade training to take place effectively. The last one is project management—have they set up appropriate arrangements, that are compelling and convincing, so that they can actually deliver on the project in the time frame that they have set out in their proposal.

Senator MASON—So social and economic need is not a criterion in itself?

Mr Burmester—That goes to the timing, in that the program, over its entire life, will have a broad spread across all areas of Australia.

Senator MASON—But that is more by chance than by deliberate design—because it is not one of the criteria.

Mr Burmester—As I said earlier, it goes to the industry engagement—whether it has the industry partners. That reflects to some extent that the local businesses in the area are prepared to participate in the proposal and that it is meeting their skills needs.

Senator MASON—Looking at the localities of all the successful applicants in New South Wales, it seems to me that the department does not seem to consider the south and west of Sydney to be areas of need.

Mr Burmester—This is a phase 1 of round 1. We have another 314 applications for phase 2 of round 1. This is a progressive build-up.

Senator MASON—Do you think round 1 is better than the computers in schools program? We will not go there! Everyone is ringing me up about that.

Ms Camara—Senator Mason, you asked about cluster sizes. They vary between two and 11, and the average cluster size is four.

Senator MASON—Mr Burmester said it was three to four.

Mr Burmester—In fact, the cluster of 11 is the one you referred to. It is a Catholic cluster based on Burwood.

Senator MASON—If schools are unsuccessful in their application, does the department, or someone else, assist them? For example, if their project management skills seem to be insufficient, where they go? Do you tell the schools that their applications are unsatisfactory for certain reasons?

Ms Camara—Yes. All schools are advised if they have been unsuccessful, and then we offer a debriefing. Those schools that were unsuccessful in phase 1 have taken that opportunity, and we have provided a debriefing so that they can use that information to strengthen their applications for future rounds.

Senator MASON—Do you do that debriefing in writing?

Ms Camara—We actually meet with them or have teleconferences, and then we will follow up with something in writing if they would like to receive that.

Senator MASON—With an average cluster of three or four schools, if a school uses its entire amount under the program—the average is about nine hundred and something thousand dollars; let us say a million for argument's sake—for a cluster, that is it, isn't it? It does not get another go later on for a trades training centre for itself—or does it?

Ms Camara—All schools can access between \$500,000 and \$1.5 million.

Senator MASON—I understand that. The average that I think we discussed in the past was about \$970,000. My point is: if you made application for a cluster and it has been successful, can you have another go?

Ms Camara—You can have another go, but you cannot go over the \$1.5 million.

Senator MASON—All right. And the average overall is about \$970,000 per school—I think that is right from memory. It is something around that.

Ms Camara—Yes.

Senator MASON—You might recall that I asked about teachers previously, Ms Camara. Do you remember that I asked about teachers?

Ms Camara—Yes, last time you did, I understand.

Senator MASON—Yes—remember that?

Ms Camara—I was not here.

Senator MASON—You were not here? You missed an experience. I will not go through the entire debate last time, but one of the concerns is (1) that to obtain trade-quality plumbing teachers, electrician teachers and so forth is expensive; (2) where are they? I suppose my point is: in the application that schools put forward, do they have to guarantee that these teachers are available and that they have them? We do not want to spend all the money and then discover, for example, that there are no plumbers to take the classes. Do you understand my point?

Ms Camara—I do understand.

Senator MASON—What do you do to ensure that the specifications that the schools have outlined in their applications are being met?

Ms Camara—All proposals funded had to demonstrate the availability of appropriately trained and qualified teachers to deliver that training. Also, schools were encouraged to consider linkages with registered training organisations to maximise the opportunities and minimise the burden on existing teaching staff.

Senator MASON—I understand that—in the applications—but my point is about the follow-up. How do we know (1) that these trades training centres have the teachers that they say they need and (2) that the training is of appropriate quality? How do we know that?

Ms Camara—As with all our programs, we will be monitoring quality and working closely with the schools that were successful in getting and building a trades training centre.

Senator MASON—Who is doing the monitoring?

Ms Camara—Partly us, and we also work with education authorities very closely as part of this program.

Senator MASON—In the states? So I can rest assured that the Commonwealth government—this department—and state government authorities will know that the quality of the, let us say, plumbing teachers is sufficient. Is that right?

Mr Burmester—Yes. They have to demonstrate that in their application.

Senator MASON—Yes, but that is not what my point is. My point is about the follow-up.

Mr Burmester—Yes. As with existing teachers, who are licensed and approved—'registered', I think, is the correct word—in a state, they would have to be registered teachers, and we have agreements with each of the state government education departments that they will be active partners in these trades training centres and that they will contribute to ensuring the delivery of the ones that go to state schools, obviously, and also provide the normal oversight that they provide to any education provider in their state.

Senator MASON—Let us say that cluster X in Queensland has a special trades training centre to do with plumbing. If I ask the department about it, will they be able to say to me, 'Yes, Senator, I can assure you that that cluster is being serviced by plumbing teachers who have been appropriately trained to teach plumbing.' Can you assure me of that?

Mr Burmester—Yes, this is just normal program administration implementation. That is what we do as a department. So this is no different to any other set of programs that we are administering. We will take the steps necessary to assure ourselves that the quality and sustainability of the organisations we are funding is achieved. That is what we do.

Senator MASON—I know you try to do that, but implementation—and some aspects of your portfolio—has not been very good, Mr Burmester. That is the problem.

Mr Burmester—I do not know what you are referring to there.

Senator MASON—I think everyone knows what I am referring to.

Mr Burmester—Give me an example.

Senator MASON—Try round 1 of the computer fund, Mr Burmester.

Mr Burmester—In three months we have got 9,000 computers—

Senator Carr—Nearly 10,000.

Senator MASON—You have got 10 per cent of the total.

Mr Burmester—We have got 10,000 computers.

Senator MASON—The press keep ringing me and asking, ‘Is that right? Ten per cent of round 1?’ I say, ‘Yes.’

Mr Burmester—It is 10,000 in the first three months, with the explanation that Dr Arthur gave here that large purchases have to go through tender processes.

Senator Carr—I do not know whether I am hearing anything today other than Senator Abetz making a fool of himself, Senator Mason, so you have missed the boat today.

Senator MASON—Senator Abetz has his own methodology.

CHAIR—Order! Mr Burmester was trying to answer a question. I have not heard the answer because everyone else was talking.

Mr Burmester—I have now forgotten the question.

CHAIR—All right. Do you have anything you wish to add at this point?

Mr Burmester—No.

Senator MASON—I would not go back on the implementation. It is not your department’s strong point at the moment, Mr Burmester. I would rely on other things.

Mr Burmester—Now you have reminded me of the point I was making, and I would dispute that assertion. There are any number of examples where the department have implemented—very competently and very quickly—very big asks of government over a number of years. To blithely say that we are no good at implementation—

Senator MASON—I did not say that.

Mr Burmester—That is how it sounded from this end of the table.

Senator MASON—I did not say that.

CHAIR—I thought you said it.

Senator MASON—No, I said in relation to round 1 of the computer program. That is what I said.

CHAIR—Anyway, the *Hansard* will record everything that has been said.

Senator MASON—Look at the *Hansard*, Mr Burmester. Be specific about it.

CHAIR—Mr Burmester, have you finished?

Mr Burmester—I have finished.

Senator MASON—So let us not rely on that. What you are saying, though, is that the parliament can be confident that the department will monitor these trades training centres to ensure that teachers of appropriate quality are going to be there?

Ms Camara—Yes.

Senator MASON—Because I will be making sure that that is what happens, as I always do, Mr Burmester.

[4.19 pm]

CHAIR—Are there any questions on outcome 4, Vocational education and training?

Senator MASON—I have a few questions on Australian technical colleges. I understand the government will not continue to fund the ATCs after their contracts expire at the end of 2009. Is that right?

Mr Johnson—Yes.

Senator MASON—I understand the government is committed to honouring the existing contracts but after 2009 it will seek to integrate the remaining ATCs into the state and territory government and Catholic and independent school sectors. Is that right?

Mr Johnson—That is consistent with the announcement the government made earlier this year.

Senator MASON—So we were briefed at estimates? A ‘yes’ is fine.

Mr Johnson—Yes.

Senator MASON—That does not always help with me but, nonetheless, I know you are doing your best. Issue one is that, since budget estimates, the government has announced, I understand, that three ATCs will continue to operate after 2009 because they have secured private support. Is that right?

Mr Johnson—As I think we detailed for the committee in our discussion in June, the department has been pursuing a range of consultations with all of the 24 existing Australian technical colleges to identify future delivery arrangements beyond December 2009. The announcements that the government has already made about four of those technical colleges identify transitional management arrangements for those four which are being affected over the course of the next 14 months and will take them into new structures for the 2010 academic year.

Senator MASON—Let us get to that. The ATCs that have secured private support are Port Macquarie, Northern Adelaide and Western Sydney—is that right?

Mr Johnson—That is correct.

Senator MASON—I understand, in addition, that the Victorian state government has signalled that it will support the Australian technical college in Bendigo, although I do not think there has been any formal announcement. Is that right?

Mr Johnson—There is no formal position about the Victorian technical colleges; all of the government and non-government technical colleges are still involved in that consultation process.

Senator MASON—Okay—so it is still ongoing. In relation to the ATCs that have secured private support to operate post 2009, what will be the new governance arrangements for those?

Mr Johnson—Can I just clarify that the reference to private support is—

Senator MASON—How does it operate?

Mr Johnson—Fundamentally, it is conditional on the colleges continuing as registered government or non-government schools and, through that, a registration process, which is subject to a determination by individual state and territory school-registering bodies, for their subsequent eligibility for general recurrent grant funding for the student profile that they are supporting. In addition to that, schools such as other education and training institutes can compete for specific competitive funding at a state or Commonwealth level such as training for flexible delivery for group-training initiatives or fee-for-service activity.

Senator MASON—Will the boards remain the same? What will be their governance structure or is that still to be negotiated? How will that be governed?

Mr Johnson—The governance structures effectively will vary region by region. As you are probably aware, the governing structures of the existing Australian technical colleges were formulated around an independent industry led board.

Senator MASON—Yes.

Mr Johnson—In the main, through the consultation processes, we anticipate that that industry advisory arrangement and the industry board will continue to be a feature of future governance arrangements. Whether that means that the industry board will be expanded in membership and work more directly with other educational partners or representatives in the region, again, that is dependent on the outcomes of consultations in individual regions.

Senator MASON—Does the Commonwealth, the department, have any role to play in that function?

Mr Johnson—A critical role is the consultative process we are going through at the moment. Our role is trying to work with the existing government structures to identify jointly with the state and territory education departments and industry in those regions the effectiveness of those government structures. Other key stakeholders, as I have mentioned, may be interested in providing a supporting and leadership role in the ongoing role of those colleges or schools.

Senator MASON—Can the government veto arrangements? What is its power in relation to the government's boards?

Mr Johnson—Funding agreements under the existing technical colleges are approved and established by the education minister, and the minister will determine agreements and the new managerial structures, as part of the transitional arrangements.

Senator MASON—So in a sense the minister will make the determination as to whether the government's boards are appropriate?

Mr Johnson—Obviously based on advice from the consultations.

Senator MASON—I want to ask you about some projected enrolments of the ATCs, if that is all right. From memory it was stated in last budget estimates that the projected enrolment for 2008 at ATCs was 4,248. Is that right?

Mr Johnson—That is correct.

Senator MASON—That is correct, is it? What was the target?

Mr Johnson—Effectively that is the target at the national level. That data comes from the March census data this year. The census is undertaken from all schools.

Senator MASON—So the ATCs are meeting their enrolment targets?

Mr Johnson—No, sorry Senator. That 4,248 is a projected enrolment target. The actual enrolments as at the 31 March census this year is 3,174 students.

Senator MASON—I am not an expert on this. Explain that again to me, will you? What does the 4,248 relate to?

Mr Johnson—It reflects the projected enrolments that the department negotiated with each individual college in its funding agreements over the course of the last few years in establishing each of those individual colleges.

Senator MASON—Right.

Mr Johnson—They will vary college by college depending obviously on the different educational models. As you are aware, some of these colleges were established from greenfield sites as new educational institutes. Others were partnerships with existing schools. Reflecting that differing capability, the department since 2005 has established a range of different projected enrolment targets for each college, and it reviews those year on year. The headline figure you referred to of 4,248 is the aggregation of all of those 24 colleges' reflections of the projected enrolments in funding agreements.

Senator MASON—Right. And the actual enrolments are?

Mr Johnson—Actual enrolments are 3,174.

Senator MASON—Thank you very much. That is all I wanted to know. I do not have any further questions on Australian technical colleges.

CHAIR—We are still in outcome 4. Are there any other questions in outcome 4? We might give Senator Mason a break if there are. No? Senator Mason, keep going.

Senator MASON—What is the objective of the Productivity Places Program?

Mr Robertson—In broad terms, there are two objectives. The first one is to provide training opportunities for those people who are out of the workforce—it gives them a pathway to further skilling, to further study and potentially into the workplace. Then there is a component directed towards existing workers. That is directed to working with firms, looking at the skill needs of their employees—

Senator MASON—It is upskilling?

Mr Robertson—It is an upskilling strategy.

Senator MASON—So it is training for those out of work and upskilling for those in work.

Mr Robertson—Yes.

Senator MASON—What are the employment expectations of the program for those out of work?

Mr Robertson—Clearly the objective is to make people job ready. I guess in this current economic climate we are not quite sure how that will go, but the other point to make at this

point in time is that we still have people in training, ostensibly, because the program started in April.

Ms Hewlett—I would just like to add to that. We have had a total of just over 12,000 job seekers that have completed training at this stage—

Senator MASON—That is 12,000 people without work?

Ms Hewlett—Job seekers—that is correct. Of those, approximately 6,000—

Senator MASON—Sorry—is that 12,000 who have completed training?

Ms Hewlett—They have completed their qualifications, yes.

Senator MASON—They have completed their qualifications.

Ms Hewlett—Just over 6,000 of those were referred by employment service providers. We are tracking those particularly, and nearly 1,000 of those have got job outcomes after completing their training.

Senator MASON—Let me just get this right. You can track the outcomes of people registered with employment training providers?

Ms Hewlett—We have been tracking this group, yes.

Senator MASON—What about the other group, the other 6,000? Do you track them?

Ms Hewlett—We will be tracking those, but we do not have the data from the registered training organisations on that particular cohort yet.

Senator MASON—You do not have it yet but you will be getting it?

Ms Hewlett—Not yet, but we will be getting them next year, yes.

CHAIR—Does that job outcome that you have tracked actually relate back to the training that they engaged in—the job itself?

Ms Hewlett—We have asked for that information, but I do not have it at this stage.

Senator MASON—Is it fair enough to say that an objective of this program is for people who are currently looking for work to find a job?

Mr Davidson—This is not a job search program; this is a training program where the principal objectives are in fact to provide training to an individual which improves their prospects in terms of skills and therefore their attractiveness to employers. But it is not a program in which we are specifically trying to achieve an employment outcome for every individual in every circumstance, no. But, as you would understand, if they are existing workers, that group of people are already employed. We have a group of people who are already employed whose career prospects we are hoping will be enhanced by the training. For those people who meet the requirements and are eligible to be referred to an employment service provider, which essentially means they are currently in receipt of income support, obviously we are trying to use this program to enhance their employment prospects. So it is a mix, but it does not have the specific end goal of 100 per cent employment, no.

Senator MASON—I just know a lot of people go into this sort of training treadmill and they go to training courses, but I am very keen—that is why I asked—to monitor the employment outcomes. I did look at the website and it says there:

The Productivity Places Program provides new training places in skills and occupations employers are seeking and is designed to help job seekers secure long term employment.

Given that it is designed to secure long-term employment, we should be monitoring that.

Mr Davidson—And we are.

Senator MASON—Yes, that is my point. What is the dropout rate with this training?

Ms Hewlett—We have a 14 per cent dropout rate between enrolment and the commencement of the qualification.

Senator MASON—There is a 14 per cent dropout between enrolment and commencement of the qualification. That is a bit high, isn't it? Are you worried about that?

Ms Hewlett—No, we are not worried about that, particularly because we have only a five per cent dropout rate between commencement and completion of the qualification at this point in time.

Senator MASON—Dropout between commencement and completion?

Ms Hewlett—Between commencement and completion of the qualifications, so we have a very high completion rate.

Senator MASON—We have got about one in seven dropping out between enrolment and commencement—that is, about 14 per cent—and one in 20 dropping out between commencement and completion. If you add 14 and five that is 19 per cent, so 20 per cent, so one in five is dropping out. Do you agree?

Ms Hewlett—Between enrolment and completion of the qualification.

Senator MASON—Yes, between enrolment and completion—the whole process.

Ms Hewlett—Yes.

Senator MASON—What are the standards that participants have to meet? That will vary, I suppose.

Ms Hewlett—Yes, those standards will vary depending on the qualification that the person undertakes.

Senator MASON—Does anyone ever fail?

Ms Hewlett—Yes, we do have a number of people who do not complete their qualifications.

Senator MASON—We know there is a five per cent dropout—I understand that, but who and how many fail?

Mr Robertson—One of the principles that operate within the vocational education and training sector in which these qualifications operate from is a competency based approach, so essentially what providers would do—noting that they have tried to match the student with the right course—if there is a failure is seek to give them further training so they could get up to

the competency standard required. That is the general principle that operates. We still allow for failures. We are just getting that figure now.

Ms Hewlett—Regarding the participant dropout rate, after commencement of training, 384 participants have failed to participate satisfactorily in training.

Senator MASON—Out of how many?

Ms Hewlett—There were 384 participants.

Senator MASON—Out of how many?

Ms Hewlett—That is one per cent of the five per cent.

Senator MASON—One per cent of the five per cent have failed to participate?

Ms Hewlett—Have failed to complete the qualification. Four per cent of those were participants voluntarily withdrawing from training and the other one per cent were participants failing to participate satisfactorily in the training, so not completing the competencies.

