



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS
LEGISLATION COMMITTEE

ESTIMATES

(Additional Estimates)

THURSDAY, 11 FEBRUARY 2010

CANBERRA

BY AUTHORITY OF THE SENATE

THIS TRANSCRIPT HAS BEEN PREPARED BY AN EXTERNAL PROVIDER

INTERNET

Hansard transcripts of public hearings are made available on the internet when authorised by the committee.

The internet address is:

<http://www.aph.gov.au/hansard>

To search the parliamentary database, go to:

<http://parlinfo.aph.gov.au>

SENATE EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS**LEGISLATION COMMITTEE****Thursday, 11 February 2010**

Members: Senator Marshall (*Chair*), Senator Cash (*Deputy Chair*), Senators Back, Bilyk, Jacinta Collins and Hanson-Young

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

Senators in attendance: Senators Back, Bilyk, Cash, Collins, Cormann, Crossin, Fielding, Fifield, Hanson-Young, Marshall, Mason, Milne, Parry, Payne and Ryan

Committee met at 9.00 am

EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS PORTFOLIO**In Attendance**

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

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

Ms Lisa Paul, Secretary

Mr Robert Griew, Associate Secretary

Mr Michael Manthorpe, Deputy Secretary

Dr Michele Bruniges, Deputy Secretary

Mr Colin Walters, Acting Deputy Secretary

Ms Sandra Parker, Acting Deputy Secretary

Mr John Kovacic, Deputy Secretary

Mr Ewen McDonald, 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 Simon Gotzinger, Acting General Counsel and Group Manager Investigations, Legal, Investigations and Procurement Group

Mr Glen Casson, Acting Deputy Chief Internal Auditor, Internal Audit Group

Ms Robyn Kingston, Chief Internal Auditor, Internal Audit Group

Mr Glenn Archer Chief Information Officer and Group Manager, IT Services Group

Mr David Pattie, Branch Manager, Specialist, Communications Group

Mr Brant Trim, Branch Manager, Communications Delivery Branch, Communications Group

Mr Ben Johnson, Group Manager, People Group

Ms Sue Saunders, Branch Manager, People Services Branch, People Group
Ms Chris Silk, Branch Manager, Remuneration and Performance, People Group
Mr Ben Wyers, Branch Manager, Capability Development and Agility Branch, People Group

Ms Helen Skrzeczek, Group Manager, Applications Systems Group

Ms Helen Willoughby Group Manager, Communications Group.

Ms Barbara Grundy, Branch Manager, Strategy, Communications Group

Mr Tim Pigot, Branch Manager, Media, Communications Group

Ms Susan Smith, Group Manager, Delivery and Network Group

Outcome 1—Office of Early Childhood Education and Childcare

Ms Vicki Rundle, Group Manager, Early Childhood Development

Ms Robyn Calder, Branch Manager, Early Childhood Development and Workforce Branch, Early Childhood Development

Ms Lis Kelly, Branch Manager, National Quality Agenda, Early Childhood Development

Ms Joan Ten Brummelear, Branch Manager, Early Childhood Quality Branch, Early Childhood Development

Ms Madonna Morton, Branch Manager, New Early Learning and Care Services, Early Childhood Development

Ms Kathryn Shugg, Acting Group Manager, Indigenous Pathways and Early Learning

Mr Russell Ayres, Branch Manager, Early Childhood Education Reform Branch, Indigenous Pathways and Early Learning

Mr Matthew Hardy, Branch Manager, Performance and Analysis Branch, Indigenous Pathways and Early Learning

Ms Helen Lamming, Acting Branch Manager, Indigenous Early Childhood, Indigenous Pathways and Early Learning

Mr Anthony Parsons, Group Manager, Early Childhood Programs Group

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

Ms Rose Giumelli, Branch Manager, Finance and Strategic Development, Early Childhood Programs

Mr Mark Wright, Branch Manager, CCMS and Compliance Branch, Early Childhood Programs

Outcome 2—Schooling and COAG

Ms Gillian Mitchell, Branch Manager, Building the Education Revolution, Schools Group

Ms Kylie Emery, Branch Manager, Building the Education Revolution, Schools Group

Ms Helen McLaren, Branch Manager, Digital Education and Youth Transitions

Ms Rhyan Bloor, Branch Manager, Broadband and Digital Education Branch, Digital Education Group

Ms Catherine Wall, Group Manager, Lifting Educational Outcomes Group

Ms Gabrielle Phillips, Branch Manager, Inclusive Education Strategies Branch, Lifting Educational Outcomes Group

Ms Louise Hanlon, Branch Manager, Literacy and Numeracy Strategies Branch, Lifting Educational Outcomes Group

Mr Matt Davies, Branch Manager, School and Student Support, Lifting Educational Outcomes

Mr Shane Hoffman, Branch Manager, Indigenous Education Reform, Lifting Educational Outcomes

Ms Margaret Banks, Branch Manager, Teacher Reforms Branch, Lifting Educational Outcomes

Ms Janet Davy, Group Manager, National Curriculum Assessment and Reporting Group

Mr Tony Zanderigo, Branch Manager, Reporting and Accountability, National Curriculum Assessment and Reporting Group

Ms Suzanne Northcott, Branch Manager, National Curriculum Branch, National Curriculum Assessment and Reporting Group

Dr Evan Arthur, Digital Education and Youth Transitions

Ms Leonie Horrocks, Branch Manager, Schools Grants and Funding Policy

Ms Shelagh Whittleston, Group Manager, Infrastructure and Funding

Mr David De Silva, Branch Manager, Trade Training Centres

Outcome 3—Tertiary, Youth and International

Ms Margaret McKinnon, Group Manager, Youth and Industry Skills

Ms Katy Balmaks, Branch Manager, Infrastructure and Connections Branch, Youth and Industry Skills Group

Mr Daniel Owen, Branch Manager, Office for Youth, Youth and Industry Skills Group

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

Ms Donna Griffin, 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

Ms Julie Yeend, Assistant Secretary, COAG National Licensing Taskforce, Youth and Industry Skills Group

Mr Robin Shreeve, CEO, Skills Australia, Youth and Industry Skills Group

Ms Fiona Buffington, Group Manager, Higher Education Group

Ms Jennifer Chadwick, Branch Manager, Policy and Stakeholder Engagement Branch, Higher Education Group

Mr Jason Coutts, Branch Manager, Equity Performance and Indigenous Branch, Higher Education Group

Ms Susan Bennett, Branch Manager, Funding and Student Support Branch, Higher Education Group

Ms Julie Randall, Branch Manager, Education Investment Fund Branch, Higher Education Group

Ms Catherine Vandermark, Branch Manager, Quality Branch, Higher Education Group

Mr David Syme, Director, Equity Performance and Indigenous Branch, Higher Education Group

Ms Jennifer Taylor, Group Manager, Tertiary Skills and Productivity Group

Ms Nicky Govan, Branch Manager, National Resources Sector Employment Task Force, Tertiary Skills and Productivity

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

Ms Maryanne Quagliata, Branch Manager, Skills Quality Branch, Tertiary Skills and Productivity Group
Ms Linda White, Branch Manager, Industry Engagement Branch, Tertiary Skills and Productivity Group
Ms Christine Dacey, Branch Manager, Youth Industry and International, Tertiary Skills and Productivity Group
Mr Tony Fernando, Branch Manager, Workforce Development, Tertiary Skills and Productivity Group
Mr Neil McAuslan, Branch Manager, Policy, Funding and Performance, Tertiary Skills and Productivity Group
Mr Colin Walters, Group Manager, International Group
Ms Linda Laker, Branch Manager, International Student Task Force, International Group
Mr Scott Evans, Branch Manager, North Asia, Americas and Middle East, International Group
Ms Di Weddell, Branch Manager, Strategic Engagement Scholarships, International Group
Ms Tulip Chaudhury, Branch Manager, International Quality, International Group
Mr Vipin Mahajan, Branch Manager, Strategic Engagement Scholarships SSEA, International Group
Ms Susan Bietz, Assistant Secretary, Skills Australia Secretariat

Outcome 4—Employment and Strategic Policy

Outcome 5—More Productive and Safer Workplaces

Ms Michelle Baxter, Group Manager, Safety and Entitlements Group
Ms Flora Carapellucci, Branch Manager, Safety and Compensation Policy Branch, Safety and Entitlements Group
Mr Derren Gillespie, Assistant Secretary, Remuneration Tribunal Secretariat, Safety and Entitlements Group
Mr James Hart, Branch Manager, Employee Entitlements Branch, Safety and Entitlements Group
Ms Helen Marshall, Federal Safety Commissioner, Office of the Federal Safety Commissioner, Safety and Entitlements Group
Ms Michelle Boundy, Director, Safety and Compensation Policy Branch, Safety and Entitlements Group
Mr James Smythe, Acting Group Manager, Workplace Relations Implementation Group
Ms Jody Anderson, Branch Manager, Private Sector Branch, Workplace Relations Implementation Group
Ms Helen Bull, Branch Manager, Public Sector Branch, Workplace Relations Implementation Group
Mr Jeff Willing, Branch Manager, Building Industry Branch, Workplace Relations Implementation Group
Ms Kate Driver, Branch Manager, Implementation Taskforce, Workplace Relations Implementation Group
Ms Sandra Parker, Group Manager, Workplace Relations Policy Group
Ms Colette Shelley, Assistant Secretary, Bargaining and Industry Framework Branch, Workplace Relations Policy Group

Mr Mark Roddam, Assistant Secretary, Wages Policy and Economic Analysis Branch,
Workplace Relations Policy Group
Mr Stewart Thomas, Assistant Secretary, Strategic Coordination Branch, Workplace Relations Policy Group
Ms Fiona O'Brien, Acting Branch Manager, Fair Work Framework Branch, Workplace Relations Policy
Mr Paul Dwyer, Director, Fair Work Framework Branch, Workplace Relations Policy
Ms Sharon Huender, Director, Fair Work Framework Branch, Workplace Relations Policy
Mr Jeremy O'Sullivan, Acting Chief Counsel, Workplace Relations Legal Group
Mr David Bohn, Assistant Secretary, Safety Net Branch, Workplace Relation Legal Group
Mr Peter Cully, Assistant Secretary, Building, Organisation and Protections Branch, Workplace Relation Legal Group
Mr Henry Lis, Assistant Secretary, Bargaining, Safety and Compensation Branch, Workplace Relation Legal Group
Ms Elen Perdikogiannis, Assistant Secretary, National System and Legislation Team, Workplace Relation Legal Group

Comcare

Mr Paul O'Connor, Chief Executive Officer, Comcare
Mr Steve Kibble, Deputy Chief Executive Officer, Comcare

Fair Work Ombudsman

Mr Nicholas Wilson, Workplace Ombudsman, Fair Work Ombudsman
Ms Natalie James, Chief Counsel, Legal and Advice, Fair Work Ombudsman
Mr Michael Campbell, Executive Director, External Affairs Branch, Fair Work Ombudsman
Mr Mark Scully, Chief Financial Officer, Finance Branch, Fair Work Ombudsman
Mr Bill Loizides, Group Manager, South West, Field Operations Branch, Fair Work Ombudsman
Mr Alfred Bongi, Group Manager, Customer Service Branch, Fair Work Ombudsman
Ms Ann Smith, Executive Director, Process Innovation and Knowledge Services Branch, Fair Work Ombudsman

Australian Building and Construction Commission

The Hon. John Lloyd, Commissioner, Australian Building and Construction Commissioner
Mr John Draffin, Assistant Commissioner Operations, Australian Building and Construction Commissioner
Mr Ross Dalgleish, Deputy Commissioner Legal, Australian Building and Construction Commissioner
Ms Heather Hausler, Assistant Commissioner Corporate, Australian Building and Construction Commissioner
Mr John Casey, Chief Financial Officer, Australian Building and Construction Commissioner

Fair Work Australia

Mr Geoffrey Giudice, President, Fair Work Australia
The Hon. Tim Lee, General Manager, Fair Work Australia
Mr Brendan Hower Director, Fair Work Australia
Mr Dennis Mihelyi, Director, Fair Work Australia

Mr Terry Nassios, Director, Fair Work Australia
Mr Bernadette O'Neill, Director, Fair Work Australia

Safe Work Australia

Mr Rex Hoy, Group Manager, Safe Work Australia
Ms Amanda Grey, Branch Manager, Policy and Strategic Services Branch, Safe Work Australia
Mr Drew Wagner, Branch Manager, Regulations, Safe Work Australia
Ms Michelle Cullen, Director, Policy and Strategic Services Branch, Safe Work Australia
Ms Justine Ross, Acting Branch Manager, Legal Policy Branch, Safe Work Australia
Ms Wayne Creaser, Assistant Secretary, Research Data Branch, Safe Work Australia

Australian Curriculum, Assessment and Reporting Authority

Dr Peter Hill, Chief Executive Officer, Australian Curriculum, Assessment and Reporting Authority

Prof Barry McGaw, Chair, Australian Curriculum, Assessment and Reporting Authority

CHAIR (Senator Marshall)—I open this public hearing of the Education, Employment and Workplace Relations Legislation Committee. On behalf of the committee I wish to acknowledge the traditional owners and custodians of the land on which we meet today and pay my respects to their elders, both past and present. The Senate has referred to the committee the particulars of proposed additional expenditure for 2009-10 and related documents for the Education, Employment and Workplace Relations portfolios. The committee has set Thursday, 1 April as the date by which answer to questions on notice are to be returned. Under standing order 26, the committee must take all evidence in public. This includes answers to questions on notice. Officers and senators are familiar with the rules of the Senate governing estimates hearings, and if anyone needs further assistance then the secretariat has copies of these rules.

I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009, specifying the process by which a claim of public interest immunity should be raised, and which I now incorporate in *Hansard*.

The extract read as follows—

Public interest immunity claims

That the Senate—

- (a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;
- (b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;
- (c) orders that the following operate as an order of continuing effect:
 - (1) If:
 - (a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and
 - (b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer

shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.

- (2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.
- (3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.
- (4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.
- (5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.
- (6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.
- (7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).
- (8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).

(Extract, Senate Standing Orders, pp 124-125)

CHAIR—The committee will begin today's proceedings with outcome 2, and will then follow, in general terms, the order as set out in the circulated program. Proceedings will be suspended for breaks generally as indicated on the program.

[9.01 am]

Cross Portfolio

CHAIR—I welcome Ms Paul and other officers to these estimates hearings, and also I welcome the minister, Senator the Hon. Kim Carr. Ms Paul, I understand you would like to commence with an opening statement.

Ms Paul—Yes, I would. Thank you very much, Mr Chair. I would just like to put on the record a recognition of the service to this committee of Mr Bill Burmester over a long period of time. Mr Burmester retired last week. Mr Burmester has appeared before this committee, both at estimates and at other hearings, over a considerable period. He joined this department and its predecessors on the education side in 1995 or before, and Mr Burmester has had a very distinguished 35-year career in the Australian Public Service, including the Australian Bureau

of Statistics, the immigration department, the department of finance, and this department. I just wanted to put on the record my appreciation of his contribution to the work of this committee.

Senator Carr—Yes, I would like to endorse those remarks. I have served with Mr Burmester throughout that period, from 1995 through to his retirement on this committee on both sides of the table, and I can reinforce the view that he has been a remarkably valuable public servant and has been of huge benefit to this country.