Senator MASON—That is not high at all. We are talking about training or trade qualifications.

Mr Davidson—We are talking about vocational education training qualifications.

Senator MASON—Yes, sure.

Mr Davidson—They are not all trade qualifications.

Senator MASON—I just want to get this right. Do people fail? You are saying they have failed to complete the qualification and I understand that. That could be for all sorts of reasons. It is a failure to reach a standard.

Mr Davidson—In a vocational educational training qualification, the way in which it is constructed around the concept of competency is that you can be assessed as not competent; therefore you would not fail.

Senator MASON—How many people are assessed as not competent?

Ms Hewlett—They would come into that category of 384 participants.

Senator MASON—All up, how many participants are we talking about?

Ms Hewlett—Who have currently enrolled in the program?

Senator MASON—Yes.

Ms Hewlett—We have 53,762 people enrolled in the program. Of those, we have 44,763 who have commenced.

Senator MASON—How many have commenced?

Ms Hewlett—There are 44,763 who have commenced and 12,398 have completed.

Senator MASON—The percentage that have failed to complete is?

Mr Johnson—Less than one per cent, Senator—

Senator MASON—Much less.

Mr Johnson—and if you are actually looking, as Mr Davidson indicated earlier, principally at those who are currently unemployed in the labour market and have significant skills barriers and learning challenges themselves, we would indicate that that is a very strong performance rate—if you are saying that only 380 individuals had been potentially assessed as not competent against those qualifications of 380 of—

Senator MASON—It is not even that many, Mr Johnson, because that is who failed to complete the qualification, who actually have not met the standards that Mr Davidson mentioned. That is a part of that 384, and we are talking about—

Mr Davidson—Yes, I think, Senator, the appropriate base number you would use—you have got people who are currently participating, who have commenced and are still participating; you have got 12,000 who have completed and you have got—sorry, I do not have the actual number—

Ms Hewlett—383.

Mr Davidson—who have not successfully completed. So I think the comparison is 360 to the 12,000—that would be the relevant comparison.

Ms Hewlett—Yes.

Mr Davidson—I think that is what you would look at. You would be looking at: of those who have completed or not completed, how does that sit at the moment?

Senator MASON—In a sense, you can see this two ways. You could say that it is great that people finish the course and that only 384 have failed to complete the qualification and, of that, a fraction of them failed to reach the competency. At one level that is a very good thing. I am just wondering, does everyone pass?

Mr Davidson—I think those courses which are completed in this sort of time frame would tend at this stage to be the simpler certificate II courses, so one would have a reasonable expectation that most people would be able, with application to the task, to complete it. This will evolve over time as we get higher level qualifications, as we start to see greater levels of difficulty, a mix of participants. I just think we are trying to give you a genuine read as to what it looks like at the moment.

Senator MASON—While I am delighted that so many people are completing, I think the public would want to know that these courses are worth doing and that competency levels mean something. It is not just a tick in a box. Do you see my point?

Ms Hewlett—I do. Can I add to Mr Davidson's comments. One of the things that we require both the registered training organisations and the employment service providers to do is ascertain somebody's capacity to benefit from that particular training. They are looking at the experiences that somebody has had in the past and making an assessment. So these people are not necessarily self-selectors; they are people that have been assessed by both the RTO and the ESP as being able to benefit from this qualification and as being up to taking the qualification.

Mr Davidson—I think, Senator, we are basically agreeing with you. In a sense, what we are trying to do with this program is that we have established a management information system on the back of the administration of the program, which gives us quite comprehensive

data in relation to progress by certificate level, by qualification over time. As we go through further estimates processes we will be able to give you more detailed information as we go along.

Senator MASON—Do you monitor attendance? Do the course providers monitor attendance?

Mr Davidson—It would be part of the responsibility of the RTO to monitor attendance.

Senator MASON—Have you received any feedback from employers about the courses thus far, about how they regard the qualifications of those who have completed the courses? It may be positive or negative—it can't always be positive.

Ms Hewlett—We do have some very nice case studies.

Senator MASON—That is very good. What have you heard?

Mr Robertson—if I could read one—

Senator MASON—Don't be too modest.

Mr Robertson—respecting privacy.

CHAIR—Has this one been picked at random?

Mr Robertson—This particular person has overcome multiple barriers, including a period of time in jail and drug and alcohol problems. She swears that was through the particular provider, which in this case was the Salvation Army Employment Plus, and her certificate III training, through the Productivity Places Program. She is now working in retail, at Woolies, and is up for the employee of the month. That is one example.

Senator MASON—I like good news, as you know. That is delightful.

Mr Robertson—And there are other ones.

Senator MASON—I am sure there are. So there is some positive feedback; that is wonderful. We have some good news, Mr Chairman. See how delighted I am. Very good. How many places are there in the construction and mining related areas?

Ms Hewlett—I am delighted to say that we now have 99 registered training organisations contracted to deliver 478 mining and construction qualifications.

Senator MASON—Ninety-nine providers?

Ms Hewlett—Ninety-nine providers. We have 3,996 applicants that have enrolled in these qualifications.

Senator MASON—So 4,000.

Ms Hewlett—And 3,218 have commenced and 1,208 have completed. At this stage the most attractive qualifications, based on enrolment figures, include the certificate III in transport and logistics, the certificate III in civil construction, the certificate II in metalliferous mining operations, the certificate III in transport and distribution and the certificate II in general construction.

Senator MASON—Thank you for that. That is more good news, isn't it. It is a good news afternoon!

CHAIR—Are the certificate III courses trade qualifications?

Mr Davidson—Not necessarily. Generally, most trades, as you are defining them—the traditional trades—are a certificate III qualification. That is not always the case; some are certificate IV, but mainly they are certificate III. But you can do a certificate III and it is not a trade qualification; it might be in an area that does not involve a trade qualification.

CHAIR—But you would not be providing the actual trade course certificate III unless someone were also engaged in a contract of training?

Mr Davidson—I think in the long run we may. We are talking about start-up at this stage, but the design of the program is that the qualification has to relate to an area of skill shortage. If it does and it is included in the list of qualifications and we have a registered training organisation that will deliver that program and there are participants to take part, then, yes, a person could do a trade using this program.

CHAIR—They could do the trade course, but they could not do the trade.

Mr Davidson—They could do the trade course, yes.

CHAIR—What is the point of doing a trade course if you don't also have the contract of training?

Mr Davidson—No; the construction of the program does provide for apprentices to be trained in this program.

CHAIR—If they are apprentices, they have a contract of trade—that is the point I am making.

Mr Davidson—Yes. There are a number—I think 85,000—that have been set aside for apprenticeship training.

CHAIR—So you would not provide a post trade qualification to anyone that did not have a trade?

Mr Davidson—It depends on the training package and the way in which qualifications are constructed in the vocational education and training area. In most of the training package areas, the high-level qualifications usually presume that you have completed a trade qualification—not always.

CHAIR—It does not preclude that, though, because I have had a number of complaints—and we might be digressing a little, if you do not mind, Senator Mason—that people are being offered post-trade qualifications without having a trade. As a consequence of that, they in fact market themselves as a trade person.

Mr Davidson—I do not know the specific case.

CHAIR—Cases.

Mr Davidson—Do you want to pursue this, Senator?

CHAIR—Without taking up too much time.

Mr Davidson—If you have a case of, say, a young person who might be seeking a trade but is unable to find an employer to enter into a contract of training with, generally they would undertake a certificate II qualification. There is an issue there that, unless they can get

the contract of employment, they can never advance. So there is an issue around tending to cycle through certificate II qualifications. If a training package provides for a qualification which does not require a trade qualification to participate in, yes, of course somebody can train in that, but it would not be a post-trade qualification. Is that clear, or am I—

CHAIR—It is not what I am told is actually happening, but I will take on board what you have said and make further inquiries.

Mr Davidson—If you had examples, I would certainly be happy to look at them for you.

CHAIR—Senator Mason, sorry about that.

Senator MASON—Mr Chairman, last time I think I mentioned that this committee has a certain cult following. I have a question that has been emailed in.

Senator Carr—What did he say?

CHAIR—A cult following. Unfortunately, people are emailing Senator Mason.

Senator MASON—Because of you, Minister!

CHAIR—We discourage it, but it is happening.

Senator MASON—If someone fails in competency based training, I am informed that they usually have to pay extra to re-sit that part of the course. Is that right?

Mr Davidson—Essentially, if you have not achieved the competency, you would repeat, yes. If it meant re-undertaking the whole set of training, yes, you would pay again.

Senator MASON—My question is: is there any evidence of that having occurred?

Ms Hewlett—In the context of this program?

Senator MASON—Yes.

Mr Davidson—I have not tracked to that level of detail.

Senator MASON—You have not tracked that?

Mr Davidson—I do not believe so. But an RTO would. The RTO that was doing the training would be required to have those records in relation to each individual training participant. But we do not track it, no.

Senator MASON—I will refer our listeners to you, Mr Davidson!

Mr Davidson—Would you like my email address?

Senator MASON—We will. Mr Davidson, I will do my best.

Mr Davidson—It would not be too hard to guess!

Senator MASON—I am informed that we ran out of places this year. When did that happen?

Ms Hewlett—At the beginning, yes.

Senator MASON—What was the date?

Ms Hewlett—That was at the beginning of September.

Senator MASON—What did the government do?

Ms Hewlett—The government subsequently allocated an additional 15,000 places on 10 September, and then on 14 October allocated an additional 56,000 places.

Senator MASON—I know you would have been expecting this particular question. I am not sure who is responsible, but there was an article on page 14 of the *Australian Financial Review* on 3 October headlined ‘Training providers unhappy with new system’. I am sure you have prepared to this question. It said:

Training providers said the first allocation of places under the new system, which began on Wednesday, was a mess, plagued by long technical outages and an inability to enrol the numbers of students needed to make the policy commercially viable for RTOs.

National executive officer of the peak industry body, the Australian Council for Private Education and Training, Andrew Smith, said it appeared the system had buckled under the demand for places and refused to allow RTOs to enrol students.

“The system hasn’t coped with the demand,” Mr Smith said.

Many RTOs gained only a relatively small number of places of insufficient quantity to run a class with, Mr Smith said.

“It’s not feasible for providers to run [programs] potentially or they would do it at a loss,” he said. “To me that’s no way to run a government-funded program.”

What are we doing about that?

Mr Davidson—But Mr Smith does not run a government funded program, he is an advocate for a constituency of RTOs who are keen to participate and provide training. Of course he is going to say that. The issue that we have is—

Senator MASON—But did it crash or not? I do not know about that. What happened? Just tell me what happened. I do not know.

Mr Davidson—We had a lot of demand for places and we were able to secure additional funding for more places to be made available but we are certainly not in the business of allocating places in advance of the government allocating the funds.

Senator MASON—No, sure.

Mr Davidson—That is why we do it.

Senator MASON—Was the system up to it on the day?

Mr Davidson—Yes, the system is always up to it.

Senator MASON—There was no problem?

Mr Davidson—From time to time we might have a technical difficulty one day or another but no, there is no fundamental problem with the system.

Senator MASON—What was the system like on that day?

Mr Davidson—Which day?

Senator MASON—Again, on Wednesday. I am not sure. It does not give a date, but I assume it was—

CHAIR—Any Wednesday?

Senator MASON—Ms Hewlett, can you help?

Ms Hewlett—We had 6,000 applications for the 1,500 places that were released on that day.

Senator MASON—What was the date?

Ms Hewlett—If I have the article you have, I think that was 1 October.

Senator MASON—1 October? Thank you. Let us examine whether the system worked. Mr Davidson says it did work. Did it work? Were there any hitches or glitches?

Mr Davidson—We cannot allocate 6,000 into 1,500, can we? But could we allocate 1,500? Yes.

Ms Hewlett—Yes.

Senator MASON—That is not quite my point. I want to know whether the computer system and the software were up to the task. That is my question.

Mr Davidson—I would have to say that we are well serviced by our information systems division. They provide excellent support for the department in operating its programs and we have every confidence in what they do.

Senator MASON—Are you aware of concern about the system on that day?

Mr Davidson—I think the concern was that there was a greater demand for places being translated to us than we had funds available on that day and, in accordance with proper financial practice, we were not allocating places in a circumstance where we could not fund them. We were not interested in creating expectations for training providers that there were funds for programs that there were not. We were certainly not interested in trying to indicate to an individual that a training place was immediately available when it was not. We knew very well that we had plans in place to get additional funding, we did and we have continued.

Senator MASON—I understand that. Ms Hewlett mentioned that.

Mr Davidson—It is just appropriate management.. You talked earlier today about the issue of appropriately managing programs and making sure in the start-up phases that they are under control.

Senator MASON—I did, didn't I?

Mr Davidson—I am trying to give you an example where you might like to praise the department for the way in which it has acted in this case.

Senator MASON—Mr Davidson, I would be delighted to do that, but the language here is '... was a mess plagued by long technical outages ...'. My point is: is that right or wrong?

Mr Davidson—No. It was not plagued by long technical outages. The situation was, as I indicated and Ms Hewlett indicated, that we had a surfeit of requests for places over what we had funding for.

Senator MASON—Would you say that the system was not down and there were not long technical outages?

Mr Davidson—I would have said there was a problem if the system were allocating places that were not available.

Senator MASON—That is not my point.

Mr Davidson—No, there was no technical outage.

Senator MASON—Okay. That is all I wanted to know, because that is what Mr Smith is saying.

Mr Davidson—I am happy to be corrected by my staff if I am incorrect.

Senator MASON—Is that right? Ms Hewlett, what do you say?

Ms Hewlett—I think that there were occasions when certain RTOs could not log in and secure places.

Senator MASON—Was that because there were not enough places or because they could not log in?

Ms Hewlett—It would have been the high numbers—

Mr Robertson—It would have been the high numbers seeking to access the limited number of places that were available.

Senator MASON—They could not log in?

Mr Robertson—They could probably log in but because of the system they then had to queue.

Senator MASON—They are very different issues. I am used to splitting hairs, as you know. I would be very careful with our nomenclature, as I was this morning. They are different issues. I understand that there are not enough places. I accept that. The question is whether the RTOs could get on to the system.

Mr Davidson—Let me split the hair again, for you.

Senator MASON—Yes. Do.

Mr Davidson—One of the things that we do in managing this program is not create expectations or give commitments to providers or individuals where funds are not, at the time that they are being sought, available to be allocated. That is what we do. That is not a technical outage; that is a system working effectively to manage a program, in line with the government guidelines about allocations of places and funds et cetera.

Senator MASON—Yes, I know. I accept that. But Ms Hewlett has just said people could not get on to the system.

Mr Davidson—Yes, but if you have 6,000 providers trying to log on at the same time for 1,500 places, clearly we are not going to allow that to happen. You are managing the system. That would be not appropriate.

Senator MASON—You are saying the system is, in a sense, simply making a management decision, such that people cannot log on, because there are not the places?

Mr Davidson—I am essentially saying that the way in which the system is constructed is that, if it gets to the point where we do not actually have places to allocate, it does not allocate places.

Senator MASON—It does not allow you to get on. That is the evidence.

Mr Davidson—Who is splitting hairs?

Senator MASON—Well, I do not know. After this morning and all our sessions, I am used to splitting hairs, believe me. That is all I have on productivity places.

CHAIR—We are still in outcome 4. We will keep working our way through.

Senator MASON—Let us quickly look at the Commonwealth-State funding agreement for a second. If I am wrong, correct me, Mr Burmester: the current vocational education and training, the VET, funding agreement between the Commonwealth, state and territory governments expires in December of this year?

Mr Burmester—That is correct.

Senator MASON—Heads of government are negotiating a new funding agreement with the final agreement expected to be reached at COAG?

Mr Burmester—That is correct.

Senator MASON—This is going to be a big COAG meeting—isn't it, Mr Davidson?

Mr Davidson—I do not go, so I cannot tell you.

Senator MASON—I will be watching. As you know, I look at the websites.

Mr Davidson—I do not quite see the relevance of the comment. Is COAG meeting in Queensland? Is that it?

Senator MASON—No, it is not just because of Queensland; it is because there are a lot of exciting issues being discussed at this COAG meeting. It is very interesting.

CHAIR—On several occasions this morning Senator Mason has referred to how boring his life is and he is reaffirming this point.

Senator MASON—I read communiques from COAG meetings.

Mr Davidson—I will not make the obvious comment, Senator.

Senator MASON—Everyone else does; it's alright.

Senator Ludwig—I will defend you, Senator Mason.

Senator MASON—In this new agreement what are the government's priorities?

Mr Davidson—The priorities are basically spelled out in a set of objectives that the government plans to achieve. There are four overall outcomes that we are seeking. They are that the working-age population has gaps in foundation skills levels reduced to enable effective educational labour market and social participation. The second outcome we are seeking is that the working-age population has the depth and breadth of skills and capabilities required for the 21st century labour market. The third outcome is that the supply of skills provided by the national training system respond to meet changing labour market demand.

The fourth is that skills are used effectively to increase labour market efficiency, productivity and innovation and to ensure increased utilisation of human capital.

Senator MASON—The report by the Boston Consulting Group that was commissioned—what role is that playing? That was a commission, I understand, by the former government.

Mr Davidson—The Boston Consulting Group was commissioned by the Ministerial Council for Vocational and Technical Education at its meeting—in June, I think it was—last year. It was designed to make a review of progress under the existing agreement, kind of a mid-term progress report. The ministers wanted that done. Boston Consulting Group was then commissioned by the department to do that piece of work. Then they provided that report, and it included the review of how far states have progressed against their commitments in the current agreement and also made some suggestions as to the design of future agreements.

Senator MASON—So you are confident then, Minister, that the new agreement will be signed at the November COAG. Is that right?

Mr Davidson—I am confident that a new agreement will be drafted and prepared for consideration at the November COAG.

Senator MASON—Say that again.

Mr Davidson—I am confident that we, as a group of officials, can have completed the task that we have been given, which is to draft a proposed agreement for consideration by the premiers and the Prime Minister at the COAG meeting on 17 November.

Senator MASON—That is not the question I asked.

CHAIR—The officer cannot answer the question you asked.

Senator MASON—No. That is why I asked the minister.

Senator Ludwig—It still becomes a hypothetical question, in the sense that you are asking for a certainty around a future event.

Senator MASON—I am asking a certainty, but that is the intention.

Senator Ludwig—I think that is what the officers have indicated—that they will be ready for that date and, clearly, if they are ready, the documents are at COAG.

Senator MASON—But is it the Commonwealth's intention to settle it that day?

Senator Ludwig—I would have to take advice as to whether that would be the case.

Mr Davidson—I believe that if you read the communique from the last meeting in Perth—

Senator MASON—I always read communiques.

Mr Davidson—Well then if you did, Senator, you probably did not need to ask me the question.

Senator MASON—I read some communiques more closely than others.

Mr Davidson—Okay. Well, the Perth communique of COAG, I am advised, actually had a clear indication that the intention was to sign this agreement at the meeting on 17 November. I believe it is actually in Canberra.

Senator MASON—I love COAG communiques.

CHAIR—Coincidentally, that is on the day we require answers to questions on notice. Maybe the minister can take it on notice.

Senator MASON—But will we get them? We have not always been successful in this department.

Mr Burmester—Chair, the deadline for questions on notice is 28 November.

CHAIR—Oh, is it? Right. You will know the day now.

Mr Davidson—We could split hairs as to—

Senator MASON—You are going to have all those things I have asked; aren't you, Mr Burmester? I am waiting for them all with bated breath, but I am not confident. Why is that?

CHAIR—A personality flaw?

Mr Burmester—We have provided and have a pretty good track record on delivering as many questions on notice as possible in the time frame and by the next year.

Senator MASON—None on on-costs, though; not once. What a coincidence. I have no further questions on outcome 4.

CHAIR—Thank you, officers, for outcome 4. We can now move to outcome 1.

Mr Davidson—Mr Chair, are there any intentions to ask questions on youth.

CHAIR—Yes.

Mr Burmester—Senator, can I take the changeover to correct the record. I indicated in my earlier answer that there were 314 applications for trade training centres that we had received for phase 2. There were actually 314 expressions of interest. We did not consider all applications. They still had to do some work. I just wanted to correct the record.

CHAIR—Mr Burmester, it occurs to me that we could probably do outcomes 1 and 5 concurrently.

Senator MASON—Mr Chair, it may help the committee if I flag that my next set of questions relate to higher education, outcome 3, which is the last group on our agenda. That is all I have.

CHAIR—If you want to go, we will call you as we move to that. Some senators have indicated that they have questions for both outcomes 1 and 5. Mr Burmester, if you do not have an objection, we will do outcomes 1 and 5 concurrently. Do you mind?

Mr Burmester—That would actually be helpful.

CHAIR—Welcome officers for outcomes 1 and 5.

Senator FISHER—At the outset, if I may, Chair, in terms of unanswered questions on notice, I think the department has a pretty good record in dealing with those, but I note that one of the questions that I asked on notice at previous estimates has not been answered. It is to do with child care and in particular the childcare tax rebate. I can provide you with the reference number. What has happened with that question on notice and what might be the reason for not providing an answer?

Ms Sparkes—With apologies, I understand that the tabling of that reply is imminent. If you like, I can provide you with a copy this afternoon.

Senator FISHER—Thank you. Can you tell me why it has taken until now?

Ms Sparkes—I am sorry, I have no idea, but I have had it confirmed today that it is being tabled and that we can grant you a copy of that.

Senator FISHER—Thank you. That was quite prudent.

Mr Burmester—As it refers to tax rebate, I suspect we had to consult with the ATO to get an answer, as they are the administering department on that matter.

Senator FISHER—Thank you. I am not sure who would handle these sorts of questions, Mr Burmester, but I want to ask some questions about some contracts that have been awarded to tenderers by your department, particularly in the area, as I understand it, of childcare services. And I want to ask some questions around contracts awarded to the Allen Consulting Group, in particular a contract awarded for the sum of \$112,000. The description of it is: Developing the structure for the National Early Years Work Force Strategy. In whose ministerial portfolio does that contract in particular fall?

Dr Mercer—That falls in the DEEWR portfolio, in the Office of Early Childhood Education and Child Care.

Senator FISHER—What does that mean about ministerial responsibility for that contract, in terms of both the reaching of it and the implementation of it? Start off, if you will, with the negotiation and reaching of it. In whose ministerial portfolio did that contract fall at that stage?

Dr Mercer—It fell, as I said, in the DEEWR portfolio. The Deputy Prime Minister is the minister responsible. But this contract was an internal DEEWR contract, so it was done under all our normal procurements processes.

Senator FISHER—I will go to that in a bit, if I may, Dr Mercer. Which department will be overseeing the implementation of that contract now that it has been awarded to Allen Consulting Group?

Dr Mercer—This department will.

Senator FISHER—DEEWR?

Dr Mercer—DEEWR will.

Senator FISHER—And to whom will DEEWR be reporting, in a ministerial sense, as to the implementation of that contract? It might seem an obvious question but I will ask it nonetheless.

Dr Mercer—We will be reporting to the Deputy Prime Minister. I should add that we report our briefs to the Deputy Prime Minister. She is the decision maker in our portfolio, but our briefs are copied to the Parliamentary Secretary for Early Childhood Education and Child Care.

Senator FISHER—When you say your briefs are copied to, in this case, the Parliamentary Secretary for Early Childhood Education and Child Care, can you explain what you mean by that in the context of the awarding of this particular contract in September this year?

Dr Mercer—As I said earlier, this was a DEEWR contract, so we selected the consultant, we wrote the contract and we have the contract with the consultant. So when I said ‘briefs’, I simply meant that if we were to report on implementation, as your question went to, that is who we would report to. As I say, the contract is a DEEWR contract and that is how it was awarded.

Senator FISHER—So are you saying that in the context of making the contract you reported only to the Deputy Prime Minister’s office and in respect of the implementation of the contract you are reporting to the Deputy Prime Minister’s office and copying your briefs to the parliamentary secretary’s office, or have I got that wrong?

Dr Mercer—No. I thought your question asked: who would we be reporting to on implementation?

Senator FISHER—Yes.

Dr Mercer—So I was explaining to you, if we were to put up a report, how that process would work. In selecting the contract, we do not need to go up to the offices, and we did not. The decision to select Allen was made by the department, by my group. That is the process in terms of contracts. Is that—

Senator FISHER—I will ask more questions about that, but I will let Mr Burmester answer.

Mr Burmester—I am not sure what the question is you are asking. Normally the procurement arrangements are that the department conducts the entire process and makes a decision on a contract or writes a contract or awards a contract. So I am not sure why there is a reference to the ministers’ offices. They were not involved.

Senator FISHER—I will now go to what Ms Mercer essentially raised. Chair, my colleague Senator Cash may well have some questions on this issue as well—and I very much look forward to those. Ms Mercer, you have said that this awarded contract was an internal DEEWR contract.

Dr Mercer—Yes. It was awarded by the department.

Senator FISHER—Can you explain the process for that, and is that different from other contracts that have been awarded to the Allen Consulting Group in recent months?

Dr Mercer—I can only speak about this consultancy and the normal processes that we would go through.

Senator FISHER—All right. So tell us about those, please.

Dr Mercer—This was consistent with all our normal procurement processes, as Mr Burmester was saying. The process was that we went out to test the market and asked for five quotes from suppliers. Then a tender panel was set up to consider those quotes and they made their decision and they went to the delegate in the department who delegated on that and then the contract was awarded.

Senator FISHER—Who was the delegate in the department?

Dr Mercer—The delegate was the acting branch manager in my workforce and Indigenous preschool branch.

Senator FISHER—Who was that?

Dr Mercer—Ms Chris Jeacle.

Senator FISHER—You have mentioned the normal procurement processes—what are they?

Dr Mercer—Depending on what sort of contract we are looking for, we then select the appropriate procurement process. We have procurement guidelines which give us all of the guidance we need on that. Our officers used those procurement process guidelines when they sought five quotes to test the market.

Senator FISHER—Can you give me the title of those procurement guidelines, and do you have copies that you can make available to the committee?

Dr Mercer—We would have copies that we could make available to the committee, I believe. Mr Burmester?

Mr Burmester—Yes.

Mr Kriz—I am the chief legal officer and also the group manager responsible for the legal investigations and procurements group of the department. I have the overall responsibility for the management of the procurement process in the department as opposed to the individual procurements in the department. The guidelines which were just discussed are published by the government through the department of finance. They are called the Commonwealth Procurement Guidelines. They are available on the website. They apply to all agencies and they set out what agencies have to go through in order to expend public funds when undertaking procurements.

Senator FISHER—I am sure you know them like the back of your hand, Mr Kriz.

Mr Kriz—I do not know.

Senator FISHER—You may know them better than I do. Can I ask you some questions about them?

Mr Kriz—Sure.

Senator FISHER—I have a copy that has come off the internet. They are entitled Commonwealth Procurement Guidelines and are from January 2005. They have been updated since then. To the best of my knowledge, it appears as if the copy that I have is current. I want to ask you about the obligation that is therefore on the department in the process of procurement in respect of efficient, effective and ethical use of resources. Are you familiar with that part? I think it is under ethics in part 6.

Mr Kriz—Absolutely. Which particular aspect would you like me to address?

Senator FISHER—I want to ask you about the obligation on agencies. I will read three lines from item 6.23 of the Procurement Guidelines:

Agencies—

which would be DEEWR in this case—

need to ensure that officials involved in procurement, particularly those dealing directly with suppliers and potential suppliers:

- recognise and deal with any conflicts of interests, including perceived conflicts of interests;

What is your understanding of what that means and how it might apply?

Mr Kriz—Exactly as it says. We need to ensure that the process that is undertaken by the Commonwealth in procuring services, goods or whatever is in fact unassailable. We operate—

Senator FISHER—Unassailable?

Mr Kriz—Absolutely. Unassailable—that we operate in a publicly accountable environment. This is one example of it. As public servants we are very much cognisant of the fact that this is not our play money. These are public funds, and we act appropriately. In fact we have obligations imposed on us in many other areas—for example, the Australian Public Service Act requires us to act properly, honourably, openly, accountably and so on. So, yes—I and other public servants in this and other departments, no doubt, are very much aware of those obligations.

Mr Burmester—In fact, Senator, I believe it is standard procedure in the department for people sitting on a tender panel to actually make a declaration of no conflict of interest, and if they declare that there is a conflict they are replaced on the panel. That would be stranded procedure. Under the Commonwealth guidelines, which set out the broad framework, the department has a set of operating rules which set thresholds at which certain things can happen and procedures by which we abide. From recollection, I had to sign such a document for the last panel I sat on.

Senator FISHER—In respect of the tender panel for this particular contract, I gather from what you have said, Dr Mercer, that the people on the tender panel would have been ongoing DEEWR staff. Can you confirm that?

Dr Mercer—Yes.

Senator FISHER—Thank you. Mr Kriz, thank you for your description as to what agencies need to do to deal with conflicts of interest including perceived conflicts of interest in procurement as far as DEEWR staff go. What is your view of the extent to which that obligation extends beyond DEEWR itself in the procurement process to others with whom you are dealing?

Mr Kriz—I do not know what you mean. Do you mean other people who might be involved in the selection of contractors?

Senator FISHER—Perhaps—and indeed also the potential contractor itself. Putting the question another way, does that obligation on the department to avoid actual conflicts of interest and perceived conflicts of interest extend under the procurement guidelines to others external to the department involved in the contracting process and, in particular, to the potential service provider, the potential contractor?

Mr Kriz—The guidelines themselves would extend to public servants who undertake those sorts of duties. When we engage people, for example, to assist us with the assessment process

we would impose on them obligations through contractual arrangements that we might have with them. We would ask them to make appropriate disclosure and then we would act in accordance with such disclosures to manage any conflicts of interest that might arise. In relation to contractors with whom we contract, the obligation is not placed on any such contractor; the obligation is placed on us to ensure that we select the appropriate people to do business with the Commonwealth, having regard to the efficient and ethical use of public funds, and to ensure that we obtain value for money for the Commonwealth. So the obligation is on us.

Senator CASH—Can I just jump in there. In relation to this particular contract that the Allen Consulting Group has been awarded, I understand that Mary Ann O’Loughlin is a director of the Allen Consulting Group.

Dr Mercer—Yes.

Senator CASH—Is that the same Mary Ann O’Loughlin who was a former adviser in social policy to former Prime Minister Paul Keating?

Dr Mercer—Yes.

Senator CASH—Has she ever held any prior role like this in this particular department or in other departments?

Mr Burmester—I believe Ms O’Loughlin was a deputy secretary for a period in the old department of education and training. I could not venture a date, though. It was some time ago.

Senator CASH—Do you know what role she will have in relation to this particular contract?

Dr Mercer—She provided the quality assurance process in this contract.

Senator FISHER—If I can continue on, Mr Kriz, with your very helpful information. If I have understood it correctly, you have suggested that the obligation is clearly on DEEWR to select an appropriate contractor—

Mr Kriz—Absolutely.

Senator FISHER—to ensure, if you like, compliance with matters under the procurement guidelines, including the ethical behaviour aspect. You have said the obligation is on DEEWR.

Mr Kriz—Yes.

Senator FISHER—I want to refer to item 6.25, which contains three lines, of the procurement guidelines which follow on from the ethics obligation that is effectively placed on DEEWR. It states:

6.25 Procurement of services ought to be conducted in a way that imposes as far as practicable the same level of accountability and responsibility on a service provider—

in this case, arguably, Allen Consulting Group—

as would exist if the agency carried out the services itself.

What is your view of the meaning of that aspect of the procurement guidelines?

Mr Kriz—I would want to look at them and consider them more. The issue is that the Commonwealth does not want to have people working for it who would be operating in a way that would, if you like, be different in an ethical sense to the way in which the Commonwealth officers would conduct themselves if they carried out that particular service. We basically do not want to be in a situation where the Commonwealth contracts out its services and then seeks to absolve itself of responsibility for how those service providers, for example, treat the public or whatever.

Senator FISHER—Indeed. If we refer back to the earlier obligation in terms of conflict of interest to which I referred, you would agree, would you not, that the procurement guidelines effectively oblige you to ensure that in this case Allen Consulting Group did not demonstrate any conflicts of interest, whether actual or perceived?

Mr Kriz—That is a very, very big question. Allen Consulting Group is very big. We need to know in what particular aspect there would be a conflict of interest.

Senator FISHER—That is not my question. My question is about the application of the guidelines. If I understood you correctly, you said essentially that in this case they place obligations on DEEWR and they place obligations to ensure that those with whom DEEWR contracts comply with the procurement guidelines. Item 6.25, which I have just read out, would appear to reinforce that, particularly and clearly in respect of Allen Consulting Group to say, by way of example, that a service provider like Allen Consulting Group must not demonstrate any actual or perceived conflict of interest in the procurement process, just as DEEWR must not.

Mr Kriz—I understand what you are saying. I do not fully follow what particular answer you are seeking. For example, Allen Consulting Group has been engaged by the department—I have figures going back 10 or 12 years—every year under the previous government, under this government, and there has been no issue raised in relation to somebody who might have, years and years ago, worked for the department and had another life outside the Public Service. That alone cannot raise a conflict of interest issue. We have instances here, as I have said. I have data going back to 1996 which shows that we have consistently engaged Allen Consulting Group.

Senator FISHER—Are you accepting then that it would not be appropriate to contract with Allen Consulting Group if indeed they had an actual conflict of interest? Are you agreeing that that would place DEEWR in breach of the procurement guidelines?

Mr Kriz—If there was an actual conflict of interest which went to the issue with which the contract was involved, that might be the case. But it is a hypothetical.

Senator FISHER—You said in respect of Allen Consulting Group that the department has been contracting with them some years. How would you know if there were a conflict of interest in relation to a particular contract? What checks does the department do, as a matter of course?

Mr Kriz—If the department entered into a contract with you, Senator, for example, or the company that you might have, one of the things we would do is to impose an obligation on the company to disclose any conflicts of interest that might be in place. When you are working with a big group, a conflict of interest could be anything.

Senator FISHER—Indeed, it could be. Did you do that in respect of this particular contract for some \$112,000 awarded to Allen Consulting Group during September this year?

Mr Kriz—Our standard contractual provisions have that included as a matter of course. I would have to check in this particular case. We have standard request for tender provisions; we have standard contracts. They all seek to cover this issue for the Commonwealth. Do we in each and every case check each and every employee of any and every company that we do business with? No, that would be impossible. Do we check, for instance—

Senator FISHER—I have not asked about that, but you are volunteering that by way of example.

Mr Kriz—It would be physically impossible. But do we, for example, look at specified personnel who might be identified as people who will definitely be doing work for us? Yes, we would do that as part and parcel of the selection process. So it depends on the particular instance that you have in mind.

Senator FISHER—You may want to take this on notice. In respect of this particular contract, are you able to provide documentation that shows that, during the procurement process, DEEWR took steps to reassure itself that there was no conflict of interest demonstrated by Allen Consulting Group—

Mr Kriz—It is a huge company. How would we do that?

Senator FISHER—I think, Mr Kriz, you have just told me that DEEWR has an obligation to make sure that DEEWR is in compliance with the procurement guidelines. Have you not?

Mr Burmester—The standard procedures in the department would require Allen, if they were successful in winning any contract, to sign a declaration that there is no conflict of interest in the execution of the functions that we contract to them—and we will confirm that absolutely.

Senator FISHER—Thank you.

Mr Burmester—If we changed a contract, I would have thought that the chief legal officer would actually know, because they are such rare occasions in the department.

Senator FISHER—Yes, I would have thought so.

CHAIR—I think that satisfies your question, Senator.