Senator MASON—On behalf of the opposition, I must say, despite the provocations in the past of Senator Carr and me, Mr Burmester was always imperturbable and a model public servant, so I wish him all the very, very best on behalf of the opposition.

CHAIR—And on behalf of the committee, let me congratulate him on his retirement and his 35 years of valuable public service. Now we will move to questions, and I think we are going to Senator Mason.

Senator MASON—Good morning. I thought we might start with school funding. Ms Paul, could you remind me when the current school funding agreement expires?

Ms Paul—It is 2012.

Senator MASON—Okay. So between now and then what will the process of renegotiation be?

Ms Paul—I might ask my colleagues to contribute to that.

Ms Horrocks—The school funding is currently on the socioeconomic status. This is for non-government schools, and that will continue until the end of the current quadrennium. During that time the government has committed to conduct a review of schools funding, and that will inform funding arrangements in the new quadrennium.

Senator MASON—All right. So has that renegotiation and conversation with stakeholders commenced?

Ms Horrocks—The stakeholders are aware because the funding agreements conclude at the end of the quad, and they have been informed that the government has committed to a review of schools funding.

Senator MASON—So what exactly will be the process?

Ms Horrocks—The process for the review?

Senator MASON—Yes.

Ms Horrocks—The government is still considering that.

Senator MASON—Okay. So the government has not yet decided upon the process for the review?

Ms Horrocks—That is correct. They have committed to wide consultation on the process of the review, and also wide consultation on the terms of reference of the review.

Senator MASON—All right. Do we have, then, a timeline?

Ms Horrocks—The government has announced that it will commence this year and conclude in 2011.

Senator MASON—Any time this year?

Ms Horrocks—I am not aware of the timeline. The government is still considering it.

Senator MASON—Now, I note that Ms Gillard did say to the Independent Schools Council of Australia Parliamentary Forum in September 2008:

... an open and transparent review of the funding arrangements for non government schools beyond 2012 will be held to establish an approach that is fair for all schools. Consultation will be extensive. And we aim to have that review complete in 2011.

Ms Horrocks—That is correct, Senator.

Senator MASON—All right. What sort of form will the public consultation take?

Ms Horrocks—That is yet to be decided.

Senator MASON—It has not been decided either?

Ms Horrocks—No.

Senator MASON—All right. So we do not have a specific timeline yet; we have a general timeline.

Ms Horrocks—Agreed.

Senator MASON—We do not know who is going to be consulted or what the process will involve?

Ms Horrocks—All stakeholders in the sector will be consulted, and obviously the public will be able to contribute as well. But the method for actual consultation is yet to be decided.

Senator MASON—Sorry, could you just—

Ms Horrocks—Sorry, the method for consultation—

Senator MASON—You public servants never have the loud voices of politicians. Sorry.

Ms Horrocks—I will aspire to talk a bit louder.

Senator MASON—You would not aspire to have a voice as loud as me, believe me.

Ms Horrocks—No, I do not do that. But if I could just reiterate: the public will have the opportunity to make contributions, as will all stakeholders.

Senator MASON—The public, as well as direct stakeholders?

Ms Horrocks—Yes, agreed, Senator, as well as all stakeholders in the sector. But as to the method of that consultation, that is yet to be decided.

Senator MASON—Right. But it will commence this year?

Ms Horrocks—Yes.

Senator MASON—Right. I did not get very far there, Ms Paul, did I? And I was doing my best. It was not a good start. All right. But I will wait with bated breath.

Ms Horrocks—Thank you, Senator.

Senator MASON—One last thing: I did look at the annual procurement plan for 2009-2010. Now, does that document have all the work in progress for the department?

Ms Paul—I am not sure what you are referring to there, Senator, I am sorry.

Senator MASON—It is called the *Department of Education, Employment and Workplace Relations Annual Procurement Plan for 2009-10*.

Ms Paul—In that case, it sounds like the answer is yes.

Senator MASON—I just could not see any mention there of the review of school funding, that was all.

Ms Paul—It might not be a procurement. It depends how the review is undertaken, Senator. I do not think that is settled yet, as Ms Horrocks was saying.

Senator MASON—Still a bit uncertain? All right.

Ms Paul—I think Craig Storen may like to add to that.

Mr Storen—Just in reference to the procurement plan, it provides earlier lead time to potential providers of services to the department. That is one of the main things for the plan. So we are not required to put everything on it. It is just the foreseeable procurements which we are planning, which means we can actually shorten the time that respondents have to tenders. So that is the basis of the plan.

Senator MASON—Surely it is foreseeable that there is going to be a review. I was just surprised there was no mention of it.

Ms Paul—I think it is because, as I said a minute ago, we are not certain it is necessarily going to be a procurement.

Senator MASON—All right. Thank you, Ms Paul. Could I move on to another issue: the *Principal Autonomy Research Project* report. When was the *Principal Autonomy Research Project* report delivered to the government?

Ms Banks—That was the Gerard Daniels report on performance pay for teachers' research and modelling project. And that was announced in August 2009.

Senator MASON—Maybe I did not make myself clear. Let me reiterate. I do not want to mislead you or the committee. It is called the Principal Autonomy Research Project by Educational Transformations. That might be the author. When was that delivered to the government?

Dr Bruniges—Can you just clarify the nature of that report? I am not aware of that.

Senator MASON—Yes, it was a report, I understand, that was commissioned by the government and delivered to government. Clearly I have a copy and it has been publicly released. I just want to know a few things about the report.

Senator Carr—What is the date on that, please?

Senator MASON—Sorry?

Senator Carr—A date.

Senator MASON—Yes, I understand that the project, and this is why I want to check, was delivered to the government in December of 2007.

Senator Carr—Yes, that would be the previous government.

Ms Paul—So it was commissioned by the previous government, was it?

Senator MASON—It was commissioned by the previous government.

Ms Paul—Right.

Senator MASON—It was delivered to the current government.

Senator Carr—Yes, but in what department?

Senator MASON—This one, I understand.

Ms Paul—I think it is a long time ago.

Senator MASON—So you have never heard of it before?

Ms Paul—Yes, it rings a bell. It certainly does. But it is several years ago and I think I would probably want to take it on notice. What were you interested in?

Senator MASON—I have a copy of it. I want to know whether the government, the new government, in effect, because this reported back after the change in government.

Ms Paul—Sure.

Senator MASON—That is my understanding. I want to know whether the new government, the current government, has released that report.

Ms Paul—Okay.

Senator MASON—I understand it has. I have a copy.

Ms Paul—Yes.

Senator MASON—Is that right?

Ms Paul—I am not sure. I will have to take it on notice.

Senator MASON—Could you check?

Ms Paul—Sure.

Senator MASON—Whether the current government reported back after—

Senator Carr—Senator, could you just repeat the title?

Senator MASON—Yes, sure.

CHAIR—Give us a copy of it.

Senator MASON—I only have a few pages of it, chair. It is called the *Principal Autonomy Research Project* report. I would not mind coming back to this, Ms Paul, if it is possible.

Ms Paul—That should be easy to look up. That is fine. My recollection is that I think it was published and so on, but I just cannot bring my mind to the detail of it.

Senator MASON—I hope I have not got a clandestine copy, Chair.

Ms Paul—No, I doubt it. I think it was published.

CHAIR—That is why I was hoping you would table it.

Ms Paul—I think it was published.

Senator MASON—Yes, I think it was. I want to ask some questions about—

Ms Paul—It is over two years ago.

Senator Carr—But it is relating to the schools' division?

Ms Paul—It was, yes.

Senator MASON—I do not know about the administration of the department, Minister, but, yes. If, later on this morning, I could ask some questions about that, that would be very useful.

Ms Paul—Sure.

Senator MASON—All right. This is a difficult issue. I want to ask some questions about schools' catering for students with special needs and disabilities. This has received some media attention and some attention from members of the parliament. And I accept it is a very difficult issue. Let me say that. I accept the sort of difficult issue it is. Ms Paul, and officers, are you aware of Kingsdene and St Lucy's schools in New South Wales and Vision Australia school in Victoria and the unique work they do in catering for students with severe to profound learning disabilities?

Ms Paul—Certainly we are aware of Kingsdene and we may be of Vision, so we are happy to take questions, of course.

Senator MASON—We will see how we go.

Ms Paul—Yes.

Senator MASON—Ms Horrocks, are you responsible for—

Ms Horrocks—Yes, for funding for Kingsdene.

Senator MASON—Yes. Are you aware of the financial difficulties these schools are currently facing?

Ms Horrocks—Certainly I am, specifically for Kingsdene.

Senator MASON—I am told that Kingsdene—I have received representations from members of parliament, and I know members of the media are interested in this as well—is the only school of its sort in Australia. I am also informed that the residential component has enormously assisted severely disabled kids and their families. I think it is a four-day a week component, as I understand. I am informed that they are in enormous financial difficulties and I was wondering what the government was doing to assist.

Ms Horrocks—Certainly, if I could just give you some background on that, Senator.

Senator MASON—Sure.

Ms Horrocks—We have actually been working with Kingsdene and Anglicare. Anglicare own and manage the Kingsdene facility. The facility consists of a school and also the residential facility, as you have mentioned.

Senator MASON—Which makes it sort of unique, does it not? Unique to Australia, I should say.

Ms Horrocks—Yes, Senator. We have actually been working with Anglicare and Kingsdene since 2003. At that point Anglicare originally decided to close the facility at that time. There was an agreement between Anglicare and the New South Wales government and

the federal government to provide emergency funding for Kingsdene and that was in the order of \$350,000 each over three years.

Senator MASON—Could you say that last bit again.

Ms Horrocks—Certainly. In 2003, when Anglicare originally decided to close Kingsdene, there was an agreement between the New South Wales government, Anglicare and the federal government and we each provided an amount of \$350,000 for three years.

Senator MASON—So it was Anglicare, the Commonwealth government and state government.

Ms Horrocks—New South Wales, yes.

Senator MASON—The New South Wales state government?

Ms Horrocks—Yes.

Senator MASON—And it was \$350,000 each.

Ms Horrocks—Each for three years, yes.. So it was 2004, 2005 and 2006.

Senator MASON—Yes.

Ms Horrocks—The purpose of that emergency funding was to enable Anglicare to commission a report in order to develop a financially stable model to take Kingsdene forward.

Senator MASON—Correct me if I am wrong, but the problem here is that—and this is not seeking to be partisan at all—under the SES funding model a school such as Kingsdene just with that funding would simply not have enough money. That is right, is it not?

Ms Paul—That is a matter for the school, I think.

Senator MASON—Okay.

Ms Paul—I do not think we can make that judgment.

Senator MASON—I did not mean to put it like that. But they would say that simply would not be sufficient.

Ms Paul—They might say that.

Senator MASON—And you cannot comment, I understand that.

Ms Paul—That is a hard judgment.

Senator MASON—But they might say that. We can leave it at that. That is fine. Sorry, Ms Horrocks, yes.

Ms Horrocks—I will just confirm that as a special school Kingsdene receives the maximum amount of funding available under the SES model.

Senator MASON—It is not even a criticism of the model. It is more that that money, the maximum amount, and I appreciate that they received the maximum amount, is not sufficient, they would argue, for their purposes. And I must say I agree with them. It does not seem to be enough. But that, I understand, is a different point. You cannot comment, Ms Horrocks, sorry.

Ms Horrocks—Thank you. Since that time, since the report has been commissioned, Anglicare and the school has come back to the department to say that they are unable to

continue with the current model. It is not financially viable to continue as they are and, as such, Anglicare have decided to withdraw their funding.

Senator MASON—For 2004-06, as to the model agreed by Anglicare, the Commonwealth and the New South Wales state government, Anglicare now has said that that model—

Ms Horrocks—It was actually emergency funding—

Senator MASON—Yes, emergency funding.

Ms Horrocks—to enable them to commission and develop an ongoing, sustainable model.

Senator MASON—But Anglicare are no longer satisfied with that model?

Ms Horrocks—They were not able to come up with a sustainable model.

Senator MASON—Thank you.

Ms Horrocks—Since that time, we have had meetings with Anglicare, with the parents and with New South Wales government representatives in order to examine the situation, and we have met with Parliamentary Secretary Bill Shorten in Sydney to discuss the issues. As a consequence of that we indeed offered to provide Anglicare with a further \$350,000 in 2011 and 2012.

Senator MASON—By way of emergency funding again?

Ms Horrocks—Emergency funding. But Anglicare have declined that, particularly as a condition of that funding was to support the department to undertake an efficiency audit of the school. Anglicare have declined that offer and advised that they will proceed with the closure. I would also note that they have actually advised that they are looking to redirect their current funding to Kingsdene towards respite care, which they believe will actually assist a greater number of families who have children with disabilities.

Senator MASON—Respite care for severely disabled kids?

Ms Horrocks—That is correct.

Senator MASON—I have received more representations, Minister and Ms Paul, on this issue than I have on anything else for quite some time.

Senator Carr—Senator Mason, it is a difficulty, as I think the officers have indicated to you. The Deputy Prime Minister has written and offered assistance which has been rejected by Anglicare. It is difficult to know what else can be done in the context. As you know, given your involvement in this issue, there has always been considerable criticism of governments in regard to disability funding.

Senator MASON—I know that.

Senator Carr—Under the previous government there was very substantial criticism. What has occurred is that there has been a review of these arrangements. New processes have been put in place. The attention of the government is to provide a long-term funding platform which allows schools to be able to plan for the future. In the circumstances, as I understand it, the Deputy Prime Minister wrote on 13 December to Anglicare outlining a funding initiative, offering emergency funding to the value of \$350,000 annually—presumably, that is twice.

Ms Horrocks—For 2011 and 2012.

Senator Carr—Yes, twice.

Senator MASON—That was in addition to the SES funding.

Senator Carr—This is a very, very substantial offer.

Senator MASON—I understand that, yes.

Senator Carr—The additional funding was contingent on Anglicare's agreement to the department actually conducting an efficiency audit. I do not think that would be unreasonable, given the amount of public support that is involved. On 18 December, Anglicare rejected the proposal and advised the minister that they had decided to proceed with the planned closure. In that circumstance, Senator, I think a fair-minded person such as yourself would find it difficult to argue that the minister could do any more.

Senator MASON—Well, despite the—how can I put this?—the sort of wrangling between the government and Anglicare, I am, as I am sure you are, Minister, and I am sure Ms Paul is as well, concerned about this. I was speaking to parents yesterday about this issue, and they are—and I am sure you would appreciate this—really concerned about their kids and what is going to happen next.

Ms Horrocks—Absolutely.

Senator MASON—This is, of course, Ms Gillard's responsibility; it is not mine. But I just want to reflect the fact that this did come up. It is a big community issue.

Senator Carr—Sure. You can understand parents' anxiety about their children's future, but I think if parents were to understand that the Deputy Prime Minister had made a very, very generous offer and that Anglicare had rejected that offer, perhaps they would see things in a different light. It will not change the fact that they will still want places for their children, and I am sure the department will work with the parents to see that every effort is made to secure suitable accommodation.

Senator MASON—This is a unique school for this country. It really should be a model school. I am told that next week on *Four Corners* they are going to be looking at foreign schools—I think, in the United Kingdom—looking after severely disabled kids. It would be a pity if we lost this initiative that I think everyone thinks is a great idea and a great proposal.