Senator FISHER—Yes, I think that exhausts that aspect. I now want to go to the awarding of the contract. This is probably for you, Dr Mercer. The awarding of the contract was done internal to DEEWR. Did DEEWR consult in that process with anyone external to DEEWR, other than, obviously, the potential service providers?

Dr Mercer—I can assure you that we did not consult with our parliamentary secretary's office. I cannot tell you here today whether there was any consultation. As I have said, our normal processes apply, and anyone who serves on a DEEWR panel is well aware of the obligations they take on in being on a panel.

Senator FISHER—Are you able to inform the committee that in fact none of the members of the panel had any communications with the parliamentary secretary's office during the process leading up to the awarding of the contract?

Dr Mercer—Yes, I can assure you of that.

Senator FISHER—Thank you. You have spoken about the parliamentary secretary's office, however my question was: did DEEWR have any communication with any party external to DEEWR, other than the eventual service provider, Allen, in respect of the awarding of this contract?

Dr Mercer—When panels convene that is a confidential process and they are bound, as I said, our processes whereby they work as a panel and they do not consult and talk to others outside the panel. It is their obligation to reach their decision and to advise the delegate of that decision.

Senator FISHER—Are you able to provide evidence to this committee that the answer to that question is no?

Mr Kriz—It is impossible.

Senator FISHER—I am asking a question, Mr Kriz, and, if Dr Mercer can answer it, that would be good.

Dr Mercer—What I can certainly tell you—as I said, Senator Fisher—is that the panel had no communication with the parliamentary secretary's office about this contract in the process of awarding it.

Senator FISHER—I have heard your answer to that.

Dr Mercer—I am finding it hard to know who else you might think. As Mr Kriz says—

Senator FISHER—Anyone external to DEEWR. I would have thought that that was a pretty self-evident question. Either you do or you do not. It is a yes or no answer.

Dr Mercer—I will repeat that, as part of the panel process, people take on an obligation that they are reaching a decision as a panel and their obligation is not to talk to others—to reach the decision themselves.

Senator FISHER—Did the members of the tender panel comply with that obligation in this instance?

Dr Mercer—I have no expectation that they did other than comply with the normal processes.

Mr Burmester—Senator, I think the answer to your question is that, to the best of Dr Mercer's knowledge, there was no change in our normal procedures.

Senator FISHER—I think that is what Dr Mercer is saying, yes.

Mr Burmester—The only way we could ascertain that absolutely would be to get the panel members in to sign or give evidence directly that they did not. But, as Dr Mercer has said, the normal procedures and our expectation on all our officers is that they undertake procurement very seriously and abide by our rules, which would preclude that communication.

Senator FISHER—I accept that, Mr Burmester. At the risk of labouring the point, I have one further question. Did DEEWR or any of the members of the tender panel consult or

communicate with the Department of the Prime Minister and Cabinet in the process of awarding this contract to Allen—if we can call them that?

Dr Mercer—To the best of my knowledge, no.

Senator FISHER—Are you able to take that question on notice and confirm it or not?

Dr Mercer—Yes, we can take that on notice.

Senator FISHER—Thank you.

Senator HUMPHRIES—Can you also take on notice whether there was any communication by the panel members with the office of the Deputy Prime Minister?

Dr Mercer—I can confirm here that there was no communication by the panel with the office of the Deputy Prime Minister.

Senator HUMPHRIES—Are you say that to the best of your knowledge or are you—

Dr Mercer—No, I confirm that. There was no communication with the office of the Deputy Prime Minister by the panel.

Senator CASH—Can I ask how you actually know that?

Dr Mercer—I have asked my officers with regard to both the parliamentary secretary's office and the office of the Deputy Prime Minister.

Senator CASH—Each and ever officer?

Dr Mercer—I have asked the chair of the panel that question.

Senator CASH—That is one person.

Dr Mercer—We can take it on notice, as we said before—

Senator CASH—I am happy to accept that if you take it on notice.

Dr Mercer—But I am advised by the chair of that panel that, in the panel process, there was no communication with either of those offices.

Mr Kriz—I suppose the reason that I find it a bit difficult to understand the line of questioning is that we have processes that we put in place when we do tender exercises which impose obligations of secrecy and a particular process on the public servants. Not only would it be the case that they did not do it in the sense that they were not required to do it, but if in fact they did it they would be subject to disciplinary proceedings under the code of conduct under the Public Service Act for breaching those obligations.

Senator FISHER—Indeed. Thank you, Mr Kriz. I do accept the chair's point that you are doing all you can to be helpful to the committee, but it might help if, rather than attempting to guess where we are trying to go, you focus on the actual question we are trying to get the answer to. It might help you understand a little better what we are trying to ask. But thank you for your help along the way. I think I know the answer to this question but I will ask it anyway. In the process of reaching the contract with Allen, did DEEWR have any contact at all with any staff in the office of the parliamentary secretary.

Dr Mercer—I thought I had already answered that. In that process we had no contact with the office of the parliamentary secretary.

Mr Burmester—We will take it on notice and confirm with the members of the panel that that was in fact the case.

Senator FISHER—I am not sure who might answer this, but is the department aware of Ms Kathleen Forrester, employed in the office of the parliamentary secretary?

Dr Mercer—Yes.

Senator FISHER—So the department has had dealings with Ms Forrester as a staff member?

Dr Mercer—Yes.

Senator FISHER—Did Ms Forrester declare to the department that she had any sort of connection with Allen Consulting Group?

Dr Mercer—Yes, Ms Forrester did advise me and the previous deputy secretary of the department, Dr Wendy Jarvie, on the first day she took up the job of her previous employment history, which included her employment with Allen.

Senator HUMPHRIES—When was that?

Dr Mercer—On 12 May.

Senator FISHER—So on 12 May she commenced employment.

Ms Mercer—That is right.

Senator FISHER—And when did she advise the department?

Ms Mercer—As I said, on that day we had our first meeting with her in her role as adviser in Ms McKew's office, and she advised us at that meeting on 12 May.

Senator FISHER—Who was present from DEEWR at that meeting?

Ms Mercer—I was present. To my knowledge, Ms Rundle was present. Dr Wendy Jarvie, the previous deputy secretary, was present. I do not recall who else. Probably there was a departmental liaison officer who was in the office. I would have to check that.

Senator FISHER—What is your recollection of what Ms Forrester advised you?

Ms Mercer—My recollection is that she gave us a rundown on her previous employment history and that her most recent employment had been with Allens.

Senator FISHER—Did she say when that employment started and when it ended?

Ms Mercer—I do not recollect that personally, but I had had experience with her as an Allens consultant in 2004, when she did a project for the previous department.

Senator FISHER—Do you recollect whether Ms Forrester informed you at that meeting of anything else in respect of a connection with Allen Consulting Group?

Ms Mercer—I am not quite sure where you are going, Senator Fisher, but what she was telling us about was her background before she came into the job.

Senator FISHER—Her employment background?

Ms Mercer—Exactly.

Senator FISHER—So she informed you of her employment background. Did she mention Allen Consulting Group in any other context at that meeting?

Ms Mercer—Not to my recollection, other than in relation to the fact that she had worked there and worked on a number of projects because she had been deployed there for a number of years.

Senator FISHER—Did Ms Forrester inform you at that meeting that she had any sort of interest in Allen Consulting Group?

Ms Mercer—No, but the meeting was about the fact that she had come into the job, so she was giving us some background to herself.

Senator CASH—Can I confirm something for my own benefit. So you are saying that she did not at this meeting advise that she was an equitable owner in Allen Consulting Group.

Ms Mercer—No, she did not. It was not a meeting about her and her particular interests. It was a meeting about her in her new role as an adviser in the office.

Senator FISHER—Did Ms Forrester at any time other than that advise the department that she had any sort of interest—in particular, an equitable interest—in Allen Consulting Group?

Ms Mercer—I certainly have no information on that subject.

Mr Burmester—Senator, again, that is a very difficult question. I do not think anyone at the table can say that they have personally been notified.

Ms Mercer—No.

Mr Burmester—Whether there was any other discussion, we would not know.

Senator FISHER—The final question I will ask in respect of this is whether or not Ms Forrester informed anyone within DEEWR who was involved in the awarding of this particular contract to Allen Consulting Group—the \$112,000 childcare contract—of any sort of equitable interest that she had in Allen Consulting Group, whether past or present.

Mr Burmester—We would have to take that on notice, along with the earlier items.

Senator FISHER—I understand that would involve a number of people, but, presumably, from what Dr Mercer has said—

Ms Mercer—She certainly did not advise me.

Mr Burmester—It would not be a large number of people. It would be a small number of people.

Ms Mercer—I will also reiterate that Ms Forrester was not involved in anything to do with the selection of the contract, so there was no conversation around the awarding of that contract.

CHAIR—You indicated that that was your last question, Senator Fisher?

Senator FISHER—No, Chair; I am sorry to—

CHAIR—I thought you did say in your last question—

Senator FISHER—On that particular aspect.

Senator CASH—Could I just ask, in relation to the direct or indirect interest that Mr Forrester had: does she, at this particular point in time, have a direct or indirect interest in the Allen Consulting Group?

Mr Burmester—Senator, I am not sure that this department can answer that. She is an appointee of the minister's office. She is not a departmental officer. I believe another committee already examined this issue fairly extensively on Monday or Tuesday. We are not part of the MOPS Act or administering the MOPS Act.

Senator CASH—It was merely a question and nothing more, to this particular department, but I will take it from that answer that you have not sighted any documents that would indicate that she has no equitable or direct or indirect interest in Allen Consulting Group at this particular point in time.

Mr Burmester—By looking at the table, I can say that nobody at the table has, but how I could ascertain that across the department—

Senator HUMPHRIES—Could I put the question in a different way. Is it possible for you to take on notice the question of whether advice has been provided to the department of any interest other than prior employment by Ms Forrester in Allens?

Mr Burmester—We could actually ask that of Ms Forrester, I suppose, through the minister's office.

Senator HUMPHRIES—With respect, that is not my question. I want to know whether, up until this point, she has advised the department or an officer in the department, orally or in writing, of some other interest that she may have had in Allens. I presume you would have either a written record of that or a file note to that effect, presumably, given that this issue was raised at the meeting on the first day of her employment.

Mr Burmester—We will undertake to investigate that request. We will probably do that to some level, but there may be other communications that we are totally unaware of—

Senator HUMPHRIES—With the department?

Mr Burmester—Not formally with the department, we can ascertain that. But we do not know every communication between an individual and the department.

Senator HUMPHRIES—You can only tell the committee what you can tell us, and that is what is being asked. I am not asking for information provided to others, to other departments or to the Prime Minister's office or anything. I am asking about what the department has been told.

Mr Burmester—Okay. We can ascertain that.

Senator HUMPHRIES—Can I ask why you understood Ms Forrester provided you with that information about her previous employment when she met with a number of you on 12 May?

Ms Mercer—Senator Humphries, can I say that we equally provided Ms Forrester with a bit of background on our employment history. It was a meeting in which it was a first opportunity to get to know each other, that we would be working together, and we were simply providing that sort of information so that people had an understanding of the sort of

background that people brought to the job. I did that, Ms Rundle did that, Dr Jarvie did that, in the same way that Ms Forrester did.

Senator HUMPHRIES—So you did not sense that this was a sort of disclosure of potential conflict of interest on her part by making this comment to you about her previous employment with a company with which the department was dealing.

Ms Mercer—This was in May. We were not engaged in that process at all in May. As I said, this was a meeting in which we were engaging with Ms Forrester, because we would be working with her in her capacity as adviser.

Senator HUMPHRIES—But you said before that the department had had a number of dealings with Allens, didn't you?

Ms Mercer—Mr Kriz said that. There are a number of contracts. I had no contract with Allens.

Mr Burmester—The mere fact of prior employment with a particular company does not create, necessarily, a conflict of interest.

Senator CASH—No, but it might create a line of questioning in terms of Mr Kriz's evidence that, under the previous government, there were several dealings with Allens. You continue to deal with Allens now. A person you employ in the department sits down and tells you at a meeting that she is a previous employee of Allens. One would think that, based on the evidence given by Mr Kriz in relation to the code of conduct that you allegedly follow, it would open up a line of questioning, if nothing else.

Mr Burmester—First of all, ministerial staffers are not members of the department but, even so, prior employment history is of interest in the question of the competency of somebody to undertake a job. The natural inclination is not to—

Senator CASH—So it has nothing to do with a potential conflict of interest in relation to the awarding of the contract?

Mr Burmester—Conflicts of interest in circumstances do not arise just by happenstance. The circumstance of somebody who had previously worked as a consultant taking a job in a ministerial office does not create a conflict of interest. Particular circumstances would give rise to a conflict of interest. Just as Ms O'Loughlin had previously worked in the department, there are any number of former public servants who have taken jobs with consulting companies.

Mr Kriz—If Ms Forrester were involved in the selection exercise then, possibly, the question which you posed would have a direct bearing, but we have said on a number of occasions that she was not involved.

Senator CASH—We will actually move to that line of questioning.

Senator FISHER—I would like to explore the status of the contract at the moment. If I understand correctly, Dr Mercer, you are suggesting that it is an internal DEEWR contract and that DEEWR presides over its implementation. Do you?

Ms Mercer—Yes, we do.

Senator FISHER—Can you explain the nuts and bolts of that implementation.

Ms Mercer—What is involved is the establishment, within my branch in DEEWR, of a contact person to deal with the consultant. We have had the consultant come in and give us a presentation. We have, of course, got drafts of their reports, and we monitor their progress against the deliverables in the contract.

Senator FISHER—What have you contracted Allens to do in performing the contract—the one called National Early Years Workforce Strategy?

Ms Mercer—The development of a National Early Years Workforce Strategy is an election commitment. We asked for their advice on helping us to develop the structure and the overall framework of that strategy. So we asked them to guide us in the development of the strategy, to do a literature review and to test for us some of the key policy areas and actions that we would be able to undertake under the strategy.

Senator FISHER—To whom is the strategy—to recruit or educate nationally a workforce working in the early years—referring?

Ms Mercer—It is a workforce strategy for the early years.

Senator FISHER—What does that mean?

Ms Mercer—It addresses areas of recruitment and retention of this workforce. But it is a policy document. They are assisting us because we are developing a policy document for this strategy.

Senator FISHER—Does ‘early years’ refer to people in the workforce for the first time?

Ms Mercer—No. This is for early childhood. We are really focusing on the workforce that is working in early childhood education and care—in preschool and child care. We are focusing principally on the workers for zero- to 5- year-olds but also, in a sense, for the zero- to 8-year-olds.

Senator FISHER—Let me get this right. This is a strategy to help build a workforce of people who will work with children.

Ms Mercer—Yes—with young children.

Senator FISHER—Thank you. I like it simple. In unrolling that contract would you expect to have any communication with the office of the Parliamentary Secretary for Early Childhood Education and Child Care?

Dr Mercer—We would only expect to have communication in the sense of updating them about the progress of developing the strategy, as we do with other consultancies.

Senator FISHER—So you would brief the office of the parliamentary secretary—in this case, Ms McKew—as to the progress of the performance of the contract, would you?

Dr Mercer—No, we would not brief on the progress with the contract. What we have been briefing on and talking about with staff is simply the progress in developing the strategy, of which this contract is one element of support.

Senator FISHER—What is the purpose of providing that information to the office of the parliamentary secretary? Why would you provide, in this case, her office with that information?

Dr Mercer—As I mentioned, this is an election commitment and we are advising the government on how their election commitments are progressing.

Senator FISHER—So she has an interest in ensuring that election commitment is fulfilled?

Dr Mercer—Yes.

Senator FISHER—One would presume. What about when it gets to the end of the contract and the department is evaluating the performance of the service provider? Do you have a process for that?

Dr Mercer—I believe we have a process. I am just going to check in here with Mr Kriz but, yes, there is an established process where, to make the final payment, we satisfy ourselves that all the deliverables have been made to our satisfaction, and that is a departmental process.

Senator FISHER—Do you consult with any others involved in the service performance?

Dr Mercer—I am not quite sure what you might mean, but in this case I would expect that my team would establish that the deliverables had been met before they made that final payment and we signed off on the contract.

Senator FISHER—Given that you have indicated you would be informing the office of the parliamentary secretary as to the performance of the contract, given her interest in an election commitment, would you be consulting the office of the parliamentary secretary when you get to the evaluation stage to see what her office considers in that respect?

Dr Mercer—I think you may not have understood me before. We have not been briefing the parliamentary secretary on the progress with the contract. We are engaging her and updating her on the election commitment, which is quite separate from the contract. As I said, the contract is one element of building this workforce strategy. So no, I would not expect to engage the office in any shape or form with the evaluation of the contract.

Mr Burmester—Maybe I could try to clarify what I think is the distinction between the two conversations. The mechanical operations and the obligations imposed by the contract are monitored by the department. However, the contract is to provide policy advice, which is being created or developed to inform the minister. So the outcomes of the contract would certainly be communicated to the office as part of a broader set of advice that is going up on the workforce issues to deal with early childhood. So I think what we are saying is that the mechanics—the pure operations, the payment schedules, meeting deadlines and so on—would be managed by the department, but the advice that comes out of it would certainly be given to the minister's office.

Senator FISHER—Thank you. To the extent that you are providing information to the parliamentary secretary's office about this contract, which adviser in the office of the parliamentary secretary comes into contact with that advice on its way to the parliamentary secretary?

Dr Mercer—To the extent that we are providing advice on the development of the strategy and the input from this, that goes to Ms Forrester in the parliamentary secretary's office.

Senator FISHER—Is the department aware, given recent press, that Ms Forrester at one stage held an equitable interest, and in particular some shares, in Allen Consulting Group?

Dr Mercer—We are certainly aware from the press. I have read the press statements to that effect.

Senator FISHER—Does the department consider that it should take steps in any way to clarify the status of that equitable interest given the recent press, the ongoing nature of the contract with Allen Consulting Group and the advice flowing to the parliamentary secretary's office—indeed, directly to Ms Forrester—in respect of the contract?