Senator Carr—Yes.

Ms Paul—I am not sure whether Ms Horrocks said this—you may have, and I apologise if you did—but we note that the school remains open throughout 2010.

Senator MASON—Yes.

Ms Horrocks—And Anglicare have committed to paying for a social worker to assist the families in their transition. We are also working with the New South Wales agencies to help them transition to other care arrangements. Of course, the residential facility is, as I said earlier, the responsibility of the New South Wales government, and they are working very closely with the parents and the families.

Senator MASON—All right. I just wanted to make you all aware, as I am sure you are, about the community concern about it.

Ms Paul—We absolutely understand that.

Senator MASON—The mother of one of the kids who was there said to me yesterday, and she put this beautifully, ‘No matter how severely disabled children are, they always teach us about our own humanity.’

Ms Paul—That is a beautiful thing to say, isn’t it?

Senator MASON—I do not have any disabled family, but I think we are all touched by it. So I just wanted to ensure that—

Ms Paul—Absolutely.

Senator MASON—everyone is aware of it.

Ms Paul—I entirely appreciate it.

Senator MASON—Can I ask about the St Lucy’s School? Are you aware of that one? Ms Paul, can I just ask: negotiations are ongoing, then, with Anglicare—is that right? There are still negotiations about Kingsdene?

Ms Paul—I am not sure, Senator, or whether Anglicare now have formally rejected the offer. It sounds like they have.

Senator MASON—Let us hope something can be worked out anyway.

Ms Paul—It sounds like there is a plan for closure, unfortunately.

Senator MASON—Thank you, Ms Paul. Turning to St Lucy’s School—

Ms Phillips—In Wahrenonga?

Senator MASON—Yes, thank you. Is it true that St Lucy’s School has had its funding reduced? I have information that its funding has been reduced by \$80,000 a year. Is that correct?

Ms Phillips—I am not aware of their direct funding because, obviously, they are within the Catholic education authority. However, the funding from the Commonwealth government, under the LNSLN—Literacy, Numeracy and Special Learning Needs—Program has not been reduced.

Senator MASON—It has not been reduced?

Ms Phillips—It has not been reduced.

Senator MASON—Has the total Commonwealth funding been reduced, do you know?

Ms Phillips—No, not in the LNSLN Program.

Senator MASON—Sorry?

Ms Phillips—Not in the Literacy, Numeracy and Special Learning Needs Program funding.

Senator MASON—Has any other funding that might be going to the school been reduced?

Ms Phillips—I would not be aware of that.

Senator MASON—Like Kingsdene, the argument is that sometimes governments are embarking on false economies, because if kids have to—

Senator Carr—The trouble with arguments is that—and, again, a man of your learning would know—the difference between an argument and the facts may well be substantial.

Senator MASON—I was not trying to be too partisan about this, Minister.

Senator Carr—As I understand it, in 2008 the Catholic Education Commission of New South Wales received an initial payment of \$43,243,569 which was supplemented by an additional \$1.7 million in that year, in 2009, and that in 2009 the New South Wales Catholic Education Commission received an initial amount of nearly \$43 million, and a further \$2.1 million was provided in December through supplementation. So that is an overall increase of \$78,000 on their 2008 allocation. It just seems that it is difficult to argue that there has been a reduction—

Senator MASON—Minister, thank you for that.

Senator Carr—when in fact it is not the case.

Senator MASON—Whether you say that is the case or not, the fact is that, whether it is Kingsdene—but we have heard about that—or St Lucy's School, or indeed the Vision Australia school, all may be forced to close because of funding difficulties. That is what they are telling constituents. Do you say that is not right?

Senator Carr—But that is the thing. My young lad came home last year to say that he could not go on an excursion because there had been funding cuts. The school had said there had been funding cuts. I made inquiries of the state government and it was not true. This was a state school in my area and I know, in the Commonwealth's case, there had been massive expansions of funding. So schools may well have views about what is happening which are quite contrary to the facts.

Senator MASON—I think, in the case of the first school mentioned this morning, Kingsdene, there is an issue and a real problem. I was not trying to make that into a partisan issue, but I do not think that there is any doubt that there is an issue there about whether that school will continue. I do not think there is any doubt about that.

Senator Carr—There is no doubt that the school will close because the education authority has decided to close it. Equally, there cannot be any argument that the minister provided additional support which was rejected.

Senator MASON—Sure. The bottom line remains that we are going to have severely disabled kids no longer able to embark on a residential component in a school anywhere in this country. Now, I am not sure if that is a good thing. You may think it is all right; I am not sure it is.

Senator Carr—I am not saying it is right. I am just saying to you that, at a time when there has been a doubling of support for schools in this country under this government, the claim there has been a reduction in funding cannot possibly be true.

Senator MASON—You say that, Minister. We will explore that another time. Do we have anyone from the Vision Australia school—

Ms Phillips—I am aware of this school.

Senator MASON—Are you aware that they are experiencing financial difficulties?

Ms Phillips—I understand that there has been a change in the model of delivery of those services to children with sight/visual issues, and I know that they have been in some representations to the department.

Senator MASON—Has the new model meant less funding?

Ms Phillips—Not that I am aware of, no.

Ms Paul—The new model is by them—

Ms Phillips—By the state government.

Ms Paul—not by us, to clarify.

Senator MASON—Sorry, I misunderstood. But you have received representations from the school?

Ms Phillips—We have received some correspondence from the school.

Senator MASON—Is there any contemplation of emergency funding there?

Ms Phillips—Not that I am aware of.

Senator MASON—I will pursue it later. Thanks, Ms Paul.

Senator CORMANN—I have just got a series of questions in relation to the trade training centres and schools. How many trade training centres and schools are operating today?

Mr De Silva—There are 108 projects underway. Forty-six have commenced construction, five have been completed and one is delivering qualifications.

Senator CORMANN—The question was very specific. How many trade training centres and school are operating today?

Mr De Silva—There is one trade training centre which is delivering qualifications.

Senator CORMANN—One? How many students are in that one trade training centre?

Mr De Silva—Based on discussions with the school, there are about 380 students.

Senator CORMANN—No. How many in the actual trade training centre?

Mr De Silva—One hundred and ninety of those will be using the trade training centre.

Senator CORMANN—When you say ‘will be using the trade training centre’, is that, like, for an hour a week?

Mr De Silva—Some students will be using it on a full-time basis and there will be other students, they may be in years 9 or 10, who will do intro courses.

Senator CORMANN—Excellent. So how many students are going to be using this one trade training centre on a full-time basis?

Mr De Silva—I do not have that info here. We will not get full data until they complete their annual report, which is due in March 2011.

Senator CORMANN—What? Hang on. You have all of the other information that makes the numbers look good—like 300 students and 190 students. There is only one operating and you do not know how many students are using that one trade training centre on a full-time basis?

Mr De Silva—The schools are required to report on an annual basis. They are required to provide that in March of each year, based on the previous academic year. The school has provided that information in advance, but they are not required to. That is what I have provided to you.

Senator CORMANN—But how did you get hold of all the other information when you cannot get the most salient information? Given that this is set up as a trade training centre in a school, which was one of the flagship pre-election commitments, as a replacement and successor to the Australian technical colleges, how are you not able to tell me how many students are actually taking advantage of that one trade training centre in all of Australia on a full-time basis?

Ms Paul—It has probably only recently opened. Would you like us to take it on notice and get a figure earlier for you?

Senator CORMANN—Would you be able to get that perhaps today?

Ms Paul—I am sure we can just contact the school and see what the story is.

Senator CORMANN—I would have thought that that is a very—

Ms Paul—If we get it today, that is great. We will try our best.

Senator CORMANN—I would appreciate if you could get that information today. That would be fantastic. Thank you. So where is that one trade training centre in schools?

Mr De Silva—It is Aviation High School in Brisbane.

Senator CORMANN—Aviation High School? Aviation? Like flying?

Ms Paul—That is right.

Senator CORMANN—So is it a flying school?

Mr De Silva—They are doing aeronautical qualifications?

Senator CORMANN—So what do the 300 students that are in that school do? It is a specialised school, is it?

Mr De Silva—It is a specialised school. They are doing qualifications dealing with aviation. So the trade training centre has developed things like a wind tunnel.

Senator CORMANN—So that is quite a unique secondary-type school then. It is not your typical, run of the mill, one of the 2,650 ordinary secondary schools, is it?

Mr De Silva—I cannot comment on that. I can comment on what they are building.

Ms Paul—It is quite a well-known school. I certainly have heard about it over many years, and it is had a good reputation over quite a long time because many of the trades and areas of skill in the aeronautics industry are emerging industries. So it has been seen as a lead school in innovation as well.

Senator CORMANN—I am sure it is an exceptional school and I am sure that they are doing exceptional work, but in terms of your ordinary, mainstream offering and the broad spectrum of high school courses there is actually not one single trade training centre operating today, is there?

Ms Paul—I would expect that the skills offered at Aviation High will be well transferable into other areas. That is something which is a feature of the aeronautics industry, to my understanding of the innovation in that industry.

Senator CORMANN—What is your current time frame for all 2,650 secondary schools to have fully operational—and I just stress again ‘fully operational’—trade centres in school?

Mr De Silva—Under the program, all school are eligible to apply for funding. To date, there have been two funding rounds. So it is actually based on the number of schools that apply in each round.

Senator CORMANN—So all schools are eligible? In those two rounds, how many have applied?

Mr De Silva—In total, there have been 364 applications, representing 1078 schools.

Senator CORMANN—How many of those applications have been approved for how many schools?

Mr De Silva—The number of applications that have been approved is 230, representing 734 schools.

Senator CORMANN—For those 230 approved applications for 734 schools, what is your time frame for those 734 schools to have fully operational trade training centres?

Mr De Silva—The time frame for each project is dependent on the project. It depends on the size, scale and complexity.

Senator CORMANN—As a very expert public servant overseeing these sorts of things, I am sure you have got project plans with expected time frames.

Mr De Silva—For each of the projects there is a funding agreement which sets out the milestones at which point the projects will start construction, meet midpoint and reach completion.

Senator CORMANN—Rather than to hold up the committee, would you be able to provide us on notice the expected time frames for those 734 schools to have fully operational trade training centres?

Mr De Silva—We will be able to do it for round 1. We are in the process of working through all the funding agreements for round 2 successful schools.

Senator CORMANN—So, in round 1, how many applications were approved for how many schools?

Mr De Silva—For round 1, a total of 138 applications, representing 432 schools.

Senator CORMANN—For those 432 schools, you will be able to give us an indication as to what the time frame is going to be by which—

Mr De Silva—I will be able to provide it for 108 schools.

Senator CORMANN—So for 108 schools you will be able to give us an indication as to when they are fully operational trade training centres?

Mr De Silva—Yes.

Ms Paul—I will just clarify that. That is 108 trade training centres you are talking about, not 100 of the 400 schools.

Mr De Silva—Trade training centres, which will represent 336.

Ms Paul—Yes.

Senator CORMANN—So some schools will share trade training centres, will they?

Mr De Silva—Yes. There are trade training centres where there are clusters of schools.

Senator CORMANN—How many trade training centres in schools do you expect to be fully operational by the end of this calendar year?

Mr De Silva—By the end of this calendar year we expect 68 trade training centres to be completed.

Senator CORMANN—For how many schools?

Mr De Silva—Representing 173 schools. And we expect all of those to be delivering qualifications at the start of 2011.

Senator CORMANN—What is the spread of training courses that is going to be available in those 108 trade training centres? Is it a standard list or is it different from school to school?

Mr De Silva—It is different from school to school. The qualifications provided at each trade training centre are tailored to the needs of the students in that area and the shortages there.

Senator CORMANN—As determined by whom?

Mr De Silva—As determined by the national skills needs list. Under the program, schools can apply based on the qualifications that are approved for the program, and it is aligned with the shortages that may be experienced in that area.

Senator CORMANN—But who determines what is needed? Is there industry involvement? Who actually makes the decision that your school needs this and your school needs that? Is it a local decision by the school community with some input from industry, or is it something where you say, 'This is what you can do'?

Mr De Silva—The qualifications are drawn from the national skills needs list. What schools apply for is up to them, drawn from that list. We do not say, 'This school can apply for these qualifications.'

Senator CORMANN—So the school locally—

Mr De Silva—They put forward, 'We would like to do these quals.'

Senator CORMANN—And as long as it is on the list, you say 'tick'; is that right?

Mr De Silva—Yes.

Dr Bruniges—Senator, I can add, having had a direct experience in a jurisdiction of that, that schools will work with their local industry groups to put together a whole lot of innovative practices and to see what is needed. You would have local area consultation, across both the government and the non-government sector; indeed, with industry. They would put forward a proposal to the Commonwealth with the range of qualifications. I think what that

has done is to ensure that the facilities that will be built will be able to deliver the certificate IIIs and industry standards that traditionally a school, in its own right, has not been able to deliver. So you will see different practices in different jurisdictions, as a number of schools cluster together to ensure that they get the best service and facilities coming together for that particular region.

Senator CORMANN—Thank you for that. But when you say ‘will work with local industry groups’, is that something that you expect them to do, or is that a requirement, as part of the Commonwealth providing funding? Do you require them to consult with local industry groups?

Mr De Silva—Part 5 of the program guidelines set out the criteria for funding. Part 5.1 deals with the quality of the proposal, and in that it deals with the extent to which schools have engaged with local industry, employers and so on, in part to make sure that the trade training centre is relevant to the skill needs in that area but also so that they can ensure there are job placements.

Senator CORMANN—But is it a requirement, or do you encourage it by virtue of having it in those—

Mr De Silva—It is one of the issues that we assess when we determine quality.

Ms Paul—In other words, the proponents are actually competing with each other in how well they will do that. It is one of the criteria.

Senator CORMANN—Okay. In terms of round 2, you accelerated that. That is right, is it not? Was round 2 accelerated, compared to the original—

Mr De Silva—There was \$110 million brought forward into round 2, but the timing of round 2 was always going to be towards the end of last year, and that is when it occurred.

Senator CORMANN—So the timing has not changed since the initial—

Mr De Silva—No.

Senator CORMANN—You have just put more money into it. Presumably that means that you are able to have more schools apply?

Mr De Silva—Yes.

Senator CORMANN—Which accelerates it from a potential round 3 into round 2?

Mr De Silva—In terms of the numbers that would have been built, the answer is yes. One hundred and ten million dollars was brought forward from next financial year to this financial year, increasing the total funding available in round 2 to \$387 million.

Senator CORMANN—You gave me a few facts and figures around round 1, but what is the current status of round 2? Where are you at?

Mr De Silva—In round 2, the announcement was made on 5 November last year. We approved 92 projects, representing 302 schools. We are meeting with the schools right now to work through the funding agreements for each of those projects.

Senator CORMANN—You are meeting right now, so what is the time frame in which you think you will be making decisions?

Mr De Silva—Funding has already been approved.

Senator CORMANN—Yes, I understand the funding has been approved, but you are assessing the applications at the moment, aren't you?

Mr De Silva—No.

Senator CORMANN—So the projects have been approved?

Mr De Silva—The projects have been approved. Before a project can start, an individual funding agreement needs to be made between the Commonwealth and the school and/or the—

Senator CORMANN—And that is the process that you are going through now?