Dr Mercer—As I said before, we are not providing any advice on the contract—we are simply updating the office on the development of the strategy—so I am not engaging with Ms Forrester in any shape or form on the Allens contract.

Senator CASH—I will just seek clarification. If you are not engaging with her on the Allens contract, what do you engage with Ms Forrester on there?

Dr Mercer—As I have said, we engage with her on the National Early Years Workforce Strategy as we develop that strategy. We have a wide range of input coming into that strategy, and this is but one element, so when we talk it is not separated out as the Allens element.

Senator CASH—So you might talk with her on other contracts apart from the Allens ones—is that what you are saying?

Dr Mercer—No, I would not expect to talk about a contract per se but more, as Mr Burmester has indicated, about the outcomes of any contract.

Senator FISHER—If Ms Forrester still owned shares in Allen Consulting Group, given the terms of the DEEWR contract with Allen Consulting Group would she stand to personally benefit in any way from the awarding of that contract?

Mr Burmester—I would not have any idea. Your earlier question also went to this. That matter appears to have been quite well investigated in another committee. My understanding at the highest level is that this is all past tense, in a sense, and that she is no longer associated with Allens.

Senator CASH—Have you satisfied yourselves as a department that that is the case? My understanding of the evidence that you gave previously in response to my question was that it has been dealt with by another committee and that we do not have to worry about that. That was the exact question that I asked: have you, as a department, satisfied yourselves?

Mr Burmester—We have been informed—

Senator CASH—By whom?

Mr Burmester—I am not sure.

Senator CASH—Can you take that on notice?

Mr Burmester—Yes, we can. The department's understanding is that she no longer has any equitable association with Allen Consulting Group.

Senator CASH—No association, direct or indirect?

Mr Burmester—I can say that we have been assured that she has no equitable interest in Allens; that is what we have been assured of. I will find out who has assured us of that.

Senator CASH—And when?

Mr Burmester—As to other indirect interests, that is as wide as anything, so I do not know how I can answer that.

Senator FISHER—When you provide the committee with that information, Mr Burmester, can you indicate who told you that; in what form they told you that and whether it was verbally or in writing; if it was in writing then whether we are able to have a copy of the documentation; if it is not evident from the documentation then when you were given that information; and, to the best of your recollection, if it was verbal then the detail as to what you were told—if it is in writing, exactly what you were told will be self evident.

Mr Burmester—Yes.

Senator FISHER—Part of the difficulty that the committee is having is that the public record, to the best extent that we can search it, indicates shareholding by Ms Forrester continuing to exist up to 30 September. Some days have passed since then, so I alert you to that fact. We are particularly interested in the information that you will provide in response to those questions on notice.

Senator CASH—I think that that is fine in relation to that. On that issue, has Ms McKew's office or Ms Gillard's office had any contact with your department on this particular issue since this story arose in the press last Wednesday?

Dr Mercer—Certainly, I have had contact in the sense that we provided the normal briefing on how we did the contracting dealing from my group.

Senator CASH—In light of the revelations of the equitable interest by Ms Forrester in the Allen Consulting Group and the awarding of these particular contracts, is the department taking any steps to ensure that these types of conflicts of interest whether real or perceived do not occur in future?

Mr Kriz—If I may, I cannot see what the conflict of interest is. This person was not involved in the selection process. She is not involved in the management of the contract. No issues are being discussed in relation to the contract with her, so what is the conflict of interest? There is no conflict. The department awarded the contract. The department is running the contract.

Senator HUMPHRIES—But the office of a minister which is involved in the department that oversees these sorts of contracts apparently had a member of staff who, while employed as a member of staff, had an equitable interest in a company dealing with that department with the minister's department was dealing. Is not that perception of conflict of interest an issue under, if not your department's conflict of interest rules, the ministerial code of conduct?

Mr Kriz—I make no comments about the ministerial code of conduct. That is being pursued through the appropriate channels there as I understand it. In terms of the department's approach in relation to its procurement activities what I say stands. I do not know what the outcome of the considerations under the code of conduct that applies to ministerial staffers

will be but, in relation to our procurement requirements, we are in the position that I have described.

Senator HUMPHRIES—You said ‘appropriate channels’—what are they? You said the issue of the ministerial code of conduct possibly being breached was the question being pursued through other channels.

Senator Ludwig—That cannot be a question for departmental officials.

Senator HUMPHRIES—No, but it has to be a question for someone at a table like this somewhere in the building to answer.

Senator Ludwig—It is not a matter for this committee. It is not a matter for these departmental officials. You are at liberty to raise it where you think you might be able to. I think the clear indication is that it is not a matter for these departmental officials. They have answered your question about the knowledge that they have in respect of the Allen Consulting Group contract, but they cannot answer in respect of the ministerial code of conduct.

Senator HUMPHRIES—Who can answer questions about the conduct of staff in a ministerial office covered by these estimates hearings?

Senator Ludwig—As I understood it, the answer that you were provided with was that it was dealt with as a MOPS Act issue, which is the responsibility of the Special Minister of State, who is Senator Faulkner. I do not know this first hand but, from the responses today, I understand that it has been dealt with there. To my mind that would be the place where you could have, should have or would have raised it.

Senator HUMPHRIES—Thank you.

Senator FISHER—Did Ms Forrester play any role in the awarding by DEEWR of the other contracts that Allen Consulting Group has been awarded since she commenced her employment with the parliamentary secretary?

Ms Mercer—I do not have any other contracts with Allen’s. I think Mr Kris mentioned earlier that there a range of contracts with Allen’s and these have gone on over a number of years.

Senator FISHER—I understand from the AusTender website that there are three contracts, including the one we have been discussing. One of them was published in April this year and the other was published in October this year for performance from September to December this year for some \$293,000.

Ms Mercer—Yes.

Senator FISHER—I think that one has been speculated about or referred to in the press as well. One would have thought that the process leading to the finalisation of that contract would have occurred at least in part since Ms Forrester’s commencement with Ms McKew in May this year. So is the department aware of whether or not Ms Forrester had any involvement in the awarding of that contract to Allen Consulting Group?

Mr Kriz—Senator, perhaps I can help you. That is not in the childcare area. That is a vocational education and training contract. Given the fact that it is a totally different subject

matter, I would very much doubt it, but we could take it on notice and make the appropriate inquiries of people in the department.

Senator FISHER—Thank you. Going back to the \$112,000 contract again, Ms Mercer, given that it was an internal DEEWR process, on what basis was the contract awarded to Allen Consulting Group?

Ms Mercer—As I think I said earlier, Senator Fisher, we went out to the market and approached five suppliers and three provided written quotes. The tender panel then met. They went through the normal processes of rating against the criteria they developed. Their recommendation was that the Allen Consulting Group was the only quote that met all our criteria to the standard required for this contract.

Senator FISHER—Are you able to say what they are?

Ms Mercer—We would be able to provide the criteria that we used, if that would be helpful.

Senator FISHER—On notice?

Ms Mercer—Yes.

Senator FISHER—Thank you.

Senator CASH—Ms Mercer, I asked you whether you had had any discussions with Ms McKew's or Ms Gillard's office since this issue came to light. You mentioned that you had been briefed by Ms Gillard's office. Can I ask on how many occasions you had discussions with Ms Gillard's office?

Ms Mercer—Senator Cash, would you be to clarify on what?

Senator CASH—On this particular issue. The Ms Forrester issue.

Ms Mercer—During what period of time?

Senator CASH—In the last week.

Ms Mercer—As I said, our involvement was that we provided a brief explaining the processes that we were involved in in selecting a consultant. That is what we provided to the Deputy Prime Minister's office.

Senator CASH—And it was just one briefing?

Ms Mercer—There may have been two. I would have to check.

Senator CASH—Who attended those?

Ms Mercer—They were just written briefings.

Senator CASH—Are we able to get a copy of those written briefings?

Ms Mercer—They were internal briefs, I would have thought.

Senator Ludwig—They sound like advice to government, so they would not be available. May I make that plain.

Ms Mercer—Yes.

Mr Kriz—They were actually prepared as a possible parliamentary question.

Ms Mercer—So they would not be available.

Mr Kriz—Senator Fisher, my colleague Mr Johnson has just informed me that in relation to that question which I did not have an answer to—the \$293,000—that was an open tender exercise. No minister, parliamentary secretary or their staff were involved in any of the process.

Senator FISHER—Thank you. On what basis does the department decide that one contract will be awarded by open tender and another contract be awarded by internal DEEWR processes?

Mr Kriz—That is set out in the *Commonwealth Procurement Guidelines*. The *Commonwealth Procurement Guidelines* have a framework within which procurements need to be conducted. A default position, if you like, to begin with, is an \$80,000 limit. Anything over \$80,000 as a default position has to go to open tender unless there is a possibility to apply one of the allowable exemptions.

Senator FISHER—So are you suggesting that that \$112,000 value of the internally dealt with contract fell below the threshold?

Mr Kriz—Yes. It went through the appropriate exemption categories that are available.

Mr Burmester—We have the criteria that were used by the panel—first, relevant knowledge and expertise; second, quality of proposed approach; third, capacity to undertake the task, time and resources; and, four, value for money, which is obviously the ultimate test for all Commonwealth procurement.

Senator FISHER—I have essentially one more area to cover, which I think will be very quick, Chair, you will be relieved to know. That is a subset of this.

CHAIR—We might actually go to Senator Hanson-Young, because she has been waiting for a while in anticipation that you would finish, and you can commence again after dinner.

Senator FISHER—It will finish this issue.

CHAIR—Yes, but you did indicate—

Senator FISHER—And it may be a simple yes or no answer.

CHAIR—to me earlier that you would be five or 10 minutes and Senator Hanson-Young, based on that advice, has been waiting.

Senator FISHER—That did depend upon the answers to our questions.

CHAIR—Of course. My view is that the officers have been incredibly helpful.

Senator FISHER—I have also had other senators asking questions as well.

Senator HANSON-YOUNG—I have some questions about early childhood education and child care in particular. Given that the Parliamentary Secretary for Early Childhood Education and Childcare stated that Australia should be looking at reducing the current child to carer ratio, has the department started to look into nationally consistent childcare standards to achieve a more balanced child to carer ratio?

Ms Rundle—Yes, you would probably be aware that, as part of the government's agenda in early childhood, there is quite a significant reform agenda in the quality area and the

government is looking at a number of things with the states and territories collaboratively through the COAG process. Part of that quality reform agenda is ratios. They are also looking at developing a nationally consistent set of standards that would apply to all early childhood settings.

Senator HANSON-YOUNG—Does that include the one to three ratio?

Ms Rundle—It includes looking at ratios. You may be aware that, right across Australia, ratios do differ a little between states and territories because it is regulated through the state and territory jurisdictions. So you will find that for littlies, for example, nought to twos, the ratios are generally other one to four or one to five, but they differ more widely in some of the other age groups. So one of the things that we are all looking at collectively is the evidence that might support a different ratio for different age groups.

Senator HANSON-YOUNG—Okay, so the department at this stage does not have an aspirational ratio that it would like to see the national standards hinge off?

Ms Rundle—Certainly we have some views about what we think may constitute ratios that might improve outcomes for children because the evidence is strong in some areas. This government has not yet reached a position about ratios. We are still working through with the states and territories to get agreement on what might constitute the best outcome.

Senator HANSON-YOUNG—Senator Ludwig, you might be able to answer this better. Are the comments made by Ms McKew in relation to her aspirations in terms of the child ratio just her personal opinion and not the government's position?

Senator Ludwig—Probably. I can take it on notice, but you may have to ask Ms McKew as to what that was.

Senator HANSON-YOUNG—I am just trying to clarify this: so this is not a government position it is her personal position.

Senator Ludwig—I think that is what you are being advised.

Ms Rundle—I could probably help a little there. There is no doubt that the advice that we have been giving Ms McKew and others is where the evidence is strong that obviously supports that position. Ms McKew's comments would have been informed by the wide reading that she has done and by the advice that we have given her.

Senator HANSON-YOUNG—I support the one to three ratio for under twos, absolutely. There is a lot of evidence out there to support that. I just wanted to clarify whether it was an official government position or not. My understanding of what you are saying is that we are still going through the process.

Ms Rundle—That is correct.

Senator HANSON-YOUNG—You may need to take this on notice, but would you be able to give me a bit of an update on where the overall framework is going? If you are going into a review and a process of looking into this stuff, do you have a terms of reference, a time frame and things like that which I could take away with me?

Ms Rundle—I would need to think about what would be most useful for you. There is no doubt that we would be able to supply you with information. For example, we went out to

public consultation in August and September, and you may have seen that there was a discussion paper that was available in hard copy but also on the website. That gives a really good overview of the components of the new quality system that is being proposed, ranging from standards. The governments wish to have a rating system. An eight-way rating system was the original election commitment; there would be a more streamlined regulatory system across the states and territories and the Commonwealth; and a new early years learning framework is proposed. So there are a number of components to the new quality framework. I could provide you with a copy of that, and I could provide you possibly with other accompanying—

Senator HANSON-YOUNG—I actually have a copy of that. What I would like more detail about is the type of direction and time frames and the terms of reference for moving forward. I am all up for community consultation but, unless we have got a direction for where that is going and some time frames, then I guess I will be coming back to every estimates session and asking the same question. If you want to take that on notice, you can. Do we know how many community based, not-for-profit childcare centres have ceased operating in, say, the last financial year, and how many new ones may have opened?

Ms Rundle—That might be a question for my colleague.

Ms Sparkes—Senator, we do not have definitive information on centres that are opening or closing. The information that we collect is administrative information, and that information is generally around services where we approve a service to receive childcare benefit. The data is subject to a range of issues associated with it. Some of them relate to the fact that sometimes centres change ownership, so our approval data does not reflect the opening or closing of a centre. It just reflects transference. So our administrative data does not have that degree of detail that would allow me to answer that sort of question for you.

Senator HANSON-YOUNG—Would any other department or agency have that information?

Ms Sparkes—Not to my knowledge.

Senator HANSON-YOUNG—When you are going through the process of finding out whether a centre is a legitimate centre for the purpose of the childcare rebate and all those other administrative factors, are you able to identify which ones are community based and which ones are registered under company names and basically for profit?

Mr Kimber—Those sorts of details are not collected. That information is not readily available.

Senator HANSON-YOUNG—I guess that leads me to my next question. Given the news reports in relation to the ABC Learning Centre and all the trouble it is in at the moment, it would seem to make sense for us to be able to access what centres are community based and not for profit and which centres are run purely for lining the pockets of shareholders. If you do not have that information, I guess that is a comment more than anything. Can you confirm reports that the government has been asked by ABC Learning for an emergency injection of funds or that it has been approached in any way for a buy-out of the company?

Mr Manthorpe—I cannot confirm that report. That goes to the deliberations of government. I am not able to divulge that.

Senator HANSON-YOUNG—Senator Ludwig, are you able to answer that question on behalf of the minister?

Senator Ludwig—It does seem to be a matter for government. I can take it on notice to see what the minister may be able to bring back and advise you of. I suspect it will be very little other than that the government continues to monitor the developments regarding ABC Learning Centres closely.

Senator HANSON-YOUNG—Do we have any plans in place for what to do if there is a collapse of the company? Given there are 100,000-odd kids in these centres, if something were to happen fairly quickly, which some people are indicating may be the case, a whole lot of families out there are going to be left in the lurch. Does the department have a strategy to help those families move into other centres? What would be the process? A hundred thousand kids being left at home while their parents go to work is not the most practical solution.

Mr Manthorpe—I think it would be fair to say that we are alive to the same considerations that you are highlighting there. We have looked at some scenarios of different things that could happen; hopefully none of those will need to be brought into action. Beyond that, I would not like to speculate on possible scenarios, because it does get into the world of speculation and creating expectations—

Senator HANSON-YOUNG—Absolutely. But what I want to know is that there is some thought being put into possible action plans. I have already had phone calls today from parents saying, ‘My kids go to one of these centres and it was in the *Australian* today that’—and so on. There are people out there who are concerned about this because their kids are in these centres.

Mr Manthorpe—I understand that, and, yes, there is some thought being given to those issues. Again, I do not want to speculate about what that might look like, but, yes, there is. The other point to make—

Mr Burmester—We cannot really speculate on that because we do not know how this issue is going to unfold. It is just a hypothetical situation, and clearly the government and the department are closely monitoring developments, and that is what we can do at this point.

Senator HANSON-YOUNG—But there is some contingency planning happening?

Mr Manthorpe—There is some consideration of those sorts of matters going on, yes.

Senator HANSON-YOUNG—Can you confirm whether the 100,000-odd childcare places make up about 20 per cent of childcare places around the country?

Mr Manthorpe—It is in the vicinity of 20 to 25 per cent of long day care places.

Senator HANSON-YOUNG—This is probably a question for ABC Learning, but does anyone know what the average day charge is for the ABC Learning Centres?

Mr Manthorpe—I do not, and I do not know whether any of my colleagues can help you on that.

Ms Sparkes—You may be able to access the ‘mychild’ website, which was launched today. On that site there would be an indication of the fees that are charged by a whole range of childcare services across Australia. ABC Learning, of course, will be one of those, so you could access—

Senator HANSON-YOUNG—I just wondered whether someone had it on hand. That is okay.

Ms Sparkes—You can access it from the website, should you desire.

Senator HANSON-YOUNG—Thank you. Moving on to the training of early childhood teachers, do we know what the average pay gap is between trained early childhood teachers working full time in childcare centres and those working in schools?

Ms Mercer—We do have some information on that.

CHAIR—While you are finding that, Ms Mercer, this would normally be the time to take a dinner break, but there has been some talk amongst senators participating today that we may be in a position to move forward through the dinner break and finish no later than 7.45. But it will depend on an indication from you, Senator Hanson-Young, on how many more questions you have.

Senator HANSON-YOUNG—I do not have many more. And when I say five minutes I mean five minutes.

CHAIR—We will endeavour to finish by 7.45, but I will indicate to everybody that this is an aspiration and I am actually in the hands of individual senators. We will give it our best shot. If it becomes apparent that we cannot finish at that time we will stop for a dinner break.

Ms Mercer—I think Senator Hanson-Young’s question went to what we know about the pay for preschool teachers.

Senator HANSON-YOUNG—The pay difference between trained childcare workers who work in childcare centres as opposed to early childhood educators who are in schools.

Ms Mercer—Do you mean teachers who work in long day care as against teachers who work in the preschool sector?

Senator HANSON-YOUNG—Yes.

Senator Ludwig—And do you mean in respect of government or non-government schools?

Senator HANSON-YOUNG—If you want to take it on notice and give me both categories that would be great.

Dr Mercer—It might be useful if we do take it on notice. We have been trying to get as much information as we can on this issue of pay disparities. Across the country it all varies because there is a number of different awards, as you are probably aware. Generally, teachers working in long day care are paid less than teachers in government schools. However, it is not always quite so clear with non-government schools versus government schools.

Senator HANSON-YOUNG—Is this issue going to be picked up in the broader scope of looking at what we can be doing to be increasing quality?

Dr Mercer—Yes.

Senator HANSON-YOUNG—So it will be a key part of the terms of reference?

Dr Mercer—Yes, a key issue for us.

Senator HANSON-YOUNG—What type of support is available to low-income users of child care? This is in terms of covering the gap. I know we have got the childcare rebate. It is in terms of actually having to pay the money upfront and then claiming it back. What can we be offering? What service support is available to people on low incomes?

Ms Sparkes—As you mentioned, there is the childcare tax rebate and also there is the child care benefit. Also there is the JET program, and I might have to refer to my colleague Mr Kimber for further details in relation to that. That is the suite of programs that would provide assistance to people on low incomes.

Senator HANSON-YOUNG—But in terms of helping people pay those gap fees?

Mr Kimber—With gap fees for child care parents are assisted in the payment of those through the childcare tax rebate.

Senator HANSON-YOUNG—So that is the only thing?

Mr Kimber—Parents are also assisted through the childcare benefit. That is a means-tested payment.

Senator HANSON-YOUNG—But to clarify it, the benefit is calculated by the childcare centre. You are given your percentage and the childcare centre takes that into consideration when they charge you. Is that right?

Mr Kimber—Yes.

Senator HANSON-YOUNG—With the childcare rebate you pay the money and then you get it back later.

Mr Kimber—That is broadly correct. The childcare benefit is a means-tested payment. Parents lodge an estimate of their income with the family assistance office, and the childcare benefit is worked out in relation to that particular income level. That is then applied to the fees by centres as fee relief. There is also then a gap fee. Then a childcare tax rebate is available for 50 per cent from 1 July to offset that.

Senator HANSON-YOUNG—But even though you may get some of that back once you have put in your paperwork and gone through that process, in the meantime you are still forking out that money for that week of child care—money that may have actually been needed to pay rent or buy food.

Ms Sparkes—I think one of the positive changes that were introduced from the beginning of this financial year is this. The childcare tax rebate was previously paid annually. For the first time it is now being paid quarterly.

Senator HANSON-YOUNG—How is that going?

Ms Sparkes—The first payments for the September quarter started to be made at the beginning of this week. They will roll out progressively over the next two or three months. So

it is all actually happening now. The reason for that was to ensure that families were able to actually receive some recompense closer to when the costs were incurred.

Senator HANSON-YOUNG—I understand why it has been made quarterly instead of annually. That is a bit better. Is there any reason why we could not be doing it more frequently than that—say, if one were to lodge it weekly?

Mr Kimber—Within the childcare industry the childcare tax rebate is actually based on childcare usage and at the present time the majority of that reporting is done on a quarterly basis, so therefore at the end of the quarter it seems most appropriate to pay the childcare tax rebate on that basis.

Senator HANSON-YOUNG—But we do it for Medicare, don't we? You go to the doctor's, you pay the gap and you decide whether you want to claim it back straight away or keep all your receipts and take it at the end of the year. Why couldn't we do the same thing here?

Mr Kimber—That may be something that the government may wish to consider in the future. I do not want to speculate on that. However, at the present time, the majority of childcare usage is reported on a quarterly basis. Without that information, the childcare tax rebate cannot be calculated, so therefore it would seem most appropriate to calculate and pay it on a quarterly basis. Previously, it was paid on an annual basis.

Senator HANSON-YOUNG—Is there going to be a review of this new process before next year's budget in terms of how it is working and whether it is doing what it is meant to do in giving those low-income families the relief that they need?

Mr Kimber—As with any programs that are introduced, the department and the government will monitor the arrangements that are put in place.

Senator HANSON-YOUNG—That is my five minutes, isn't it. I do have some other questions, but I will put them on notice.

Senator FISHER—You may wish to take this on notice, but this is my final question in respect of the earlier issue that we spent quite some time on. According to evidence given by Senator Faulkner before another committee yesterday, the newly constituted Government Staffing Committee—made up of Senator Faulkner, the Deputy Prime Minister and the Prime Minister's chief of staff—convened a meeting last Friday in connection with Ms Forrester's potential compliance or otherwise with the ministerial staff code of conduct implemented by the Rudd government. Senator Faulkner indicated that that committee had not contacted the department in respect of their investigation. My question, either to be answered now or on notice, is to confirm, is could you indicate whether or not the department was in fact contacted by the Government Staffing Committee or anyone on behalf of the committee in respect of this investigation in relation to Ms Forrester? If so, who contacted the department and when and what were the nature of the discussions to the extent that you are able to indicate that?

Mr Burmester—Yes, Senator, we will take that on notice.

Senator FISHER—Thank you.

CHAIR—We are in outcomes 1 and 5.

Senator PAYNE—Thank you very much, Chair. I thank the officers as well. I seek the officers' assistance. This is the first time I have explored questions in this portfolio—in fact it may be the first time in my entire Senate career I have asked questions in this committee. So if I get it wrong please send me off in the right direction and I will take your advice. If the questions have already been asked then I am happy to be referred to the *Hansard*. I want to ask some questions about early childhood care issues and particularly some of the commitments of the government in relation to the establishment of new long-day childcare centres. I understand in the budget, and before that in election commitments, there were announcements made in relation to 260 centres that were promised on school, TAFE, university and community sites by 2014. Is that number correct?

Ms Rundle—Yes.

Senator PAYNE—Are any of those actually operational at this point?

Ms Rundle—No, they are not yet.

Senator PAYNE—What is the time frame envisaged for bringing those to operational level?

Ms Rundle—The first 38 are due to be operating by the end of 2010.

Senator PAYNE—And they are the ones that were announced in the budget statement of the minister?

Ms Rundle—That is correct.

Senator PAYNE—How many sites for those 38 have already been identified?

Ms Shugg—Thirty-three of the locations were announced during the election campaign. Sites for those are being specified progressively through negotiations with the various jurisdictions. One of the 33 was an autism-specific site in north-west Tasmania. The Department of Families, Housing, Community Services and Indigenous Affairs is taking the main running with those autism-specific sites, of which there are six. They have been out to tender to identify the remaining five sites. The sites are being progressively—

Senator PAYNE—You said there is one in Tasmania?

Ms Shugg—Yes.

Senator PAYNE—Is it in Hobart?

Ms Shugg—No, it is in north-west Tasmania.

Senator PAYNE—Sorry. Is that a confirmed site going ahead?

Ms Shugg—It is a confirmed location. We do not yet have a confirmed site within that location.

Senator PAYNE—How do I differentiate between locations and sites?

Ms Shugg—When I use the term 'site' I am talking about a specific block of land, but the general location is known.

Senator PAYNE—Okay. You said there were 33 locations announced during the campaign and that sites will be specified progressively. Of those 33 sites, how many have been specified?

Ms Shugg—At this stage the minister has signed off on two.

Senator PAYNE—Where are they?

Ms Shugg—The first one is in Craigieburn, in Melbourne, and the second one is in Wulagi, in Darwin.

Senator PAYNE—That leaves you with 31 of those 33. How long does the department expect to take to specify the other 31 sites?

Ms Shugg—We are going through a process of discussion, primarily with states and territories, around the location of these.

Senator PAYNE—Is that because you use government land?

Ms Shugg—Yes, that is one of the main reasons.

Senator PAYNE—Because of the focus on school, TAFE, university and community sites?

Ms Shugg—In schools, yes. That is right. We are working through those issues with the states and territories, but when you are looking at these things there are a number of different processes you need to go through before you can get to a stage where you have identified a site that is suitable, including making sure that there is some identified unmet demand for child care in that area, that there is a block of land that is suitable and that we have the funding that is required in order to construct the early learning and care centre.

Senator PAYNE—When you talk about making sure you have the funding that is required, does that mean that you potentially have commitments to 38 centres in this round, if I could use that term, moving up to 260 without a funding match?

Ms Shugg—What we have is a Commonwealth contribution to the construction costs of these early learning and care centres. Maybe if I move to a practical example then that will assist. In relation to the Craigieburn example that I used previously—

Senator PAYNE—What electorate is Craigieburn in? I am a New South Wales senator, so I do not have the Victorian electorates at my fingertips.

Ms Shugg—I should be able to help you with that.

CHAIR—Gorton, I think.

Senator PAYNE—Senator Marshall thinks it is in Gorton; that is a good start.

Ms Shugg—Craigieburn is in Calwell.

CHAIR—I was close.

Senator PAYNE—Close but no cigar!

Ms Shugg—That particular location, Craigieburn, was announced during the election campaign. During our discussions with the Victorian state government, we became aware of a proposal being put forward by the local government authority for a children's centre. Through negotiations with both the state government and the local government authority, we were able

to get an agreement for a more integrated service that included child care as well as the other services that the local government authority were already going to place in that centre, so we were able to negotiate a much more integrated service that was available for families in the local area.

Senator PAYNE—Was it Wulagi where you said the other one was?

Ms Shugg—Wulagi, yes.

Senator PAYNE—It is also not a place with which I am familiar. Has construction begun on those sites at Craigieburn and Wulagi?

Ms Shugg—No, the agreements were only made in September for Craigieburn and in early October, I think, for Wulagi. The Craigieburn one is much more advanced. As I said, we are linking in there with an existing proposal. What they are doing at the moment is getting the plans redrawn, and then they will be going out for a tender for both the construction of the service and the service provision.

Senator PAYNE—Okay. Ms Shugg, could you provide the committee with a list of those other 31 locations and the electorates in which they are based.

Ms Shugg—Yes.

Senator PAYNE—Can I then ask you—

Ms Shugg—Sorry, Senator. I will just say that in response to a question on notice in the last hearing we provided all of that information to the committee.

Senator PAYNE—In both those categories—the locations and the electorates?

Ms Shugg—The location, the electorate and the state in which they are located.

Senator PAYNE—Okay, thank you. I will refer back to that. I appreciate that. You mentioned, in terms of determining sites within locations, I think—

Ms Shugg—Sorry, yes.

Senator PAYNE—No, not at all. You mentioned checking levels of unmet demand and identifying suitable land and required amounts of funding and so on. What are the criteria for unmet demand? How do you determine that, from the department's perspective?

Ms Shugg—It is quite a complex thing. Obviously, parents make choices about where they want to have their children attend an early learning and care service, so we do a basic overall analysis, including the number of children versus the number of approved childcare places that are available within that location. But, after we do that, we then need to look at much more local information about the sorts of developments that are happening within that location, what is going to be happening in the future, opportunities for co-locating and integrating with other relevant services and talking to local stakeholders about the needs that they see in the area. One of the things that we did early on in the implementation of this initiative was to open a registration of interest process.

Senator PAYNE—What was the take-up on that like?

Ms Shugg—I think we received over 800 registrations of interest Australia-wide. It allowed local people to provide us with some information on what they saw from a very local

perspective as unmet demand for child care in their area and whether they thought there was anything by way of a facility or block of land or whatever that we might be able to link in with.

Senator PAYNE—One other question on that area: when you are looking at putting these new centres in place, how do you ensure that you do not cause an oversupply in some of those local markets and force existing services out?

Ms Shugg—I will use a practical example again. There are two centres in the Northern Territory; both of which are in Darwin—one in Palmerston and the other one in Darwin itself. When we went to Darwin, we spoke to some of the local providers in the area about their perceptions of unmet demand. That helped to inform us about whether they perceived that there was a need for child care as well. So when I talk about speaking with local stakeholders, it is also in relation to providers.

Senator PAYNE—We have 33 locations specifying the sites progressively but 260 committed by 2014. Does that mean you need to produce 222 centres between 2010 and 2014 to achieve that commitment? And when will we know the locations let alone the sites for those?

Ms Shugg—The initiative is being implemented in two phases. The first phase is dealing with the priority 38 locations that were announced during the election campaign. The remaining 222 centres we are proposing to deliver under a national partnership agreement with the states and territories, and we are currently in the process of negotiating that national partnership agreement in the context of the COAG meetings.

Senator PAYNE—Does that mean you are still looking to 2014 as a target date?

Ms Shugg—Yes, we are still looking at 2014 as our target, but we are not waiting until the end of 2010 to start them.

Senator PAYNE—I see. On that premise, when will we know the locations and then sites of the other 222?

Ms Shugg—We have been discussing that with the states and territories in the context of COAG. What we are proposing is to identify the locations and sites progressively as we move through the agreement, bearing in mind that the information that is available now may in fact change over time and states felt it would be useful for them to be able to identify areas of unmet demand progressively.

Senator PAYNE—Does that mean when you are talking about the national partnership agreement that the end result of this is going to mean that policy responsibility for those centres is going to be transferred to states and territories, or is it intended to remain with the Commonwealth?

Ms Shugg—The policy responsibility for delivering them would remain with the Commonwealth, but we would be working in partnership with the states and territories to actually deliver them.

Senator PAYNE—So what proportion and aspects of the funding are the states and territories expected to provide?

Ms Shugg—At this stage, that is unclear and may be different depending on the circumstances of each centre.

Senator PAYNE—Is it unclear for the first 38 or just for the last 222?

Ms Shugg—No. We are developing that, depending on the circumstances of each centre. The Craigieburn centre, which I mentioned before, has funding from the Commonwealth government, the state government and the local government authority all going in to create the integrated service.

Senator PAYNE—The proportions are decided on a case-by-case basis. It is not something that I could ask you to give me a formula on because it does not work that way.

Ms Shugg—I am sorry, no.

Senator PAYNE—You do not need to be sorry. I am just trying to get my head around how it is going to work. It is a very significant number of centres to roll out by 2014—

Ms Shugg—Yes, it is.

Senator PAYNE—even with the current state of federalism, as it stands. You are happy to confirm to the committee that you are still looking at 260 centres by 2014?

Ms Shugg—That is the target that we are working to, yes.

Senator PAYNE—If I come back, if we are all extremely lucky, in budget estimates on these issues, what is your best assessment of how many more centres you will be able to identify for me in terms of sites within the locations, and then of the next 222—which you tell me you are not waiting until the end of 2010 to get on with—how many of those do you think we can talk about?

Ms Shugg—It is my expectation that the sites for the vast majority of the first 38 will be agreed before the end of this calendar year. As I said, in relation to the 222 we are looking to identify sites progressively, but I would expect that we should be able to talk very clearly about locations for some 20-odd by budget estimates.

Senator PAYNE—Twenty of 222?

Ms Shugg—Yes.

Senator PAYNE—If we are trying to roll out the 38, and that includes six autism-specific centres—

Ms Shugg—That is correct, yes.

Senator PAYNE—Which is, as I understand it, a considerable undertaking in assistance to families of children with autism—and if they are going to be operational by 2010, that is not that long away. Are we saying end of calendar year 2010 or end of financial year 2010?

Ms Shugg—The end of the calendar year 2010.

Senator PAYNE—Do you have a time line centre by centre?

Ms Shugg—We will have but, as I said, there are only two that are currently agreed. The funding agreements in relation to those will have milestones that we would expect to be met and that will include a form of construction milestone, if you like.

Senator PAYNE—Then, hopefully, ‘in-filling’—for want of a much better term—with children, with occupants of the centres.

Ms Shugg—That is right. To be fully operational by the end of 2010, we would expect construction would be completed between July and September-October in 2010, to enable the centre to become operational.

Senator PAYNE—I think you mentioned steps or landmarks—**Ms Shugg**—Milestones.

Senator PAYNE—Milestones in the agreements. Are those agreements documents which would be available to the committee, if we were to request those, assuming there are none in existence now? Is there one in existence for Craigieburn?

Ms Shugg—We have not finalised the funding agreement in relation to Craigieburn as yet.

Senator PAYNE—Can I ask you on notice if you would provide a copy of that when it is finalised to the committee?

Ms Shugg—I am not sure whether that is commercial in confidence. We will need to take some advice on that.

Senator PAYNE—If it transpires that you are able to provide that to the committee on notice, the committee would be very grateful to receive that. If you do not have time lines in place for all of them, I can see a fearful rush towards the end. How can we guarantee that they are going to be rolled out by the end of 2010? Thirty-eight is a considerable number, after all.

Ms Shugg—While we have agreements in relation to two, we are in the final stages of negotiations for a number of those.

Senator PAYNE—How many others?

Ms Shugg—About six or seven others.

Senator PAYNE—That must mean you can specify sites for me—if you are in final negotiations.

Ms Shugg—I would not do that before the negotiations are finalised and the minister has made a decision about whether or not she is comfortable with the proposal that is being put forward by us.

Senator PAYNE—How far off is the finalisation of those negotiations?

Ms Shugg—I think it will be in the next three to four weeks.

Senator PAYNE—I do not know what the return date is for answers to questions on notice to this committee.

CHAIR—28 November.

Senator PAYNE—28 November. That should give you lots of time, Ms Shugg, to provide an answer on notice as to the locations and sites of those which are that close to agreement.

Ms Shugg—I will provide you with a list of all the ones that have been signed off, where they are, et cetera. That will be fine.