Mr De Silva—That is the process that we are going through now.

Senator CORMANN—When do you expect that to be concluded and when do you expect those round 2 trade training centres and schools to be fully operational?

Mr De Silva—We are aiming to get all of the contracts executed this financial year. The actual dates for when those projects will be completed will be dependent on the actual projects. Some will be shorter; some will be longer, depending on how complex they are.

Senator CORMANN—So essentially at this stage you do not know, even for one of them, when they can be fully operational?

Mr De Silva—Not with certainty.

Senator CORMANN—Sorry?

Mr De Silva—No.

Senator CORMANN—Not with certainty? Do you know with 'uncertainty'?

Mr De Silva—All I can say is that we are working through each of the projects with the schools to determine the milestones for that project.

Senator CORMANN—So the reality is that you do not know, full stop, really?

Mr De Silva—Excuse me?

Senator CORMANN—At this point in time you do not know, full stop, as to when the round 2 trade training centres and schools are going to be fully operational?

Mr De Silva—Under the guidelines there is a requirement that all projects are completed by June of the following financial year. That is in the guidelines, and that is what is worked to by—

Senator CORMANN—So that would be June 2011?

Mr De Silva—2011.

Senator CORMANN—So there is a requirement that those that sign contracts are fully operational by June 2011—

Mr De Silva—That all building and construction—

Senator CORMANN—which means that they will start a full year in February 2012, presumably?

Mr De Silva—Yes.

Senator CORMANN—Okay. So in February 2012, let us assume that all your round 1 and round 2 schools are fully operational, things going well. What proportion of the 2,650 secondary schools will have a fully operational trade training centre by then?

Mr De Silva—As I said, the total number of applications was 364. The total number of schools which are represented by that is 1,078.

Senator CORMANN—Which is about 40 per cent, roughly? A bit less. I will check that. Moving on to the Australian technical colleges for a moment: how many ATCs will be closed by the end of 2010?

Mr De Silva—I am actually not responsible for ATCs.

Ms Paul—ATCs come under outcome 3, which we are doing later today.

Senator CORMANN—I am happy to do it later. I just assumed that trade training centres and ATCs—

Ms Paul—Yes, I know. I am sorry about that.

Senator CORMANN—had a logical correlation, but I am happy to—

Ms Paul—It is a factor of history which maybe we—

Senator CORMANN—So when are we coming to outcome 3?

CHAIR—When we finish this one. Do Senator Fielding or Senator Hanson-Young have questions on trade training centres?

Senator FIELDING—Yes, I have some questions.

CHAIR—On trade training centres?

Senator FIELDING—Not on training centres, no.

CHAIR—Senator Cash?

Senator CASH—I also have some questions on trade training centres. Mine are really following up in relation to the answers that you gave at the October estimates hearing, and I apologise if they cross over slightly in relation to areas that Senator Cormann has canvassed. In terms of the expression of interest for round 3, can you just confirm how many schools have expressed an expression of interest in the program? Could you also confirm how many projects are available in round 3?

Mr De Silva—The number of schools that lodged an expression of interest was 141.

Senator CASH—141; for how many projects?

Mr De Silva—It would be 141 projects.

Senator CASH—141.

Mr De Silva—It may represent a number of schools.

Senator CASH—A number of schools.

Mr De Silva—Yes.

Senator CASH—Absolutely. When you actually go on to the website in relation to how to apply it states that:

Note: The Round Two Program Guidelines should be used for the Round Three Expression of Interest until the Round Three Program Guidelines are available.

Is there a lapse in terms of actually developing the round 3 program guidelines?

Mr De Silva—The round 3 program guidelines have been approved. We are currently typesetting and we are trying to get them published by Monday next week.

Senator CASH—So by Monday next week you would expect them to be available on the website?

Mr De Silva—Yes.

Senator CASH—Okay. In terms of when they should have been available, when was the expectation that the round 3 program guidelines should have been uploaded to the website?

Mr De Silva—It was always the indication that they would be available in Feb this year.

Senator CASH—In February of 2010?

Mr De Silva—Yes.

Senator CASH—Thank you very much. The total expenditure for round 3 of the program?

Mr De Silva—\$103.4 million.

Senator CASH—At the estimates hearings in October you gave evidence that from round 1, 96 projects were underway. Just listening to some of the answers that you gave to Senator Cormann, have any further round 1 projects commenced?

Mr De Silva—There are now 108 on the way.

Senator CASH—There are now 108. Okay. So since October we have had, what, 12 additional ones commence?

Mr De Silva—Yes.

Senator CASH—Okay. Are you able to provide us with the details of when each project commenced?

Mr De Silva—Yes, we can.

Senator CASH—You would need to take that on notice.

Mr De Silva—Yes.

Senator CASH—Okay. And each one has commenced?

Mr De Silva—For all 108 we have executed an agreement.

Senator CASH—Yes.

Mr De Silva—They will be in various stages. Some may have gone to a tender process. There are 46 which have commenced construction.

Senator CASH—In relation to the stage at which each of those 108 projects is at, could you also please provide, when you are providing the date of commencement, the actual stage the project is actually at?

Mr De Silva—That is fine.

Senator CASH—At the estimates here in October you also gave evidence that the first trade training centre was to be completed this month. I understand that must have been the Aviation High school in Brisbane.

Mr De Silva—Yes.

Senator CASH—And that a further 15 are expected to be completed by January 2010. I am quoting from your evidence on the *Hansard* and then a further 12 by May 2010.

Mr De Silva—Yes.

Senator CASH—In terms of the trade training centre that was to be completed by October 2010, we can give that one a bit of a tick. Of the 15 trade training centres that were to be completed by January 2010, how many have been completed?

Mr De Silva—Four were completed in January. We expect a further five to be completed next month and a further nine by May.

Senator CASH—Okay. So in relation to the 11 that were to be completed by January 2010 why have they not been completed?

Mr De Silva—We were working with the schools to try and get them done as quickly as possible. There have been some delays. There was a cyclone in the Northern Territory that affected the construction of one project there. The circumstance for each project is unique to that project. There is another school where the soil for the foundation needs to be treated before they can start building, which was unexpected.

Senator CASH—Could you take on notice, please, to provide the reasons that each of the 11 trade training centres, which the department had the expectation were to be completed by January 2010 and clearly have not been, have not been completed in that timeframe? And could you also, please, provide the name of each of the affected projects? And could you also, please, provide the expected completion date for each of those projects? With reference to the 12 trade training centres that you said at the last estimates hearing were to be completed by May 2010, could you please provide an update as to how they are progressing?

Mr De Silva—I actually covered that off in my first answer to you. Because I said we expect five to be completed next month.

Senator CASH—Yes.

Mr De Silva—We expect a further nine to be completed in May.

Senator CORMANN—Can I just quickly jump in?

Senator CASH—Absolutely.

Senator CORMANN—So centres that start in May, that really is in the middle of an academic year, I guess. They will not immediately become fully operational, will they? They then become fully operational in February next year, do they not?

Mr De Silva—It will depend on the actual project. Some schools will have an intake in the second half of the year, so it depends on how it aligns with the schools.

Senator CORMANN—They might use the facility to a certain degree, but it will not be part of the integrated school year.

Dr Bruniges—It could well be, Senator. Some schools operate on a semester basis, so they divide the year into two semesters where students would study in the first semester, being traditionally the first two terms of the school a particular course and then change to another course in the second semester. So we would need to look to see how many were running a semester system. But it is possible to start a qualification course in the second half of the year.

Senator CORMANN—When you say some, do you have some data around that? And I am not going to keep at it for much longer, but do you have some data as to how many schools run on a semester basis to the extent where they will be start using them in the second half of the year on a full-time basis?

Dr Bruniges—I think we could probably check for you, of the ones that we have spoken, to which ones. I am happy to take that on notice.

Senator CASH—Mr De Silva, I just need to clarify what you are actually saying. My understanding from your evidence at the October Senate estimates hearing, and I am just going to quote from the *Hansard*:

The first TTC is due to be completed this month.

Which was October and it has been. I responded:

So none is actually up and running yet?

You responded:

No. The first will be completed this month and then a further 15 are expected to be completed by January 2010 and then a further 12 by May 2010.

My understanding was by May 2010 that there would be 27 trade training centres plus the one that commenced in October 2008 up and running. I have just asked you about the 15 trade training centres that were to be completed in January and you have stated that four were completed, five next month and a number the following month. And I then asked you with reference to the 12 trade training centres that are due to be completed in May and you said you had answered it previously. I am confused in terms of the 28 that I thought were going to be commenced.

Mr De Silva—So in terms of what I said in October we expected 15 in January.

Senator CASH—Correct.

Mr De Silva—And then a total of 27 by May.

Senator CASH—Correct.

Mr De Silva—Okay. What I said is four were completed in January.

Senator CASH—So a lot less than the department's expectation?

Mr De Silva—Five will be completed next month.

Senator CASH—Five at the end of March, so we are now up to nine out of 27.

Mr De Silva—A further nine by May.

Senator CASH—Nine by May. Nine and nine is 18 out of 27, so we are missing several.

Mr De Silva—And then in terms of the other ones we are working with the schools to determine how best to progress those projects.

Senator CASH—Okay. How does that sit in terms of performance outcomes, though? In October you had an expectation that 27 under this program would be completed by May 2010. At most you have now said you will have 18. And I have to say, based on the fact that you said 15 would be completed by January and we only have four, let us discount that down to about eight or nine.

Mr De Silva—In terms of the delays that have been experienced by some schools, as I said, one school was affected by a cyclone.

Senator CASH—I am happy to accept that was one school.

Mr De Silva—For other schools they have discovered issues which were not anticipated.

Senator CASH—What checks and balances, though, are in place? This is a huge spend of public money. I think everybody accepts that. Clearly, the expectation that 27 would be up and running by May is potentially not going to be met based on the department's expectation for January 2010, which was a complete failure. What are you doing to ensure that 27 trade training centres under this program are going to be completed, as was the department's expectation in October 2009, by May 2010?

Mr De Silva—We are having ongoing discussions with the schools and with the education authorities to identify what issues have arisen and how quickly those can be worked out.

Senator CASH—Was the department satisfied that only four projects were completed in January when its expectation was 15?

Ms Paul—I do not think 'satisfied' is the word. I think we were very interested in them going as fast as they can, so we are doing—we are pulling out all stops to work with them to make sure that, where they can accelerate, they accelerate.

Senator CASH—What is your expectation by May 2010? Will the 27 be completed?

Ms Paul—I think Mr De Silva has just outlined that.

Senator CASH—I am asking what your expectation is as the head of department.

Ms Paul—It is the same as Mr De Silva has explained.

Senator CASH—So you would hope 27, but if we end up with seven or eight, so be it?

Ms Paul—I did not say that. I was agreeing with Mr De Silva that we were working with them really seriously and really hard to make sure that they can meet their commitments.

Senator CASH—In the October Senate estimates hearing we spoke about the opening ceremonies.

Mr De Silva—Yes.

Senator CASH—At that stage, no trade training centres had been completed and, therefore, no opening ceremonies had occurred. Has the new aviation school in Brisbane had an opening ceremony?

Mr De Silva—They have not had one yet.

Senator CASH—Do they expect to have one?

Mr De Silva—They will have one, yes.

Senator CASH—They will be having one. So they are not going to apply for the exemption that they are able to apply for and not have—

Mr De Silva—No. Under the program, if there are major capital works, schools are required to have an opening ceremony. That must occur within six months of commencement.

Senator CASH—That is right, yes. And this will be the first school, I think, to put up a plaque. Will they be putting up a plaque?

Mr De Silva—Yes.

Senator CASH—Okay.

Senator CORMANN—Next to the plane. It is nice and close to the airport, apparently, that school. I just checked it out.

Mr De Silva—It is quite close to the airport.

CHAIR—I do not know why you think aviation skills are funny.

Senator CORMANN—I have got my—

CHAIR—This is one of our—

Senator CASH—He has got a pilot's licence.

CHAIR—very important developing skill bases.

Senator CORMANN—I have got my old pilot's licence. I think it is a very important skill, absolutely.

CHAIR—Good.

Senator CORMANN—Hardly a mainstream secondary high school, Mr Chairman.

Senator CASH—Do you know yet what the wording is that is going on that plaque?

Mr De Silva—We provide a package to schools which sets out what the wording is.

Senator CASH—Are you able to provide a copy of the package to the committee?

Mr De Silva—I will take that on notice.

Senator CASH—And what is the size of the plaque?

Mr De Silva—What we have told schools and what is in the program guidelines is the size of the plaques must be commensurate with the size of the structure and—

Senator CASH—Okay. What is the expectation? How big is this plaque going to be?

Mr De Silva—We have actually left it to schools to determine the most appropriate size.

Senator CASH—To fit in, yes. So what would the expectation be? I am not sure how big this project is, in terms of what the department's thinking is.

Mr De Silva—Okay. The standard plaque size in many schools is roughly the size of an A4 page, and so if they did that, that would be fine.

Senator CASH—Okay. And just remind me what the cost of the plaque is.

Mr De Silva—The cost of the plaque is based on what they make it from, and we do not state that they must make it from a certain kind of material.

Senator CASH—Okay. That concludes my questions.

Senator FIELDING—Are you aware of Mildura Primary School, Chaffey Secondary College, and Mildura West Primary School in Mildura, Victoria, performing well below the national average? I assume you know your figures. They are in the system. I will not test you on how many you know, but I assume—you can take my word for it: they are very low.

Dr Bruniges—Out of the 10,000, I am not aware of those particular schools, but—

Senator FIELDING—I can assure you they are very low, under-performing schools. Can you tell me how much federal funding is directed to those schools?

Dr Bruniges—I do not have that with me but I am happy to take that on notice.

Ms Paul—We can take it from the record, but would you mind just mentioning the school names again, please?

Senator FIELDING—Yes, Mildura Primary School, Chaffey Secondary College, Mildura West Primary School, all around the Mildura, Victoria area. And they are well below the national average, as far as—

Ms Paul—So they are state government schools, by the sound of it, all of those?

Senator FIELDING—Yes.

Ms Paul—Okay. Okay. So to get the funding information, we would need to ask the state government how they are directing funding towards those schools, and we are happy to do that. I just wanted to understand which sector they were in.

Senator FIELDING—Do you have that number—not here, but do you have the number?

Ms Paul—For the finances?

Senator FIELDING—Yes.

Ms Paul—That is the piece which is still being worked on, and my colleagues can describe that. You might have seen some of the public comment about this. Finances for each school will be on the website, but not until later this year.

Senator FIELDING—So if you could take that one on notice and ask them what it is, I would appreciate that. Obviously, you do not have it here.

Ms Paul—Yes, that is what we would need to do at the moment.

Senator FIELDING—Could you just go through the plan of how you would bring up those schools to a standard? I know that this is something that is state and federal, but you folks are taking a big stake in this.

Ms Paul—That is absolutely right. We would expect there would be activity at the school level, at the state level and at the system-wide level. So we know that many schools, having now seen their results for the first time in that particular way, are already talking in their school communities about what they can do, because, of course, you are probably aware that the quality of teaching itself is one of the key influences on student outcomes. So schools themselves have a big part to play. Then the state—the Victorian state government, because

those schools are state schools—will undoubtedly work with those schools. Some schools are also part of the various Smarter Schools national partnerships, which have attracted federal funding above and beyond the \$45 billion plus of funding that flows from the Commonwealth to the states and then is supplemented with state funds for schools. So you would expect three levels of activity: school level, because they have the capacity to improve; system level or state level; and Commonwealth state level.

Senator FIELDING—I will come back to the answer to that one in a second. I will tie it to another area, if I can. Bendigo is another area that has a high proportion of schools performing well below the national average: Bendigo Primary School, Bendigo North Primary, Bendigo South East 7-10 Secondary College, California Gully Primary School, California Gully, Comet Hill Primary School and Weeroona College. They are all struggling. You are still going to give funding. How are you going to tie it to performance? I do not get that feeling. In the past, you just dished out the money, and I do not think—

Ms Paul—Well, we have never—

Senator FIELDING—Fair enough, you have got a website, but I want to know what the department is going to do to drive this—more than just saying, ‘Well, we have got a website that shows you the low-performing schools. Here is the money. Go to those.’

Ms Paul—That is a really good question. So in the national partnerships—which is really the three Commonwealth/state areas that I talked about—we are driving very hard with states on what sort of initiatives they are going to implement to improve performance. There is a really nice range of initiatives which the states have started to undertake, and so they could be wide ranging, according to the circumstances that are needed. So it could be bringing in an expert literacy teacher—someone who is really well accomplished and well recognised in that area. It could be bringing in a coach for the principal. It could be professional development in certain ways. It could be an understanding within the school community of what those particular students need and working to focus the curriculum in that local context in that way. So there is a wide range of different approaches and we will, through the national partnerships, be keeping a very, very close eye on what those are. And then the proof will be in the pudding with these national tests, because we have never before actually had the capacity to see in the public gaze how schools are doing it at all of years 3, 5, 7 and 9 against all those domains in those very important areas of literacy and numeracy. And you would hope, then, to see a difference year on year.

Senator FIELDING—Warrnambool has similar problems: Brauer Secondary College, Warrnambool College, Warrnambool College, Warrnambool East Primary School, Warrnambool West Primary School—not performing well. I will be interested to know how much federal funding has been going to all those schools I have raised this morning.

Ms Paul—Sure.

Senator FIELDING—The minister has advised there is \$63.7 billion for education in 2009 and 2012. How much of that money will be going to those schools and how is it going to be allocated?

Ms Paul—Yes. That is exactly the exercise that is being carefully undertaken right now, that I mentioned will then be on the website later on this year. We have actually never been

able to answer that question. What we will do for you is to go the state government and ask. Meanwhile, we have a whole lot of technical people working on precisely that question for every school in Australia. The plan for that is that that will go on the website later on this year when that is settled and all the comparisons are fair and all the ways of measuring it are fair, and all that sort of business.

Senator FIELDING—How do we know whether this is going to work? What performance benchmarks have you put in place, say, for those lower performing schools? Do you expect these schools to rise up to the average or above in one year, two years, three years? In other words, it is performance benchmarking the government. You can performance benchmark the schools, but what about performance benchmarking the government? In the past you just doled the money out and there has not been very much scrutiny of performance. How long do you expect these schools to take before they are up the—

Ms Paul—It is a really good point you make. We have never before had the capacity, through the COAG process with these new things called the national partnerships, to actually direct money to the schools that need it most. It was actually hard to know. Now, for the first time ever, we have two things which make that possible: one, we actually have the data, thanks to NAPLAN and now the website; second, we have the capacity through these national partnerships which target the right things—disadvantage, teacher quality—to match those things up.

In terms of your question on performance information, for one thing, we are very rigorous with our monitoring and the performance information that we will require through the national partnerships. But, in a way, the best possible result is exactly as you say—that is, to see the change in those schools' NAPLAN results over time and in any other results which might be added to the website. That is by far the most important thing for the kids that go to those schools.

In terms of your question of how long we expect it to take, it is impossible to call globally. It would depend on where each of those schools is coming from, what issues they have to address and so on. But that is precisely the sort of plan that we will now start seeing within those schools. The nice thing about the website, among many things, is that the My School website allows 200 words of the school's own words about what it is doing, but it also has a link to the school's own website. I would not be surprised if we see—and this is something you could even suggest to them potentially, I suppose—that the schools' own websites start to reflect what they are doing about this. It is much more open and it gives them an opportunity to actually tell their school community, 'Yes, okay, we are struggling here, and this is what we are doing about it.'

Senator FIELDING—The reason why it is fairly important is that kids may move out of these schools, where there is a choice, and go somewhere else. That would make the problem worse. Therefore, there needs to be a time frame put on these schools by the federal government, in conjunction with the states, of when you would expect them to get up to a certain level. Otherwise you may find the same question being asked in five years' time, when not enough is being done and, all of a sudden, the states and the federal government start to blame each other again.

Ms Paul—That is not going to happen in this circumstance because of the things I mentioned before. The bottom line is this: of course, all kids deserve to get the best education they can, and the thing about the My School website is that now they have a reflection of performance in those important areas of literacy and numeracy. The second point is that the national partnerships are the first time that significant federal money is being directed to particular areas of disadvantage—low SES, teacher quality, literacy and numeracy. Those are the things that will make a difference to the results that you are referring to, which have been reflected on this website. We will see differences year-on-year through the results, and I think that will be very interesting.

Senator FIELDING—What is the department's expectation of how long, generally speaking, before these schools would come up to the average? Is it a decade, one year or five years?

Ms Paul—That is hard to call. It depends where they are starting from. I have given you a general overview of the performance requirements in the national partnerships. My colleagues can give you the detail of our targets and so on. I think that will probably be useful for you.

Ms Hanlon—In the literacy and numeracy national partnership that Ms Paul has referred to, we have set established targets for the reward component of this particular funding. That kicks in in 2011. We will be monitoring very closely the improvement of students through NAPLAN and other agreed local measures to identify the level of improvement and hence the amount of reward funding that that state should receive. So there is a very clear measurement framework, with targets established and agreed with the states and territories for 2011 and 2012 reward funding under that national partnership.

Senator FIELDING—Will there be a specific action plan for each school that I have identified that has bridging the gap? When is that likely to be done or has it already been done?

Ms Hanlon—The national partnerships schools that have been identified by the states—which may not absolutely correlate with the ones that you have read out—will have school plans published this year that will identify the actual strategies that they will be employing at the school to support students who are disadvantaged and who are poorly performing in literacy and numeracy. It will also identify the Commonwealth investment that is being used to build that strategy and approach.

Senator FIELDING—Okay. Can we get access to these plans?

Ms Hanlon—Certainly. They will be publicly available.

Senator FIELDING—I look forward to seeing those. Thank you for getting some of those figures back for me on notice. There has been a question raised about disability funding. I do not want to get into that in too much detail other than there is a feeling that one of the downsides—and I think there are a lot of upsides to measuring performance in schools—is that there may be a reluctance to take on kids with learning difficulties. What is your view on those sorts of concerns? It involves extra cost for schools in handling people with disabilities and there are some problems around how much funding they can get.

Dr Bruniges—We are seeing a lot more integration of disabilities in schools these days. You have particular units in schools. There are support structures both for teaching and for

learning and there is assessment of those students with a learning disability. We will continue to work closely at the national level with associations around what we can do to provide further support.

Just before Christmas, I had a meeting with Fiona Forbes, head of the Australian Special Education Principals Association, who does a great deal of work in that area. Out of the principals' forum last year, the Deputy Prime Minister gave a commitment to some further follow-up around looking at the feasibility of the assessment of learning with students with disabilities. I have also heard directly some of the issues that have been raised through my contact with those associations, and we are working with them to have a look at the range of support we can put in place.

Senator FIELDING—There is a concern at the moment that some of the lower performing students in some of these schools get branded and it just creates more of a public shaming for some of those people. So I am very interested in exactly what is happening in that area. It may not be in this area, but it is a bit like GPs being able to refer someone through to a specialist. I tend to think teachers should be able to refer a kid through to a free assessment for a learning disability like dyslexia or something. That way you will know for sure who you are dealing with. It is something that I really believe needs to happen. Years ago I think there used to be some sort of funding for testing of kids with dyslexia and those sorts of things and that is greatly missed.

Ms Hanlon—Senator, I think we may have discussed this at the last hearing to a degree. I think I explained that there is funding for students with disabilities that the Commonwealth provides on a per capita basis, but that is based on a definitional issue at the state level. We certainly take the point about students with learning difficulties as a separate case, if you like, to students with severe physical disabilities. Learning difficulties is a growing space. It is an environment where a whole range of other diagnostic instruments are required to diagnose the specific learning difficulties of children. I would suggest that through the national partnerships, again, one of the emphases be on diagnostic tools to support teachers in mainstream classes to define those learning difficulties as early as possible.

Senator FIELDING—The concept I am thinking about is that someone needs to refer these kids through so that they can find out exactly where they are at—not in a negative way but in a positive way, to actually help them.

Ms Hanlon—Yes, defining it.

Senator FIELDING—This is the problem: it is picked up too late, they fall beyond and, after a year and a half or two years, the best thing about school is coming home; the worst thing is going to school. So if it is not picked up early, they really fall behind.

Dr Bruniges—The other part of that is preservice teacher education. What do we have in place when teachers are being trained to help them identify when there is an issue, so that they can act promptly and get expert support by referrals? There are probably a range of programs in different states and territories where early intervention programs exist, but it is certainly an area where we are happy to do more work, both in the preservice field and in our current workforce.

Senator FIELDING—How much money would a school receive from the federal government if they had a student with a disability enrolled with them, and how would that compare if they were in a public versus a private school? Are there different funding arrangements for those in public and private schools? If you have got a kid with a disability, is it the same?

Dr Bruniges—Senator, that will depend from jurisdiction to jurisdiction. One of the commitments of the ministerial council has been to look at a common definition.

Senator FIELDING—What about in Victoria, for example, which you would know?

Dr Bruniges—I know that in the ACT there is no difference. They have a scan process.

Senator FIELDING—But in Victoria there is.

Dr Bruniges—I am not sure about Victoria. I would have to take that on notice.

Senator FIELDING—Could you come back to us then with what they are in each state and territory?

Dr Bruniges—Absolutely.

Senator FIELDING—Sorry, I interrupted you. Keep on going. There are differences between them.

Dr Bruniges—There are, yes. The way in which those processes work in different states and territories is different. I can talk about the ACT, where they have a student appraisal of need, which is quite a rigorous process for all students in both government and non-government sectors and which works out the range and type of support that students on that scale will receive—for example, an additional teachers' aide or additional support material and so forth. It does vary from jurisdiction to jurisdiction.

Senator FIELDING—Could you provide on notice for each state and territory what the differences are, because there is a concern about different levels of funding for a kid with a disability whether you go to a public or a private school. That is a concern, I think, to a lot of people. Monash University reported on portable funding for education of students with disabilities. That Monash report was released late last year, wasn't it?

Ms Phillips—Yes, it was released in April 2009.

Senator FIELDING—It identified some major concerns for the education of these students: inadequate funding levels, lack of national agreement on a set of criteria for assessing disabilities, which you went into before, lack of funding parity across the schooling sectors. What is the plan there? I know we touched on some of the issues, but what is the department's plan for this?

Ms Phillips—The department is working across a number of areas, Senator Fielding. On the COAG work plan in 2010 is the commencement of a work project to look at consistent definition of students with disabilities so that we are in a better position regarding data and comparability. There is also, of course, the work being done under the National Disability Strategy. There is the work that has been done recently through the dyslexia forum, and that report is being considered by government. There is also work in the review of the national disability in education standards. There are a range of activities.

Senator FIELDING—Yes, it seems as if there are a range of activities, but it is not really tied together.

Dr Bruniges—Regarding the opportunity to tie it together, the first meeting of senior officials in education and training across the country will occur on 12 March. One of the discussions that we want to have is about common definition, because that really is the cornerstone of the way in which different jurisdictions do their counts, in and out, for disabilities and, indeed, how those fundings fall out. So 12 March will be the first conversation of the senior education officials to look at those aspects.

Senator FIELDING—There was another report released late last year, the People with Disabilities and Carer Council's report *Shut out: the experience of people with disabilities and their families in Australia*, which reinforced that teachers and schools lack resources to ensure the full participation of students with disabilities. You can see what I am getting at from here. Is there any move for an additional per capita allowance for students with identified disabilities?

Dr Bruniges—Again, we would want to look at that on a jurisdiction by jurisdiction base and identify the differentiation that already exists before we do a common national definition, and then have a look at the impact of that.

Senator FIELDING—What are the timeframes? It sounds like there is a bit of work going on, but I am not overly convinced.

Dr Bruniges—As you are aware, it is a very complex issue. There has been a quite deliberate placement of that process on the senior officials' agenda to start that conversation early this year. Certainly, we will progress through that timeframe, knowing that, first of all, we will have to collect the information around each jurisdiction, which, as I said, we are happy to take on notice; and, secondly, we will have to work through the complexities of the funding system for students with disabilities in each state and territory.

Senator FIELDING—When will that be done, because, quite clearly, most of the reports are saying that there needs to be additional resources, additional per capita expenditure. What you are saying is that that could be the case but you need to analyse it a bit further. I am trying to work out whether we are going to get to a certain timeline at the end and say, 'Yes, we do have a problem in this state or territory. It seems to be across the board, by the way.'

Dr Bruniges—Probably the first sharing of that information will happen through the officials' forum. Senator, I cannot give you a definitive timeframe for that at this stage. Each jurisdiction will come to it with a lot of views about their own system and how well it does or does not perform. I guess we will have to look at trying to harness best practice across all of those jurisdictions to make sure that, when we advise the ministerial council, we have captured all of that information. I do acknowledge it is very complex. The reports that you have mentioned have been done externally and are great resources for us. We will be using them as resources to inform that discussion as well.

Senator FIELDING—I look forward to getting some of those answers on notice and I will pursue this in the next estimates to see how it is progressing. Hopefully, it will not be in the same state, with people saying, 'There is more analysis going on.' Thanks, Chair.

CHAIR—We are about to go to the break, but Senator Cormann has expressed an interest in finishing his general line of questioning around trade training centres in the Australian Technical Colleges. Are we actually able to do that?

Ms Paul—I put my hand up and admit that I was entirely wrong. My head was back in a previous outcome structure, and it is under outcome 2.

CHAIR—I thought it was.

Ms Paul—You are absolutely right.

CHAIR—So after the break, let us finish off with Australian Technical Colleges.

Proceedings suspended from 10.30 am to 10.46 am

CHAIR—We will resume. How did we go with technical colleges, Ms Paul?

Ms Paul—Yes, we are—

CHAIR—Ready to go?

Ms Paul—on the road, I think, so that is good.

CHAIR—All right, then. Senator Cormann.

Senator CORMANN—Thank you, Mr Chairman. Going back to the question I asked earlier, by the end of 2010 how many ATCs will have closed their doors?

Ms McKinnon—As at 31 December 2009, the Commonwealth had entered into funding agreements to support new arrangements for all 24 ATCs.

Senator CORMANN—But when you say ‘entered into funding arrangements,’ that is not for them to continue as ATCs, is it? Not all of them, anyway?

Ms McKinnon—No.