Senator PAYNE—Thank you very much. Chair, there may be more questions which flow out of that after my reading the *Hansard* in the next day or so. I assume I will have time to put those on notice.

CHAIR—Close of business, Friday.

Senator PAYNE—The Wulagi location is not as progressed as the Craigieburn one; is that right?

Ms Shugg—Only in that, with regard to the Craigieburn one, we are linking in with a process that was well underway. In relation to the Wulagi centre, it is located on an existing school site. That school already had an existing preschool onsite and we have agreed with the Northern Territory government—with their Department of Education and Training—to take advantage of a part of the school that is currently being used for administrative purposes and to refurbish that to provide child care, so that it will become an integrated service with the preschool, providing a good transition into the primary school.

Senator PAYNE—That sounds pretty progressed to me. Is the funding agreement for that finalised?

Ms Shugg—No. We are still in negotiations with the Northern Territory government in relation to that, but the amount of funding has been agreed by both governments—both ministers.

Senator PAYNE—Can you advise the committee what the contribution of each government is?

Ms Shugg—In relation to that one, we are providing the entire amount of \$1.9 million.

Senator PAYNE—That was probably fairly easy for the Northern Territory government then.

Ms Shugg—Bearing in mind that the Northern Territory government is providing the land, the building et cetera, so they are making a reasonable contribution as well.

Senator PAYNE—What was the dollar value?

Ms Shugg—\$1.9 million.

Senator PAYNE—I am confused now. Can you tell me what the funding amount is that is agreed by the Commonwealth? We know what the NT government is providing. Which bits of the funding agreement remain to be finalised?

Ms Shugg—Just the terms of the funding agreement itself—the milestones, the timing, that sort of thing.

Senator PAYNE—In concert with the previous question I asked about the Craigieburn funding agreement, could you also take on notice if that agreement can be made available to the committee? I understand the parameters that Ms Rundle raised, but if that could be taken on notice as well, that would be helpful. Let me move to the Training and Standards area, if that is okay. I do not want to jump around too much. I understand the allocation in Training and Standards, which was part of the election commitment process, was for \$77 million in training and education of the childcare work force. Is that correct?

Dr Mercer—You mentioned a figure of \$77 million.

Senator PAYNE—As I understand it, \$77 million to improve the quality of child care by investing in the training and education of the work force and setting tougher standards for child care providers.

Dr Mercer—I am just wondering whether that is a roll up. In the budget there were three work force measures totalling \$126.6 million. One of those was for the removal of TAFE tuition fees. Would that be the one you are talking about—for childcare workers undertaking diplomas or advanced diplomas?

Senator PAYNE—I am lucky enough to be working with a quantum which was put on the record by Mr Rudd in relation to, as I said, improving training and education and setting tougher standards. That was certainly in the policy document.

Dr Mercer—Sorry, Senator; which document was that in?

Senator PAYNE—It was in the policy document that was provided at the election on this issue.

Dr Mercer—What I am referring to here—of course, we have the election documents—were implemented in the budget and they were obviously costed through the budget process, through our normal processes with the Department of Finance. I believe you are talking about the one with the removal of TAFE fees. That sounds like it. It was costed at a figure of \$60.3 million, going through the full budget process over the next four years.

Senator PAYNE—Are we talking about TAFE fees or HECS fees?

Dr Mercer—Well, there is another measure—

Senator PAYNE—That is part of it—the 8,000 current and prospective workers.

Dr Mercer—Yes. Some of the tables rolled them up together. That is why I do not have that with me. There is another initiative to reduce by around half the HECS debt of early childhood teachers who work in disadvantaged areas.

Senator PAYNE—Does that involve the rollout of any new training programs?

Dr Mercer—No, it does not involve the rollout of new training programs as such. The one for the removal of TAFE fees is to ensure that childcare workers can undertake diplomas and advanced diplomas without those fees being charged, so it is a support for further training for those childcare workers. The one for the HECS debt is actually to reduce the debt that they have incurred in HECS, once they take up employment as teachers.

Senator PAYNE—Can the department give any estimate of whether these initiatives have attracted any new participants to training in child care.

Dr Mercer—I should point out that the removal of TAFE fees starts in 2009 and the HECS debt has come in for this tax year, so people will be able to access it once they put in their tax returns for this financial year. Neither of them is actually in place yet.

Senator PAYNE—The TAFE fees is from 1 January 2009.

Dr Mercer—Yes; that is right.

Senator PAYNE—So by budget estimates 2009 you should be able to give me some idea of whether that has had an impact on training take-up?

Dr Mercer—I would have to check when the area that collects all the TAFE commencement figures has those figures. But we should see that flow-through in commencement figures.

Senator PAYNE—Let's operate on the basis that we will pursue those numbers at that time. In relation to the HECS fees, when did you say that was to happen?

Dr Mercer—It is this financial year; therefore, it is when people submit their tax return at the end of this financial year.

Senator PAYNE—Is that for existing students in child care?

Dr Mercer—It is for any early childhood teacher who has a HECS debt.

Senator PAYNE—They are already practitioners.

Dr Mercer—Yes. It is only for early childhood teachers who are working in disadvantaged areas.

Senator PAYNE—What about people who take up training in child care now and who are intending to work in disadvantaged areas? Will they be able to take that up as well?

Dr Mercer—Yes, but once they have employment. You have to have a HECS debt.

Senator PAYNE—I know you do not pay your debt until you are employed.

Dr Mercer—So when you say 'child care', you would have to be a teacher working in a childcare centre to access this.

Senator PAYNE—I see.

Dr Mercer—It is for teachers.

Senator PAYNE—I understand that it is for teachers. The conditionality around working in rural and regional areas—Indigenous communities and areas of socioeconomic disadvantage—is the standard definition of those areas which, I assume, is what the department uses?

Dr Mercer—We use standard ABS definitions here. We have done a combination of the ATO tax offset zones and ABS socioeconomic data from the last population census. We supplemented that by postcodes in which at least 20 per cent of the population are Indigenous.

Senator PAYNE—A part of that commitment was around setting tougher standards for childcare providers. Part of that election commitment was around quality standards—lifting quality standards in child care. Where are we up to in terms of the national childcare quality standards?

Dr Mercer—I will just pass that to my colleague, Ms Rundle.

Ms Rundle—I explained earlier to Senator Hanson-Young that we are working on behalf of government to deliver a number of election commitments that form a broader quality framework, so the standards are part of that. The framework will comprise new quality standards which are more integrated, because at the moment you are probably aware that there

are state and territory standards in their licensing and regulation schemes, and also our National Accreditation Council has another set of standards. What we are hoping to do, and will do, is look to integrating those into a simpler set of standards, and that work is progressing very well indeed. I can come back to that. Alongside that—so that you see the full picture—is the development of an A to E rating system that will help parents to understand what they get from services so that they can make choices about child care, the development of an early years learning framework and looking at a new streamlined regulatory system. Coming back to the standards, there has been a lot of work done collaboratively with the states and territories, again in the COAG space, and also with key stakeholders, service deliverers, peak bodies and others. We are at a point where we do have some internal standards which have not been tested publicly yet.

As I was saying earlier, we did national consultations in August and September. From those consultations we got a lot of great feedback from stakeholders about what they thought were the key drivers of quality. On the basis of that and also our other knowledge, we are now at a point where we have got some drafts. Again, later on this year—from memory, in November, but I will check that for you later—we will have some further information that we will be able to test again with key stakeholders. It will be a little more formed—more of a proposal.

The idea is to take all of these components as a part of a package to COAG, which was going to be in November but will be now earlier next year because the states and territories have indicated that they would like this to be paced a little more slowly because it links with a lot of the other regulatory work that they are doing. Because this is a collaborative process in the COAG space, we also want to allow time to consider the full impact of the changes that might be made.

Senator PAYNE—If they are taken to COAG early next year, when will they actually be public, as such?

Ms Rundle—Nothing is set and agreed until it has been agreed by our first ministers, because that has been the agreed process. So that will be a COAG agreement. I do not know what the COAG meeting dates are next year, but by sometime in the first half of next year, or at least by July I would have thought, the first ministers would have agreed on what it looks like. As I was saying, there has been quite a lot of widespread consultation, so I think that by the time first ministers look at those standards there will be no real surprises for the sector or the general public because there has been quite a lot of processes so far for their input.

Senator PAYNE—So providers are very involved in that consultation process?

Ms Rundle—I believe so. I believe we have had quite a lot of good feedback from providers. I can outline for you the consultation process we have just finished. We had a huge response—a lot of written submissions, a large response turning up to both general public forums and focus groups, and targeted consultations with the sector.

Senator PAYNE—Could you give us some further information on notice—I am acutely aware of the time limit we have here tonight—on that consultation process and the nature of the stakeholders to which you refer, whether you are dealing with individual providers or peak bodies, and how that is all put together by the department, both in terms of the focus groups and public consultations.

Ms Rundle—Just to be clear, Senator, it is mostly around the public consultation that you are seeking information?

Senator PAYNE—Yes, indeed. There is also the preschool education policy. How much of the total commitment that was made during the election campaign—the \$450 million over five years—has been allocated thus far?

Dr Mercer—The \$450 million is committed for 2013 and, so far over the five years counting the previous year, there is \$533.5 million that the government has committed to universal access to preschool.

Senator PAYNE—Sorry, could you say that again?

Dr Mercer—The \$450 million is when we hit full implementation of universal access in 2013. Leading up to that, for the five years, which includes the last financial year, the government has committed \$533.5 million.

Senator PAYNE—How does that manifest in terms of the specific steps that have been taken—I think this is the commitment—to provide every child with access to 15 hours a week of quality preschool education by qualified early childhood education teachers for up to 40 weeks a year?

Dr Mercer—There have been two phases in this. In the last financial year the government provided \$10 million which went to some pilot programs across states and territories to begin the process of implementing universal access. We can provide details of those projects, if you wish.

Senator PAYNE—Yes, please.

Dr Mercer—They are on our website. Regarding the rest of the money, the \$520 million, that is for a process we are involved in through COAG and a national partnership payment to work with the states on their strategies to implement universal access.

Senator PAYNE—Is that stuck in the same time frame that we were talking about before with Ms Rundle?

Dr Mercer—COAG will meet on 17 November to make those decisions.

Senator PAYNE—When will they be made public after that, do you expect?

Dr Mercer—The normal process with COAG is through a COAG communique.

Senator PAYNE—Yes, but I would imagine there would be a fairly reasonable level of detail needed in terms of the rollout of a proposal of this size.

Dr Mercer—Yes, that is right. The next steps for us would be that under the national partnership payment we would have bilateral agreements with each state and territory to take that forward.

Senator PAYNE—And those bilateral agreements will be public, available to the committee to peruse?

Dr Mercer—I believe they would be under the COAG process. I could confirm that, but the COAG processes—

Senator PAYNE—Could you confirm that, please?

Dr Mercer—Yes. We would expect them to come into place early in 2009.

Senator PAYNE—Speaking of perusing, in my perusing of the department's website in this area, I know there is a video—an advertisement, I suppose—which features the parliamentary secretary and a childcare centre and so on, relating the government's policies in this regard. What are the production costs of that particular video on the website? Can you assist me with that?

Dr Mercer—I believe we would have to take that on notice. I would not have that with me.

Senator PAYNE—Also on notice, can you indicate for us which funding pool that comes from.

Dr Mercer—Yes.

Senator PAYNE—Having had a look at the video piece, is it to be used anywhere other than the internet? Is it intended to be placed on television or any other medium?

Dr Mercer—I understood it was just for the website, but we could also confirm that.

Ms Rundle—We could check that.

Senator PAYNE—That you very much. While you are doing that, can you let us know then the total advertising budget for the early childhood initiatives that we have been discussing and then the broader program, please. If you can do that now, that would be helpful, but if you cannot I understand.

Dr Mercer—No, we would have to take that on notice.

Senator PAYNE—Thank you very much. Finally in this area—and I have one other very brief area, Chair, I promise—I want to ask about the healthy development of children policies of the government: the healthy kids checks and those initiatives. Are we in the right area?

Ms Rundle—The healthy eating guidelines? Actually, they are being developed through Health. We are working with them, because they will be part of the quality standards that you referred to earlier, but the health department are doing those. I do have some notes here that may be able to help with specific questions, if you have them. Otherwise, we will need to take them on notice.

Senator PAYNE—I think they are pretty simple. Where is the development of the guidelines and the healthy kids check process up to?

Ms Rundle—I am sorry, I am not able to tell you that with any certainty.

Senator PAYNE—It is harder than I thought, then.

Ms Rundle—Certainly we can get that for you quite easily from Health.

Senator PAYNE—So you do not have a commencement date envisaged for that?

Ms Rundle—No, sorry. I do not.

Senator PAYNE—Would you come back to the committee when you respond to that first question with the proposed commencement date, please.

Ms Rundle—Yes.

Senator PAYNE—And I assume that will include the Healthy Habits for Life Guide that is proposed to be issued to families, I gather—or parents, at least. Then I think there was also included in that policy an information session for parents to be delivered at the start of the school year, I assume, or on the enrolment of their child.

Ms Rundle—Again, I think that is a level of detail that I will need to take on notice, but we will endeavour to get all of those things for you.

Senator PAYNE—Okay. We may perhaps be in the same area, then—if I am in the wrong spot, do let me know—for the Australian early development index for primary schools.

Ms Rundle—That is with us.

Senator PAYNE—Where are we up to in the rollout of the Australian early development index?

Dr Mercer—We are progressing well with that. The aim is for a national rollout in 2009 and we are talking with each state and territory about that rollout. We have coordinating committees established in each of the states and territories involving both government and non-government school sectors.

Senator PAYNE—Did you say early 2009, Dr Mercer?

Dr Mercer—We would expect it to be conducted probably towards the end of first term.

Senator PAYNE—So again we can come back to that at budget estimates. That will be about the right time?

Dr Mercer—We would expect it would be happening then.

Senator PAYNE—Another of the programs committed was the Home Interaction Program for 50 disadvantaged communities across Australia to help parents prepare their children for schools. Where is that rollout up to?

Dr Mercer—The Home Interaction Program is now under way. There was a recent announcement.

Senator PAYNE—In how many of those communities?

Dr Mercer—There are a number of those that were operating already and there are 13 more sites coming on board for 2009.

Senator PAYNE—Have they been identified?

Dr Mercer—They have been identified.

Senator PAYNE—The locations and sites?

Dr Mercer—The locations have been identified, yes, and they are on our website.

Senator PAYNE—What is the total funding for that program?

Dr Mercer—It is \$32.5 million over the five years.

Senator PAYNE—So how much is expended in the first year of that?

Dr Mercer—I will check if my colleague Dr Phillips has that, otherwise we can certainly take it on notice to provide you with it. Because we are in the process at the moment, the

Brotherhood of St Laurence, who is our partner, has advertised for community partners to work with them. We probably need to get those partners on board to finalise our estimates of what we will spend.

Senator PAYNE—Okay. I have a question on autism, and then one other brief question which, I think, falls into the area of transitions and youth. I raised the question of autism services with Ms Rundle briefly before. As well as the specialised childcare services, there were other early intervention commitments made. I am keen to know whether they have actually commenced and what form they currently take.

Ms Rundle—They actually sit in the Department of Families, Housing, Community Services and Indigenous Affairs portfolio.

Senator PAYNE—That's fine. I will do that tomorrow. If I could turn to the Australian Youth Forum which, I think, occurred relatively recently—was it this month that it was launched in Adelaide?

Ms Dacey—Yes, that is right.

Senator PAYNE—How many attended the launch of the Australian Youth Forum?

Ms Dacey—Approximately 150 people.

Senator PAYNE—And how were they selected?

Ms Dacey—It was basically an open invitation. We sent out invitations to some local schools and a whole lot of service providers, youth networks and VIPs. It was also published on the website.

Senator PAYNE—And who paid for the attendance of participants?

Ms Dacey—They paid their own way.

Senator PAYNE—So the government did not bear the travel and accommodation costs?

Ms Dacey—The only travel and accommodation costs we bore were for the Youth Engagement Steering Committee members. There are 11 young people who are on the Youth Engagement Steering Committee.

Senator PAYNE—What is the role of that steering committee? Is it to run this youth forum?

Ms Dacey—It is to give advice to the minister. It is one of the elements that sit under the banner of the Australian Youth Forum, and they advise the minister directly.

Senator PAYNE—Can you give us some idea then—and I assume you might need to take this on notice, Miss Dacey—of the costs of the travel, accommodation and attendance at the forum for the steering committee members?

Ms Dacey—I will have to take it on notice.

Senator PAYNE—I understand that; thank you very much. Can you also provide the committee with a breakdown of the costs of other events and functions at the forum? I assume there were events associated with the forum itself?

Ms Dacey—The launch?

Senator PAYNE—Yes.

Ms Dacey—Yes, I can give you a breakdown on that. I would have to take it on notice, though.

Senator PAYNE—I understand that. There was a performance, I think, by a—

Ms Dacey—There was. The winner of the Triple J ‘Unearthed’ contest. It was a band of young people, all 16-and 17-year-olds, and they flew across and performed a set.

Senator PAYNE—Did they take themselves there or did the government take them?

Ms Dacey—No, we paid for that. I can actually give you that now. There was a \$1,200 appearance fee, and it was \$3,000 for their travel and accommodation.

Senator MASON—Triple J is your favourite station isn’t it, Senator Payne?

Senator PAYNE—I know where it is on the dial, Senator Mason. I am not sure whether you do, though.

Senator MASON—It has been a while.

Senator PAYNE—In terms of the ongoing activities of the forum, Ms Dacey, can you give the committee some idea of its next range of commitments—I am not sure how best to describe this?

Ms Dacey—Sure. There are a couple of different subelements. The steering committee is gathering together again at the end of November. There is an outreach component, where the minister can travel to communities that have been identified to her so that she can meet with people in those communities. There is a multilocational forum, a big gig, which is scheduled for the end of February.

Senator PAYNE—Is it called a big gig? Someone owns that name already.