Senator CORMANN—So how many of them have closed and how many of them have been transitioned into something else?

Ms McKinnon—Of the 24, 15 integrated into state government school systems, three integrated into the Catholic school system, one integrated into the Anglican school system, and five colleges remain as standalone, independent schools.

Senator CORMANN—And can you give us a list of the five standalone?

Ms McKinnon—I will have to look through the 24, but I can do that, Senator.

Senator CORMANN—Maybe we will just go through the schools. I have a list here. Before we do that, at its peak, how many students were enrolled across those 24 ATCs?

Ms McKinnon—The latest data we have was a school census of 31 October 2009. The total enrolment across the 24 was 3,163.

Senator CORMANN—Was that the peak? Because by then we had a period of uncertainty and transitioning and—

Ms McKinnon—I would have to take that on notice and give you the enrolments over the last three years.

Senator CORMANN—If you could give us the enrolments for the last three years, that would be really fantastic. Thank you.

Ms McKinnon—Thank you, Senator.

Senator CORMANN—Now, have any students who were enrolled in these colleges lost any semesters, in terms of the vocational education part of their schooling?

Ms McKinnon—I could not talk about individual students, because there might have been multiple reasons why they chose to do what they did. But, broadly speaking, the transition arrangements and the funding agreements with each of the former ATCs actually had a focus on the student choices and welfare and had a pathway for students that attempted not to disadvantage them by the transition arrangements.

Senator CORMANN—Who managed those transition arrangements? Was that managed on a state-by-state basis at a state level, or was it managed by the Commonwealth?

Ms McKinnon—It varied because, obviously, each ATC had an independent board. My team discussed the future of the colleges with the board, and then a range of interested third parties—sometimes the Catholics; sometimes, obviously, the state governments—were brought into those negotiations.

Senator CORMANN—So you would essentially negotiate on a case by case, ATC by ATC basis? The buck would stop with you, ultimately, in terms of making sure that all the students are properly transitioned from one to the other? Who is ultimately accountable, in terms of making sure that all happens properly?

Ms McKinnon—In terms of student welfare at school, it is a state government responsibility for all students, regardless of what school they go to.

Senator CORMANN—Except for the ATCs, of course, a 100 per cent Commonwealth construct, for want of a better word. They started off as something that was Commonwealth and some of them have transitioned into state, some of them have transitioned into other things, but surely those students were the responsibility for the Commonwealth as we started the transition, I would have thought.

Ms McKinnon—We did put a lot of effort into the student curriculum and welfare, in partnership with the ATC board. However, all of those schools, albeit funded by the Commonwealth government, were also registered with each respective state government, as any school in that state would be.

Ms Paul—That is precisely the sort of work we have been doing, though. I know that the work has been really intensive from Ms McKinnon's team with each of these boards and, of course, the future for the students is the number one priority. It is interesting to see, just glancing down the list of schools that I have got in front of me here, that, as far as I can tell, just looking at how the transitions have gone, they have all still got some arrangement to offer a technical education, and that is really important as well. So I think the transitions have been successful.

Senator CORMANN—During the last estimates, some questions were asked in relation to the Spencer Gulf and Outback ATC and, at the time, the answers were that discussions were still ongoing, but that you were very close to entering into an arrangement with the South

Australian government and, since then, there has been an announcement. Now, in those 24 schools—15 into state, three into Catholic, one into Anglican and five standalone—which category is the Spencer Gulf and Outback ATC, from your point of view?

Ms McKinnon—The agreement is with the South Australian government, I am fairly sure, Senator. The funding contract and the transition agreement is with the South Australian Departments of Education and Children's Services and the Department of Further Education, Employment and Science and Technology.

Senator CORMANN—So from your point of view, what is the status of that ATC now?

Ms McKinnon—As I understand it, the college board advised us in the middle of last year of their withdrawal of support for a mining industry academy. We then entered into discussions, continuing with the board, but also with those two South Australian departments. That resulted in a proposal for the college students at the Spencer Gulf and Outback ATC transitioning into a new school-based program called the Resources and Energy Program, which was administered by the Department of Education in South Australia. It still remains focused on trades relevant to the mining and energy sector.

Senator CORMANN—But it is fair to say that the Spencer Gulf and Outback Australian Technical College is now closed, isn't it?

Ms McKinnon—The ownership of the college's assets has transferred.

Ms Paul—The school is still there. The school is operating. The school is operating under this new program run by the South Australian state department and it is still offering mining and energy sector related training with training services provided by registered training organisations, principally TAFE SA. So the school has not shut its doors, as such; it has transitioned, is my understand of it.

Senator CORMANN—I am looking now at the Australian Technical College Spencer Gulf and Outback website, which is an sa.edu.au ending of website. So it looks official, by the looks of it, and it has got in big capital letters, 'College is now closed.' So that would be wrong, then, would it?

Ms Paul—The students are clearly doing something and I presume they are doing it from the same premises. So unless the premises have changed—perhaps I need to take that on notice.

Senator CORMANN—You might want to track that down. It is www.atc-sgo.sa.edu.au. It is has got 'Australian Government, Australian Technical College Spencer Gulf and Outback College is now closed.' But what you are saying, that is not right?

CHAIR—You cannot believe everything you see online.

Senator CORMANN—It looks official. It looks like it is from government. It has a government logo on it.

Ms McKinnon—I am happy to take that on notice.

Senator CORMANN—Yes, please. That is good.

Ms Paul—I suspect it is referring to the board, that the legal structure is closed, but the students have just moved to another school, which is probably the same physical site and they are doing basically the same stuff.

Senator CORMANN—My opening question was, ‘How many ATCs have closed,’ and you are saying, ‘They are still all going, just in a different form.’ That is essentially what you are saying.

Ms Paul—Yes. That is right.

Senator CORMANN—Others would argue that a fair portion of them are closed.

Ms Paul—No, I would argue that. I do not agree with that assessment because, for example, if I look at this list, ‘Central Coast New South Wales, integrated into New South Wales government school and TAFE system, to be known as Central Coast Centres of Excellence and Training Excellence,’ ‘Hunter, remains a standalone, independent school to be known as Hunter Trade College,’ and so on, ‘Port Macquarie remains a Catholic systemic school to be known as Newman Senior Technical College.’

Senator CORMANN—Let’s go down that path for a second. How much unspent capital funding was in those schools on a total basis? Some of those school still have quite a bit of unspent money allocated against them. That is right, isn’t it?

Ms McKinnon—Again, it varies from school to school.

Senator CORMANN—I am sure it does.

Ms McKinnon—Part of the transition agreement was, in some cases, about a capital payment from the Commonwealth to enable planned work and equipment and resourcing to go forward. Some of it was about running costs for particular times, which, on the face of it, was unspent, but we negotiated it in order to give those colleges some certainty about their future business planning. That was involved in the transitions.

Senator CORMANN—I do not want to waste too much time, but, on notice, could you provide us with how much money was transitioned from the Commonwealth to the states or others as part of, as you say, the transitioning? I have got some specific questions just in relation to Illawarra, where I understood there was \$10 million of unspent Commonwealth money still with the ATC, and the Queanbeyan and regional ATC, where there was about \$8 million unspent.

Ms McKinnon—Senator, commitments for the program total was around \$423.2 million over the life of the program. That was \$182.1 million in operational and interim funding and \$241.1 in capital. Now that the contracts are signed, as at the end of January, \$421.8 million has been expensed and we do not expect any further payments to be made from that program.

Senator CORMANN—So all of the \$241 million in capital funding has been expensed, has it?

Ms McKinnon—I would have to check that.

Senator CORMANN—You said there was a total of \$423 and \$421 has been expensed.

Ms McKinnon—Yes.

Senator CORMANN—So there is \$2 million left in the kitty.

Ms McKinnon—Either in operational or in capital that was unspent.

Senator CORMANN—Chances are that the capital has all gone.

Ms McKinnon—Yes.

Senator CORMANN—But given that it was not all gone before the transition happened, presumably you would have handed it from the Commonwealth to the states or whoever took them over. Is that right?

Ms McKinnon—Yes.

Senator CORMANN—Could you, on a school by school basis, advise us on notice how much has been transferred from the Commonwealth to states or others?

Ms McKinnon—Per college?

Senator CORMANN—Per college, in terms of capital funding.

Ms McKinnon—Certainly, Senator.

Senator CORMANN—Were there any requirements attached? Did the Commonwealth say, 'We give you this, but in exchange, we want you to do X, Y, Z,' or was it a gift?

Ms McKinnon—I am happy to take that on notice, but, broadly speaking, there would be ongoing accountability arrangements for that funding over the life of the college.

Senator CORMANN—Ongoing accountability arrangements? Because capital funding presumably is going to have a life cycle of how long? Ten, 20—

Ms McKinnon—I think the period in the contracts, I would have to check, is around 10 years.

Senator CORMANN—Ten years? Yes.

Ms McKinnon—That is quite normal, in terms of purpose of the building being used for the purpose which we—

Senator CORMANN—So for all those former ATCs that have gone to state governments and others, you will expect performance reports and reports back from the states as a result of you having put that funding into it, are you?

Ms McKinnon—I would not call it performance reports. I would call it more an accountability for the investment in terms that it is used for the purpose for which the contract says, which is student—

Senator CORMANN—You have spent it on bricks and mortar.

Ms Paul—That is right.

Senator CORMANN—You have spent it on painting, rather than you have spent it on something that is actually useful from a vocational education training point of view. What if they used it on bricks and mortar for—I do not know—skills that were required? That would not be particularly something that you would look at, would it?

Ms McKinnon—We would see that as in keeping with the overall purpose, that the expenditure was on, I guess, teaching students in trade training.

Senator CORMANN—From the Commonwealth’s point of view, just to clarify that in my own mind, let us say—I do not want to be hypothetical because you do not like hypothetical questions—specifically around your guidelines, will you take an ongoing interest in terms of the quality of prioritisation of the skills that will be trained in these Commonwealth funded training colleges?

Ms McKinnon—We would monitor that but, again, they are state registered schools. It is a partnership with us and the states about the education as it is with other school—

Ms Paul—In the negotiations, we have negotiated a funding agreement with the body which has taken on the responsibility for the school, whether it is the Catholic system or whatever. In that funding agreement there will be requirements and there will, I am sure—I have not sighted one recently—in our normal funding agreement, which are pretty rigorous, we would have set out the expectations for the expenditure of the remaining funds and, in a normal way, we would monitor a funding agreement. So, I think the short answer is yes.

I note that Illawarra is integrated into the New South Wales government school system and TAFE system, and it is to be known as the Illawarra Industry Training College, and the funding agreement has been signed. Queanbeyan has been integrated similarly into the New South Wales government school and TAFE system and will be known as the Queanbeyan and South-East Industry Training College. I do not have in front of me the capital amounts, but you have asked for that and we have taken that on notice. I think this list would be of interest to you, too. It just tells you—

Senator CORMANN—Maybe you can give me a copy?

Ms Paul—Yes. I might be able to. I will have a look at it. But I think it will be of interest, because it tells you basically that they are transitioning into something which is continuing to offer the technical skills.

Senator CORMANN—Internet technology is a great thing, but the local member for the seat of Grey in South Australia, Rowan Ramsey, has just confirmed for me that there are definitely no students at the premises of the Spencer Gulf and Outback ATC. Would that be something that is of concern to you? Clearly, those negotiations with the South Australian state government have only recently concluded. You are working on an expectation that it would be an ongoing facility? It would still be used for the same purposes, except in state hands?

Ms Paul—In this instance, if that is the case—and I do not know this case, Senator, and I am happy to take it on notice—it sounds like the venue may have shifted. That is fine. That would have been part of our negotiations.

Senator CORMANN—But we have invested quite a lot of Commonwealth capital funding into it.

Ms Paul—That is right. That would have been part of the negotiation of the funding agreement, I am sure. I am happy to give you the—

Senator CORMANN—It seems like a waste of money.

Ms Paul—Not necessarily.

Ms McKinnon—Some of the premises were rented across the range of ATCs and part of that discussion with whoever was taking on the ATC was were there more permanent premises for those students that were not in ongoing rented premises.

Senator CORMANN—Were the Spencer Gulf and Outback ATC premises rented or were they built?

Ms McKinnon—I will come back to you, Senator, with answering the question that I think you are getting at.

Senator CORMANN—It is a concern, surely. If we invest capital funding at a Commonwealth level—

Ms Paul—It depends whether you did, and I think that is what we have taken on notice.

Senator CORMANN—Okay. Did the department ever conduct any evaluation of the effectiveness of the ATCs?

Ms McKinnon—Senator, an evaluation of the ATC program was scheduled for 2007 to be considered as part of the budget process, and the program was due to lapse in 2008. That evaluation was not conducted, because it was the first year of operation for 16 of the 21 colleges that had been in operation at that time, and meaningful data would have been hard to find.

During the second half of 2006 and the first half of 2007, the ANAO office conducted a performance audit on the program that was tabled in July 2007. We also had KPMG conduct compliance audits on all operating colleges in 2007, as well as another specialist consultancy conduct a review of the corporate governance of, I think, five of the colleges during the last two years.

We are currently conducting an internal evaluation of the ATC program to provide advice on the performance of colleges against the requirements of their existing, rather than transitioning funding arrangements, and we expect that to be completed some time this year.

Senator CORMANN—Can you be a bit more specific?

Ms McKinnon—In the middle of the year.

Senator CORMANN—Middle of the year. So June/July?

Ms McKinnon—Yes.

Senator CORMANN—It is a shame that that evaluation did not proceed in—when was it?

Ms McKinnon—2007.

Senator CORMANN—2007, yes.

Ms Paul—It was too early. That was the problem.

Senator CORMANN—But in 2008 it was essentially canned, was it?

Ms McKinnon—It was looking at the availability of the data. It is always retrospective, so even if it was in 2008 it would have been on the early operation of some of these colleges.

Senator CORMANN—Yes. Has the department been monitoring rates of employment after students leave ATCs as compared to other VET institutions?

Ms McKinnon—No, Senator.

Senator CORMANN—You have not been monitoring that?

Ms McKinnon—No, Senator.

Senator CORMANN—That would have been important information, I would have thought. The New South Wales Department of Education and Training received grants for ATCs of some \$25 million approved on 21 December 2010. What is the context of that?

Ms McKinnon—Sorry, Senator?

Senator CORMANN—I am advised that the New South Wales state government received grants out of the ATC budget of some \$25 million, and those grants were approved on 21 December 2009. Are you aware of those?

Ms McKinnon—Broadly that would have been part of the transition plans because, I think as Ms Paul indicated, the Central Coast is transitioned into the New South Wales government system, as has the Illawarra, as has Queanbeyan in New South Wales. That would have been reflecting either part or all of the transition funding contracts for those three colleges.

Senator CORMANN—Clearly, the uniqueness of the ATCs was the level of industry involvement. In making that money available to the New South Wales state government on this occasion, did you impose any requirements in terms of industry advisory involvement?

Ms McKinnon—Senator, the ATC board in each of the cases was involved from the very beginning in the negotiations about the future of the ATCs. Depending on the circumstances of the transition, as in who was going to be running it, the ATC board, the industry and the local community had a view about how the ongoing interest of industry would be maintained in those colleges.

Senator CORMANN—But what about as this moves forward? You are talking about winding something down and putting it into something else. There is \$25 million that goes to the New South Wales state government. Presumably, that is part of the capital funding that was transferred. What is going to be ongoing requirement on the New South Wales state government to use that money properly?

Ms Paul—I think we have already said that we will monitor our funding agreements. If you like, we can regularly update you here on how those transition schools are going and what they are doing.

Senator CORMANN—Yes, sure.

Ms Paul—That is probably the best thing to do.

Senator CORMANN—Sure.

Ms Paul—It is still early days for that transition.

Senator CORMANN—Sure. We have got 15 into state schools, three into Catholic, one into Anglican and five into stand-alone. What are going to be the long-term funding arrangements for those nine former ATCs that have been transferred into either stand-alone, Catholic or Anglican?

Ms McKinnon—Part of the transition negotiations, and partly why we got independent expert advice on five of the colleges, was to look at the long-term sustainability of the business plan, and throughout the negotiations there were business models that were not approved because they could not demonstrate long-term financial viability.

Senator CORMANN—So you are looking at this from the point of view that it would have to be self sustaining, rather than being in receipt of ongoing Commonwealth funding—operational funding?

Ms Paul—Well, the viability might include the input from the systems that have taken it on.

Senator CORMANN—Okay, but it would be stand-alone. My question was—and maybe I did not word it clearly enough: what will be the ongoing operational funding commitment from the Commonwealth for the ATCs that are stand-alone—the five—for the ATCs that are now with the Catholic system and for the one that is in the Anglican system?

Ms McKinnon—The ongoing Commonwealth funding would be the same as for any other school in the private sector: from the Commonwealth contribution and that particular state government's contribution.

Senator CORMANN—So how does that differ from what the operational funding contribution would have been under the previous ATC system?

Ms Paul—It does not.

Senator CORMANN—It is exactly the same?

Ms Paul—It is the same basis.

Senator CORMANN—That was the answer, then. That is great. Okay. And what about the 15 that went into the state system? So you provide ongoing funding to the ATCs that are stand-alone or Catholic and Anglican as if nothing changed, essentially, by the sounds of it. What about the 15 that went into the state system?

Ms Paul—Just to recap, the recurrent funding was always based on the same treatment, and that remains the same. The differences were the capital injection and the government structure and the trade offering. But, in terms of your question, it continues the same.

Senator CORMANN—What about the 15 that went into the state system? Does it—

Ms Paul—Yes, that is what I am saying.

Senator CORMANN—So you are going to fund on an ongoing basis, the same as—

Ms Paul—As the Commonwealth does state government schools, as well.

Senator CORMANN—It is a bit more complex than that, I think, isn't it, in terms of state government and private schools? It is not that straightforward, is it?

Ms Paul—Yes, we fund both—the Commonwealth funds both state government schools—

Senator CORMANN—Yes, sure.

Ms Paul—and non-government schools on a per-student basis.

Senator CORMANN—At the same level?

Ms Paul—On an enrolment basis. No, on a different level. As you probably know, for the non-government schools it is funded on a socioeconomic status basis. State schools are funded on a per-enrolment average government student cost basis.

Senator CORMANN—So is there any change, from the Commonwealth funding commitment point of view, for any of those schools, moving forward in terms of the level of ongoing operational funding? Do any of those individual schools have a change in ongoing operational funding commitments from the Commonwealth, moving forward?

Ms Bruniges—It would depend on where their enrolments are. So if the students have been dispersed—for example, in a government school—then the funding flow, from a jurisdictional perspective, would go to the school that the students are currently enrolled in.

Senator CORMANN—So really what you are saying is that it depends on how the school develops the model, moving forward?

Ms Bruniges—I think that is the answer to the question. So if the students are dispersed into a government high school which offers a particular qualification or trade, and their home enrolment school is designated as that, then the current funding flow from both state and federal would go to cover that.

Senator CORMANN—It becomes very complicated. It does not have the same focus anymore, does it? I mean, dispersed across—

Ms Paul—It is done on the same basis. So the recurrent funding has always been done on a formula basis per enrolment.

Senator CORMANN—No, I know. But in the past you would have had one board, one ATC, very clearly dealing directly with the Commonwealth, whereas now you have some in the state and some with private, and depending on how the whole mix develops it changes. You will not have the same look at the types of trades that are being taught.

Ms Paul—I think you have touched on several different things. With governance, yes, it is different, absolutely. With trades it is not necessarily different. It depends how the transition has been negotiated and what the new offering is. With recurrent funding it is basically the same process, if that helps. So they are three different things.

Senator CORMANN—I have a final question, just around the capital. It was \$241 million that was available in capital. What would stop state governments that received capital funding transfers from closing the doors of what used to be an ATC and just—

Ms McKinnon—That was what I was alluding to earlier. In, I think, all the contracts—and we will respond in more detail when we give you a breakdown—there were clauses about the ongoing usage. So the Commonwealth does have, I think, either a 10- or 15-year interest in that being used for the purpose for which the funding was. Otherwise, be it an independent school, a Catholic school or a state government school, they have to notify us if it is no longer being used for the educational purposes.

Senator CORMANN—And what happens then? Does the building get returned to the Commonwealth? What happens?

Ms McKinnon—That is one option.

Ms Paul—And that is a really important point, which we have actually underplayed and which we should have offered earlier. The Commonwealth retains that long-term interest in the capital investment, and that is reflected through the funding agreement. What we might do is offer you the clauses that protect that Commonwealth expenditure.

Senator CORMANN—That would be fantastic.

Ms Paul—And we probably should have mentioned that earlier.

Senator CORMANN—Yes. Thank you.

CHAIR—All right. So we are finished now on Australian technical colleges?

Senator CORMANN—Yes.

CHAIR—Thank you.

Senator MASON—My questions relate to the Digital Education Revolution in my next set of questions.

CHAIR—All right. Thank you. Should I pay attention? I probably should. May I congratulate you on bringing your calculator, Senator Mason. You will not have to make those many admissions about your failing mathematical skills.

Senator MASON—Given that Senator Cormann is new to the committee, Chair, he does not realise that we get a lot of fan email in this committee, usually for the minister and Ms Paul, but never for me, sadly. In real time we get fan mail, but never for me, Chairman. We should have a Twitter for the committee.

CHAIR—No, heaven forbid!

Senator MASON—Let me go straight to the computer rollout. I examined this in the October estimates, and you were good enough to give me the figures for how many computers—laptops—had been delivered and installed. Let me go through where we are at today. Have all the computers approved under round 1 been delivered and installed on desks? If not, how many have been?

Ms Bloor—To date, 86 per cent of the computers approved under round 1 have been—

Senator MASON—Okay. Can we just go through this. With round 1 We had 116,852 approved, remember?

Ms Bloor—That is correct, yes.

Senator MASON—How many have been delivered and installed, Ms Bloor?

Ms Bloor—There are 100,823.

Senator MASON—Yes. And how about round 2?

Ms Bloor—In round 2, 141,177 were approved.

Senator MASON—And round 2.1?

Ms Bloor—That is 34,723.

Senator MASON—What does that add up to?

Ms Bloor—In total?

Senator MASON—Yes.

Ms Bloor—In all rounds, that adds up to 292,752 approved.

Senator MASON—Hold on. That is approved. I want to know—I thought there was some confusion—how many have been delivered.

Ms Bloor—Right.

Senator MASON—I know 116,000 have been approved in round 1, and you are saying 100,000 have been delivered in round 1? Is that right? I want to make sure we get this right.

Ms Bloor—No, 188,000—sorry.

Senator MASON—Hold on.

Ms Bloor—A hundred thousand—sorry.

Senator MASON—Let me just go through this round by round.

Ms Bloor—Yes, by all means.

Senator MASON—Okay. Last time I was told that 116,852 had been approved. Let us just go through it slowly. For round 1, how many have been approved?

Ms Bloor—In round 1, 116,852.

Senator MASON—Right. Okay. How many have been delivered?

Ms Bloor—As at the end of January—I think it was 20 January—100,823 had been installed.

Senator MASON—Round 2, how many have been approved?

Ms Bloor—141,177.

Senator MASON—141,177? Now, why is that different from last time, the answer was: approved, 141,597?

Ms Bloor—I am sorry. I cannot account for that difference at the moment. I will take that on notice.

Senator MASON—You cannot account for that? Can you check on that?

Ms Bloor—Yes.

Senator MASON—How many have been installed in round 2?

Ms Bloor—63,385.

Senator MASON—Round 2.1, how many have been approved?

Ms Bloor—34,723.

Senator MASON—How many have been delivered?

Ms Bloor—24,574.

Senator MASON—This is why I have the calculator, Chair, you see. In terms of installed, we would have to add—have you done the calculations, Ms Bloor?

Ms Bloor—I have, yes.

CHAIR—You still have to press the right buttons, though, Senator Mason.

Senator MASON—I am doing my best. I have got 188,782.

Ms Bloor—Which figures are you adding?

Senator MASON—That is the amount of laptops that have been installed?

Ms Bloor—In all rounds?

Senator MASON—Yes, from rounds 1, 2 and 2.1.

Ms Bloor—What figure was that, again?

Senator MASON—188,782.

Ms Bloor—That is correct.

Senator MASON—Have any additional new computers—that is, additional to rounds 1, 2 and 2.1, been delivered or installed?

Ms Bloor—Yes, they have.

Senator MASON—How many of those are there?

Ms Bloor—Those have been delivered and installed under the national partnership arrangements.

Senator MASON—So that is of the one million due to be installed by next—

Ms Bloor—I would like to clarify that.

Senator MASON—You had better clarify this.

Ms Bloor—In previous estimates, we have spoken about one million needed to get to a computer-to-student ratio of one to one. At the time that the original survey was undertaken early in 2008, there were already computers in situ in schools that were less than four years old.

Senator MASON—Yes, about 300,000 of them, weren't there?

Ms Bloor—Approximately 220,000. So that the figure actually required to get to a one-to-one ratio by the end of 2011 is not a million, but 780,000.

Senator MASON—Let us have a look at that. If we are going to have a one-to-one ratio of laptops by the end of next year, 31 December 2011—that is correct, isn't it?

Ms Bloor—That is correct, yes.

Senator MASON—Surely, what we are talking about are laptops that are not redundant. Is that correct?

Dr Arthur—Senator, I think we have explored this extensively at previous estimates and made the point that there is an obligation under the national partnership, and there was an obligation under policies before that, that the education authorities would be responsible for ensuring maintenance of efforts. Therefore, while it is true that that figure of 220,000 contained a number of computers that would become obsolete within the period of a national partnership, there is an ongoing obligation on the states and territories and the non-government authorities to maintain their effort and to replace those computers as required.

Therefore, the figure of the Commonwealth requirement to reach a one-to-one ratio of being in the order 780,000 is correct.

Senator MASON—So let's just go back. That audit, from memory, was February 2008. Correct?

Ms Bloor—Yes.

Senator MASON—You said 220,000, Ms Bloor?

Ms Bloor—Yes.

Senator MASON—Let me put it this way. There is a four-year redundancy, that is the rate. Add four years to February 2008, what do you get? February 2012. Is that fair? The aim is to have everyone with a laptop, one-to-one ratio, by the end of next year—that is 31 December 2011.

Dr Arthur—Correct.

Senator MASON—Nearly every one of those 220,000 computers will be redundant.

Dr Arthur—I think I already answered that question with my previous remark.

Senator MASON—Is that correct? They will nearly all be redundant. Mathematically, that is right.

Dr Arthur—That is correct, and there is an obligation on the states and territories and the non-government authorities to replace those computers as that occurs.

Senator MASON—So, in fact, by 31 December next year, those one million students cannot be assured that they will have a laptop computer that is not redundant. Is that what you are saying, Dr Arthur?

Ms Paul—No, it is the opposite.

Dr Arthur—That is precisely the reverse of what I am saying.

Ms Paul—It is the opposite of what you are saying.

Senator MASON—I think you are, because, unless you can guarantee that there will be 220,000 computers that are not redundant—that is, are not old—those kids are going to miss out.

Dr Arthur—Senator, I made it perfectly—

Ms Paul—That is the guarantee.

Senator MASON—This goes on every estimate. It gets worse and worse.

Ms Paul—We are saying precisely the opposite: the agreement is that those computers are replaced within that time frame, which means that, if the computer delivered within the four years previously becomes redundant, there will be a new one in its place. So it will be a one on one and they will be current.

Senator MASON—You say they will be replaced, Ms Paul. What we know about this program is there is no likelihood of that.

Ms Paul—There is, because it is in the agreement. It has actually been signed off.

Senator MASON—188,000 laptops have been delivered.

Ms Paul—Just to cut right across it, all the premiers and the Prime Minister have signed a national partnership, which actually requires the replacement within that time frame. So the computers will be current, as required by that agreement.

Senator MASON—These 220,000 computers will all be redundant by the end of next year, virtually. You say they are going to be replaced. Let's wait and see. What we know is this: 188,782 have been installed from rounds 1, 2 and 2.1, which is 18 per cent of the one million total. At this rate, we are going to take 20 years, by which time they will all be redundant.

Dr Arthur—Senator, you reached that figure by ignoring the information Ms Bloor has already provided you in terms of the computers that have also been installed as a result of the national partnership implementation, giving a result of 220,000 computers, or 28 per cent of the one-to-one ratio, which have been installed at this particular time.

Senator MASON—220,000 is 22 per cent, not that I am a mathematician.

Dr Arthur—Senator, you are achieving that figure by ignoring the remarks we have already made. It is a requirement of the states and territories and the non-government authorities, in accordance with very longstanding principles of education funding, to maintain efforts and to only require the Commonwealth to provide the additional effort to deliver the specific initiative.

Senator MASON—This is not your fault, Dr Arthur, but credibility is big factor here. The Prime Minister said on Monday that to comply with computers to a one-to-one ratio would be by 2013 or thereabouts. He does not even know the date by which they are due and said that 260,000 computers are now at schools right now. That is wrong too. He does not even know. A major part of his education revolution has failed.

CHAIR—Senator Mason, there is no need to be yelling.

Senator MASON—It gets worse and worse. Two years of this. It is a fiasco.

Senator BILYK—Yelling is not going to change it.

Senator MASON—Every school kid in the country knows this is a joke, and every time I come to estimates, we get no satisfaction. The community is outraged. Did you see *Q&A* on Monday, Senator Carr?

Senator Carr—Yes, I did.

Senator MASON—It was an absolute embarrassment, because the Prime Minister has not even held up the primary responsibility of the digital education revolution. We will get to internet connections in a minute—another fiasco.

CHAIR—Senator Mason, I know that, during the course of estimates and every now and then, we have to do a bit of a political statement and all that. I know that is one of the reasons for the feigned outrage and everything else that goes on.

Senator MASON—If you saw *Q&A*, Chairman, you would know that that outrage was not feigned on *Q&A*. I do not know who here saw it, but that was not feigned outrage.

CHAIR—But I just want to make the point that there is no need to yell, and I do believe that you do actually get the answers, and it is not right to suggest that you do not get the answers in estimates.

Senator MASON—I did not mean that I do not get the answers, but the delivery and the process is appalling.

CHAIR—All right.

Senator Carr—No, it is not, Senator.

Senator MASON—Oh, come on!