Ms Dacey—The steering committee is actually giving advice to the minister on what it should be labelled.

Senator PAYNE—I gather that it should not be called a forum.

Ms Dacey—Yes.

Senator PAYNE—I gather that they do not think ‘forum’ is a good word.

Ms Dacey—They think it is not quite interesting enough.

Senator PAYNE—I will be keen to see what portion of the English language they decide is interesting enough. Thank you very much for that. I will move on to the Office for Youth. Is that also yours, Ms Dacey?

Ms Dacey—Yes.

Senator PAYNE—The office is up and running?

Ms Dacey—Yes, it is, Senator.

Senator PAYNE—What has the establishment of the office cost?

Ms Dacey—The costs for the Office for Youth were \$6.9 million over four years. Those costs were to be absorbed within the department. In effect, they are salary dollars for the

officers who are doing that work. We have also effectively renamed the whole branch the Office for Youth. So it is the cost of the branch, effectively.

Senator PAYNE—So is there really an office in the branch?

Ms Dacey—Yes, Senator. There has been new capacity and new additional personnel brought in to do that work.

Senator PAYNE—So I think you said most of those costs are in salaries.

Ms Dacey—That is right.

Senator PAYNE—How many staff are employed in the office and what are their particular functions?

Ms Dacey—The total number in the Office for Youth is about 35. The new functions that come with the Office for Youth are a whole-of-government approach across the Australian government and a re-engagement with the Commonwealth and states. They are the key differences from the old Youth Bureau.

Senator PAYNE—A re-engagement with the Commonwealth and the states?

Ms Dacey—That is right. I think I am not characterising it incorrectly to say that previously there had been fairly limited interaction with the states and territories. Part of our new mandate is to go out and re-engage with the states and territories and work more cooperatively.

Senator PAYNE—Where is the office, Ms Dacey?

Ms Dacey—It is located within the department in Civic.

Senator PAYNE—So of those 35 staff, how many of those are new staff?

Ms Dacey—I would say about 12.

Senator PAYNE—So those 12 were brought on specifically to operate within the Office for Youth?

Ms Dacey—What happened was with the machinery of government changes, the previous Youth Bureau was situated in FaHCSIA. Some functions stayed behind with FaHCSIA, mostly around the housing and homelessness agenda. We transferred across to the new DEEWR. So there was a transfer of people attached to that machinery of government change. So we have recruited new people who are doing those new functions.

Senator PAYNE—Given the number of staff that you have identified there, Ms Dacey, I am interested to know what their specific functions are. Perhaps you could answer that on notice, then.

Ms Dacey—Sure.

Senator PAYNE—Those with specific functions in the Office for Youth, yes. What is the advertising budget for promoting the Office of Youth? Is it of youth or for youth?

Ms Dacey—Office for Youth. There is no advertising budget per se.

Senator PAYNE—'Office' is not regarded as a dull word, I gather, unlike 'forum'?

Ms Dacey—There is no advertising budget per se. We might do some things. We did a video which is on the website of the minister, so that might be a similar sort of question you had before.

Senator PAYNE—Could you then get me the details of the cost of that and whether it is intended to be used anywhere else, the same sorts of material?

Ms Dacey—To the best of my knowledge, it is not intended to be used anywhere else.

Senator PAYNE—All right. Thank you very much. In terms of youth programs, there are a couple which were previously existing programs. I am not sure what their current status is, so please feel free to correct me if and when possibly I get these wrong. Youth Links?

Ms Dacey—Youth Links is an ongoing program. It sits with the Office for Youth.

Senator PAYNE—And what is its current funding?

Ms Dacey—It is \$7 million per year approximately. I am rounding.

Senator PAYNE—And how does that compare to previous funding?

Ms Dacey—It is a similar amount. There has been no change.

Senator PAYNE—And the newly arrived Youth Support Service?

Ms Dacey—That is one of the things that stayed at FaHCSIA.

Senator PAYNE—And the TILA—

Ms Dacey—Yes. The transition to independent living allowance is with the Office for Youth.

Senator PAYNE—And its funding?

Ms Dacey—About \$2.6 million.

Senator PAYNE—And how does that compare with previous?

Ms Dacey—No change, Senator.

Senator PAYNE—Okay. The Youth Mentoring Network?

Ms Dacey—That is a part of Mentor Marketplace. Yes, no change.

Senator PAYNE—And what is the amount?

Ms Dacey—I will have to look that up for you, Senator.

Senator PAYNE—Would you, please?

Ms Dacey—Yes.

Senator PAYNE—Thank you very much. Finally, the National Youth Affairs Research Scheme. If they get hold of that, they will definitely want to change the title of it.

Ms Dacey—Yes. NYARS sits with the Office for Youth.

Senator PAYNE—And how much is the funding for that?

Ms Dacey—It is \$240,000 per year on the agreed MCEETYA funding contribution. So half from the Commonwealth—

Senator PAYNE—So that is the Commonwealth contribution?

Ms Dacey—An amount of \$120,000 is the Commonwealth's contribution. The balance is made up from states and territories.

Senator PAYNE—That is the same—status quo?

Ms Dacey—Absolutely, yes.

Senator PAYNE—Chair, I thank you very much for letting me go through those. It did take me slightly longer than I thought and I apologise and thank the officers very much.

CHAIR—That concludes our questions for outcomes 1 and 5. I thank the officers for their cooperation.

[7.36 pm]

CHAIR—We will now move to and finish with outcome 3, Higher education, as quickly as possible.

Senator MASON—I have some questions for officers about the Education Investment Fund. Before I ask them, my friend Senator Abetz has asked me to ask you a few questions. If you cannot answer these questions immediately, please take them on notice. First of all, what is the total number of staff in the education section of the department?

Mr Burmester—Using the broad definition of 'education', does the senator mean the higher education—

Senator MASON—No. The next question is: of these, how many staff are dedicated to higher education? I think he wants to contrast the education section with the higher education section.

Mr Burmester—We will have to take it on notice.

Mr Coutts—We will take that on notice.

Senator MASON—You will take it on notice. Thank you. As we understand it, in the 2007-08 budget, the former coalition government announced extra funding for maths and science faculties at universities. That is right?

Mr Walters—Senator, in last year's budget, there had been a review of the funding arrangements under the Higher Education Support Act. There were a number of changes made to the cluster-funding arrangement. The cluster-funding arrangement is one whereby differential amounts are paid for different parts of the student load. I think Mr Manns can probably give us the figures.

Mr Manns—I am afraid I do not have those figures. They go back a couple of budgets, Senator. I would have to refresh my memory on them. But the funding amounts for maths and science were increased as part of that overall package of changes to that.

Senator MASON—So you effected a policy in the last budget—the budget last year. Were the amounts going to science and maths faculties increased?

Mr Manns—To universities for units of study in those funding clusters. We do not, of course, control the universities—

Senator MASON—'Yes' to that bit?

Mr Manns—We do not control the universities' allocation of funds down to individual faculties. It is part of their overall funding envelope that we give them.

Senator MASON—Can you tell the committee the amount of funding that was effected?

Mr Manns—I would have to take that on notice.

Senator MASON—You can take it on notice.

Mr Manns—As I say, it was a couple of budgets ago.

Senator MASON—I think you may have answered this. Was there a requirement that this money be contained by universities to the maths and science faculties? I think, Mr Manns, you have just said that in fact that is not the case?

Mr Manns—That is correct.

Senator MASON—Is that right?

Mr Manns—Yes.

Senator MASON—So there was not a requirement that this money be contained by universities to maths and science faculties. Is that right?

Mr Manns—That is correct.

Senator MASON—So that was a matter for universities, was it?

Mr Manns—That is correct. We effectively give the universities one single payment, which is made up on a formula basis of the units in different funding clusters. But the disbursement of that money within the university is at their discretion.

Senator MASON—So you do not ensure that they meet that requirement; it is simply a matter for the universities themselves?

Mr Manns—Correct.

Mr Walters—Can I add something to that?

Senator MASON—Yes.

Mr Walters—The issue was raised with me not long ago. When the universities receive these moneys, what they will do is take some of the money that they receive, be it from the government or other sources. If it is earned, if you like, by a particular faculty or department, quite a lot of the money is taken away by the centre of the university to provide common services. So, for example—

Senator MASON—I see, yes.

Mr Walters—Lecture theatres might be run as a common service for the whole of the university. Therefore, it will not necessarily all be passed on to the faculty. A lot of it goes to the central running of the university. Because common services like lecture theatres are an important part of that budget, that is a major reason why not all the money is passed on.

Senator MASON—Good. Thank you. Gentlemen, if you could take those questions on notice, I would appreciate it. They are Senator Abetz's questions, Mr Chairman. I have

questions on the Education Investment Fund. Mr Walters, in the June estimates I asked you questions about the Education Investment Fund. You were not able to tell me then about what the criteria used for the disbursements of funds would be; exactly what facilities and institutions comprised the three or four categories of eligibility; how the funds would be carved up between various categories; and what would be the criteria for making grants out of the fund's capital as opposed to the fund's proceeds. I want to know whether you have some good news for me. Has the government made any decisions or announcements as to the criteria for disbursement, the types of numbers of potential eligible recipients, the way the fund will be divided between them or the criteria for disbursing out of the fund's capital? We had this conversation last time and you could not give me any details. Do you have any now?

Mr Walters—The position is pretty much the same as last time, Senator, but we are anticipating that the government will be introducing its legislation for the nation building funds very shortly. Then the government will be providing such further details it wishes as that time about how the funds will be disbursed.

Senator MASON—It has been nearly a year since the election, Minister, and we still do not have the criteria for these things.

Senator Ludwig—I think it is clear that there has been certain legislative action. The legislation will be here shortly. You will be able to examine it at that point, I am sure.

Senator MASON—Revolutions were fast and dynamic, not smouldering like this. But anyway. I did ask you this last time, Mr Walters. Are medical research institutions eligible for funding?

Mr Walters—The position as it was announced in the budget is that there is eligibility for research facilities and, I think, major research institutions. It is exactly the same phrasing as was used in the budget measures, Senator.

Senator MASON—All right. So you still cannot give me anything definitive on that?

Mr Walters—I cannot add to that at the moment.

Senator MASON—Can you answer this: are there any circumstances where primary or secondary schools could become eligible for grants?

Mr Walters—They are not covered in the terms of the budget announcement and nothing has changed since then.

Senator MASON—They have not been excluded?

Mr Walters—They are not included in the terms of reference.

Senator MASON—I just want to make sure of this. It might sound like a funny question. I suppose that also includes trade training centres in schools. They are not included either?

Mr Walters—I cannot give any more information than was contained in the budget announcement, Senator.

Senator MASON—I was told by Ms Paul at the June estimates that on these matters, and specifically the way that the funds will be divided up, this is a matter for advice from the advisory board to the government. You have reflected on that this evening.

Mr Walters—I think the position is that the advisory board was asked to assist in the transition to the new fund, Senator.

Senator MASON—Indeed. I was further told that ‘there was an advisory board to the higher education endowment fund and there will be a new advisory board to this new fund.’ I am quoting here:

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.

Has that new board been established yet?

Mr Walters—Just referring to what I said a little while ago, Senator, we anticipate that the government will be introducing its legislation very soon and will be announcing its intentions then.

Senator MASON—So it has not been established yet?

Mr Walters—That is really what I just said, Senator.

Senator MASON—I thought you did. So no?

Mr Walters—The government is going to be introducing this legislation soon and will be announcing its intentions then.

Senator MASON—Thank you. So when it will be established is, you say, soon. It will be established soon?

Mr Walters—We anticipate that the legislation will be introduced soon.

Senator MASON—Do we know who the chairmen are and who the members are?

Mr Walters—As I said, Senator, the legislation will be introduced soon and we anticipate that the government will announce whatever further information it has at that time.

Senator MASON—Okay. That is a different question. So you cannot tell or the minister cannot tell—

Senator Ludwig—These are matters for government. They will be announced in due course—

Senator MASON—Sure.

Senator Ludwig—by the relevant minister.

Senator MASON—What I am asking is: have decisions been made on the issue? You are saying not many.

Senator Ludwig—They are matters for government.

Senator MASON—Has the government made a decision?

Senator Ludwig—The announcement strategy is a matter for government. It is a matter for the minister to make those announcements in due course.

Senator MASON—Soon, I think, is what the witness said. When will these funds be disbursed? Just remind me.

Mr Walters—It is pretty much the answer I just gave you, Senator. In other words—

Senator MASON—The middle of next year?

Mr Walters—The answer really is that the government's intentions will be clarified when the legislation is introduced.

Senator MASON—We were told at the last estimates that the funds would be disbursed in the middle of next year.

Mr Walters—Since then, the Prime Minister has made an announcement a short time ago. If you just give me a second, I will find it. It makes the point. This was an announcement on 14 October. What the Prime Minister announced was:

The Rudd Government will fast track its nation-building agenda to help shield Australians from the global—

Senator MASON—Oh, no. I heard 'fast-track' and I switched off. I have heard about fast-tracking today on other issues. Can you say it slowly and loudly.

Mr Walters—Certainly, Senator:

The Rudd Government will fast track its nation-building agenda to help shield Australians from the global financial crisis.

Prime Minister Kevin Rudd today announced that the Government will accelerate the implementation of the Government's three nation building funds.

Ministers will bring forward interim Infrastructure Reports to December 2008 so that work can commence in 2009 on projects in the key areas of:

Education and Research;

Health and Hospitals; and

Transport and Communications.

The Rudd Government is taking decisive action to sustain growth and protect Australians from the fall-out from the global financial crisis.

That is why the Rudd Government's \$10.4 billion Economic Security Strategy will strengthen the national economy and support Australian households during the global financial crisis.

To fast-track these projects, the Government will be seeking referral of the legislation for the Nation Building Funds to a Senate Committee this week.

I would add, incidentally, that the legislation is, as I said, to be introduced shortly. Then there are some words about the government calling on—

Senator MASON—It has not been introduced in the House of Representatives yet, has it?

Mr Walters—No. The legislation has not yet been introduced. Anyway, the announcement goes on. To pass to the more germane points:

Today's announcement builds on the Rudd Government's recent decision to ask Infrastructure Australia to produce an interim report...by December 2008.

And then it mentions that the Rudd government has already commenced the first funding round of the Education Investment Fund, which was the fund established by the previous

government—the Higher Education Endowment Fund. It concludes. Anyway, the burden of all that is that the process has been fast-tracked.

Senator MASON—Sorry, the funds might be disbursed before they were otherwise going to be disbursed, which was the middle of next year?

Mr Walters—Yes. The Prime Minister has announced that the process will be fast-tracked.

Senator MASON—Right. That is interesting. So it will not be, in fact, eight months from now, which is about from October through to 1 July next year. It is going to be before then because it is going to be fast-tracked. That is interesting because it is going to be less than eight months and we still do not know the criteria for disbursement, the types and numbers of eligible recipients, the way that the funds will be disbursed and the criteria for disbursing from the fund's capital as opposed to the fund's proceeds. So the Prime Minister is making that commitment and all those questions will be answered. That is terrific but it just worries me because other projects administered by this department have not been perhaps always in accordance with what one might wish, Mr Walters.

Mr Walters—Perhaps to complete the picture, I might just finish.

Senator MASON—Yes, please. Complete the picture. Paint the picture.

Mr Walters—An announcement went out this afternoon, Senator. I am not sure if that has caught up with you yet. The Deputy Prime Minister, together with the Minister for Innovation, Industry, Science and Research, has announced the shortlist of 14 universities which have been invited to bring proposals forward for bids for government funding.

Senator MASON—I saw that. Every time we have estimates proceedings or ask a few questions, all the press releases come out. That is all right. I did see that.

Mr Walters—So that explains a little more about what is being done to fast-track the process.

Senator MASON—All right. Fast-track it. So we can expect it before we otherwise would have—that is, before the middle of next year. That is the answer to all my questions that no-one has been able to answer as yet.

Mr Walters—Well, I think—

Senator MASON—You know I will be asking questions again.

Mr Walters—Again, it really is the Prime Minister's announcement of a couple of weeks ago.

Senator MASON—That is good, because I will be asking further questions about this. There have been some reports in the media quoting the Prime Minister and the Treasurer; Minister, I think this is for you. They might be willing to borrow money in order to have all the promised amounts of funds in the government's hospitals, infrastructure and education funds—nation building funds I think the Prime Minister referred to them as—instead of using funds from the surplus, as was the original promise. What are the indications in relation to the Education Investment Fund? Will that \$6 billion of extra money on top of the rollover \$5 billion from the HEEF, the previous government's initiative, come from the surplus or for borrowing or from a combination of both?

Senator Ludwig—The sources of funding, of course, are a matter for the Treasurer. You may want to direct your questions to the Treasury portfolio in respect of that.

Senator MASON—I would be happy to. That is fine. So you are not going to suggest that it may not come from the surplus?

Senator Ludwig—I have provided an answer.

Senator MASON—Aren't you lucky we left you with a surplus, Minister—

Senator Ludwig—I have provided an answer, Senator Mason.

Senator MASON—and not a \$96 billion deficit. I am very happy, Mr Chairman, because Mr Walters has been very helpful—in fact, more helpful than I would have expected, so I appreciate that.

Senator Ludwig—Surely not, Senator Mason. I am sure the questions were helpful.

Senator MASON—I will be asking questions about that and follow up those questions on the way the moneys will be disbursed at the next estimates.

CHAIR—I think this department has been very helpful today.

Senator MASON—I think except for one major issue they have been quite charming. I miss Ms Paul. Mr Burmester, as much as you have been delightful to deal with, I miss Ms Paul.

Mr Burmester—I will not take that as a personal reaction.

CHAIR—We are going to all hold hands and sing *Auld Lang Syne* any minute. Thank you, Minister, and thank you, officers, for your cooperation today. We have made very substantial progress. Thank you, Senators. Thank you, Hansard. I am sorry you missed your break yet again. We will try and make up for it.

Committee adjourned at 7.53 pm