CHAIR—Well, let us just get back—

Senator MASON—It has been 2½ years since the election promise. This is a fiasco—22 per cent have been delivered. Everyone in the country knows that.

Senator Carr—28 per cent. Let us—

Senator BILYK—What did your government do in the 12 years—

CHAIR—Order.

Senator MASON—We did not make promises we could not keep.

Senator BILYK—Yes, you did. You made lots of promises.

Senator MASON—We did not make promises we could not keep.

Senator BILYK—Core and non-core promises.

Senator MASON—Next time, you might not want to make those sorts of promises.

Senator BILYK—Core and non-core promises.

Senator Carr—Senator, there is a pretty straightforward proposition here. There are 48,000 computers in Queensland. How many of those do you think are a joke? Of the 48,000 in Queensland, how many would you say were a joke?

Senator MASON—I will tell you what I would say: 70 per cent or 75 per cent of kids have not received them, and, secondly—we will get to this; we are going to discuss internet connections in a minute, are we not?

Senator Carr—Senator—

Senator MASON—Then we will find out how well the Digital Education Revolution is going, Minister.

Senator Carr—Senator, you like to make great—

Senator MASON—And we are going to discover it is a total fiasco.

Senator Carr—You would like to talk about facts? Forty-eight thousand computers have been delivered to children in Queensland. Which ones of those do you not support?

Senator MASON—That is, what, 20 per cent of what—

Senator Carr—No, it is 30 per cent. Which ones do you not support, Senator?

Senator MASON—So 70 per cent are still waiting, Minister? Is that right?

Senator Carr—Forty-eight thousand, Senator. Now, which ones do you not support?

Senator MASON—So 70 per cent are still waiting. Is that right? For how long are they going to be waiting? At this rate, for another 10 years, at least.

Dr Arthur—The answer to your question, Senator, is—

Senator MASON—Yes?

Dr Arthur—the end of 2011.

Ms Paul—That is right. And not only that—

Senator MASON—Is that right, Dr Arthur?

Dr Arthur—That is correct, Senator.

Ms Paul—but our perspective on this is that the roll-out is going according to the schedule, and we are on track for a one-to-one ratio right across Australia, for the first time ever, by 31 December 2011.

Senator MASON—Well, Ms Paul, we will wait and see.

Ms Paul—Indeed.

Senator MASON—Let me move to internet connections. How about that? That might be a happier story, who knows? But I do not think so. Let us have a look at that. I want to look at the implementation study of the department of broadband, though nothing in detail, because it is not this department's responsibility. Has the department of broadband's implementation study been concluded yet?

Ms Bloor—That is underway. Our understanding is that it is due this month and, as advised earlier in the week by the broadband department, it is still on track for delivery this month.

Senator MASON—The implementation study is?

Ms Bloor—As we understand it, yes.

Senator MASON—So what is the timetable for delivery? You see, the promise was: a laptop computer and 100 megabyte internet connection. When is that going to be delivered? Do we know that?

Ms Bloor—Senator, you will have heard in previous estimates that the fibre connections to schools components of the DER has been deferred until the outcome of the NBN implementation study because of the significant impact that the NBN approach and roll-out will have on the delivery of fibre connections to schools.

Senator MASON—So let me get this right: we still do not know when these laptop computers are going to be connected to the internet?

Ms Bloor—The majority of computers in schools are already connected to the internet.

Senator MASON—Ah, but they were promised at a much higher speed—and we will penetrate this a bit more in a minute. But you are telling me that there is no timetable yet from the implementation study—is that right?

Ms Bloor—I do not have the exact figure, but there is a very, very small proportion of schools in Australia that do not have internet connections.

Senator MASON—I will get to that in a minute, Ms Bloor. Believe me, I will not miss that. But basically what we are saying is that the implementation of the Digital Education Revolution is being held hostage by the shambles of the National Broadband Network. That is what we are saying, isn't it?

Senator Carr—What we are saying—

Senator MASON—That is a total fiasco—another fiasco.

Senator Carr—What we are saying is that—

Ms Paul—Of course we are not saying that, Senator, and we never have.

Senator MASON—Of course it is a fiasco! Senator Conroy himself knows it is a fiasco—\$43 billion and nothing has happened!

Ms Paul—We have actually covered this in successive estimates.

Senator Carr—Yes, Senator.

Senator MASON—And things do not get better, Ms Paul. Two years down the track, and the Commonwealth government has done nothing to improve internet connections to students, and I will get to that in a minute.

Senator Carr—Senator, how about you give it to us one more time—with feeling this time, eh? You will have to try harder.

Senator MASON—Let me get there.

CHAIR—Now, is there—

Senator MASON—So—

CHAIR—No, no. Hang on. Is there a question there that needs an answer? It is a bit hard to follow.

Senator MASON—I asked about the implementation study. Ms Bloor, are we still waiting for it sometime later this month?

Ms Bloor—Yes.

Senator MASON—So we are waiting for the department of broadband to deliver their report, so we have a timetable of delivery of internet services to schools. Is that right?

Ms Bloor—No, Senator. The two initiatives will need to be coordinated, and, because of the very significant impact of the NBN, it would be wise to wait until there is further detail about that before proceeding with the component of broadband under the Digital Education Revolution.

Senator MASON—So we have no idea about when the government will fulfil its promise of connecting these computers to a 100 megabytes per second internet connection?

Ms Paul—I think we have answered your question, Senator.

Senator MASON—So we have no idea; is that right?

Ms Paul—I think we have answered your question.

Senator MASON—No idea. That is it in a nutshell.

Ms Paul—I think we have said it has not been settled, and we have answered your question a number of times.

CHAIR—That is right. The question has been answered.

Senator MASON—Let me go to—I think we have had enough of the department of broadband—the advisory committee. I understand that in February, about a year ago, the department of education commissioned work to be done to identify the underlying cost of the provision of broadband services required by the education sector. Is that right?

Ms Bloor—In February of last year, the department held a forum of stakeholders with the Fibre Connections to Schools advisory committee, and at that point it was recommended that the department commission work to better understand the underlying costs to the education sector of connectivity. That forum was held in advance of the NBN announcement on 7 April. In the light of the NBN announcement and the decision to establish NBN Co and to review the regulatory requirements around telecommunications in the country, it offered an opportunity to look not just at the underlying costs of telecommunications services to education sectors but also, in more detail, at the specific requirements that education has of connectivity. So, while work has been commissioned, the focus has, over a period of time, moved from underlying costs to the particular needs of the type of connectivity.

That encompasses things like symmetrical downloads, whether the upstream and downstream speeds are similar and whether the connectivity is contended or not. That work has been undertaken over a period of time. At the last Senate estimates, I advised that the area that has responsibility for the schools component of the broadband under the DER had also taken responsibility for a vocational education network.

Senator MASON—Has the work been finalised by the committee to identify all the underlying costs? Has that work been finalised?

Ms Bloor—The reason I was just speaking about the vocational education network is that it is intrinsic to the work that was started and has been ongoing last year. The vocational education network is another—

Senator MASON—Forgetting the vocational education network, I just want to know whether the underlying costs of the provision of internet services promised by the government has been finished?

Ms Bloor—That—

Senator MASON—Has that been finalised by the committee?

Ms Bloor—As I just said, it was decided that, in the context of the NBN, there was a greater opportunity to look at not just the costs of products offered to the education sector by telecommunications carriers but also the sorts of requirements that education sectors need.

Senator MASON—But did you look at the underlying cost?

Dr Arthur—Senator, I think that inherent in what Ms Bloor is answering is that that is absolutely at the moment a moving target.

Senator MASON—Right. Okay.

Dr Arthur—The NBN, given the very significant investments of the government in providing fibre connections to 90 per cent of Australian households, will—

Senator MASON—Answer my question. I did ask a specific question. Did you address it?

Ms Paul—And I think Dr Arthur is answering it, so—

Senator MASON—Yes or no?

Ms Paul—Well, the NBN does go to the underlying costs, so this is the answer.

Senator MASON—Okay; the NBN will go to it. So you did not address it directly?

CHAIR—Well, wait—

Senator MASON—It is a fair question.

CHAIR—Yes, but he had only got about 10 seconds into the answer.

Senator MASON—All right. Well, Ms Bloor had a good run. Do you want to have a go too, Dr Arthur?

CHAIR—Yes, he was, so let us let Dr Arthur answer the question—

Senator MASON—Go on.

CHAIR—and then you can ask another one.

Dr Arthur—So the point I was making was that the provision of significant investments under the NBN inevitably affects—and, indeed, reduces—the costs to connect schools that would otherwise be there if that investment were not occurring. Therefore, logically, you have to look at the impact of the NBN—and, indeed, other investments, such as the vocational educational network—before you can ‘finalise’ a cost figure.

Senator MASON—So we are waiting, then, for the implementation report and so forth from the department of broadband before we can actually look at the underlying figure—is that right?

Dr Arthur—Because those significant activities will have a major beneficial effect on this project.

Senator MASON—So we cannot be sure if the \$100 million originally budgeted is going to be enough. We do not know that, do we? You and I have agreed on that in the past, I think.

Dr Arthur—I think the point I made was that the impact of the very significant investment of the NBN is positive in that calculation; not negative.

Senator MASON—Yes, but we do not know if that is going to be enough. I say the same question. We have had this conversation before. So, in relation to the advisory committee, is there any report that has been made available publicly?

Ms Bloor—No, there is not.

Senator MASON—Do you plan to release it?

Ms Bloor—The work that has been undertaken does input into the approach that is being taken for the vocational education network. That will be a procurement process, and the

statement of requirements that has been developed during the course of last year goes to that procurement process.

Senator MASON—So are you going to make it public?

Ms Bloor—It will be public when a request for tender for that process is released.

Senator MASON—When is that likely to be, Ms Bloor?

Ms Bloor—It is a two-stage process, with a request for expressions of interest expected next week.

Senator MASON—Next week.

Ms Bloor—We expect that it will be available on AusTender next week. That will be a two-stage process because we have a very strong interest—and I think we have outlined this previously—in having full consultation with stakeholders. After a request for expression of interest process, there will be a request for tender process, and the statement of requirement will go to the heart of that and will be public at that point.

Senator MASON—It will be public then? So we are still waiting for the department of broadband, and you are feeding into that process the implementation report. We know that the Commonwealth government has not delivered any new fibre connections in the last two, 2½ years—some revolution. So we have got glorified typewriters instead. That is great.

Ms Paul—Hardly, Senator.

CHAIR—I think that Ms Bloor has delivered the answer to that point.

Senator MASON—This is a farce. It is 2½ years in and there are no new internet connections and 22 per cent of the laptops have been delivered.

Ms Paul—And we are still on schedule to have a one-to-one ratio.

Senator MASON—This is a revolution?

CHAIR—You can make all those comments you want another time.

Senator MASON—It is a farce.

CHAIR—The officers are here to answer your questions.

Senator MASON—Not one computer has been connected.

CHAIR—I am happy to have the debate with you with the minister if you want. We can send the officers out for a break, if you want? We can spend the rest of the afternoon doing that, but it is not appropriate just to make those statements and repackage the information.

Senator MASON—Come on, Chair.

CHAIR—No, it is not appropriate to repackage the information that is given and put it back to the officers that it is a farce—that they should agree with that.

Senator MASON—No, they do not have to agree with that.

CHAIR—Because clearly that it is not their evidence.

Senator MASON—The minister is not going to defend the farce of it. No-one is going to defend it. We have had no new connections in 2½ years, and this is a revolution. That is the evidence—only 22 per cent of laptops delivered.

Dr Arthur—Senator, you may be interested in some evidence.

Senator MASON—Yes, Dr Arthur; I know you are trying.

Dr Arthur—As Ms Bloor has already indicated, the computers are connected. Over 50 per cent of the new computers are connected by fibre connection. It is completely inaccurate to say that no computers are connected.

Senator MASON—I did not say that, Dr Arthur. I said the Commonwealth did not provide for it. So what you are saying is misleading. The Commonwealth has not provided those connections.

Ms Paul—You said earlier, Senator, that many were not connected to the internet.

Senator MASON—Excuse me, Ms Paul. Do you understand what I am saying, Dr Arthur? Do you understand?

CHAIR—This is verging on being really rude and inappropriate.

Senator MASON—I want to make this clear.

CHAIR—Do not be yelling and pointing and abusing the officers.

Senator MASON—My point is not about whether they have been connected; it is whether the Commonwealth—I made this very clear—

CHAIR—I am happy for you to clarify that, but you can do it without being abusive.

Ms Paul—I am certain that Dr Arthur is answering a question which he understood you to have asked. I think he is still in the middle of doing so.

Dr Arthur—Senator, the answer I gave was accurate.

Senator MASON—That is right. The Commonwealth government has not provided those services, have they?

Ms Paul—We have answered your question.

Senator MASON—Excuse me. Have they? It is a fair question.

CHAIR—You are getting the answer, Senator Mason. You interrupt people before they can answer.

Senator MASON—I am waiting, Dr Arthur.

CHAIR—I ask you again to stop doing that.

Ms Paul—I do not think we can go any further. Dr Arthur has already described precisely the progress and the status, and I do not think we can take it any further now.

Senator MASON—What worries me, Ms Paul, is that we had a similar conversation last time—Dr Arthur and I. Page 51, Chair.

Dr Arthur—I am sorry; I did not bring my copy.

Senator MASON—I do read these things, Dr Arthur. Page 51 of the transcript read:

Dr Arthur—There have been considerable changes in that, Senator. There have been considerable improvements in the speed of connections of schools to the internet during that period.

Senator Mason—Is that due to the Commonwealth government's program?

Dr Arthur—There have been significant changes.

Senator Mason—Significant changes but not due to this government's program, Dr Arthur?

You see, Ms Paul, the problem is Dr Arthur will not answer the question about the Commonwealth's provision of these services. That is my point, Chair.

CHAIR—The point is that you are not getting the answer you are looking for. You are getting an answer.

Senator MASON—We have got the answer.

CHAIR—You can conclude whatever you like from it, but there is no reason then—

Senator MASON—Just be aware, Ms Paul, that I do read the transcript and I read what Dr Arthur said last time, so I knew this may replay itself. Now, I am not happy about that. However, let me go to some other issues about some additional costs. On 18 January 2010, the *Australian* newspaper, the favourite of Senator Carr, the minister—

Senator Carr—You seem to rely on it pretty heavily, so obviously it has at least one reader in this parliament.

Senator MASON—They are, I think it is fair to say, on top of the Digital Education Revolution, Minister. They realise the extent of the farce. The *Australian* reported that (a) Seaford 6-12 School, a public school in South Australia, is charging parents a \$365-a-year fee to allow students to take their computers home, and (b) Willunga High School, another South Australian school, is urging parents to spend \$1,200 upfront to lease Apple Mac computers. Parents were told that, although the offer is absolutely voluntary, being able to use computers is 'as important in today's society as being able to read and write'. My question is: are schools allowed to charge parents if students want to take their laptops home?

Dr Arthur—No, Senator.

Senator MASON—Are schools allowed to encourage parents to lease computers that have already been paid for by the taxpayers?

Dr Arthur—No, Senator.

Senator MASON—Were these cases investigated?

Dr Arthur—Yes. I might add that, in the second instance that you alluded to, my answer of no is correct, but it is not the case that that school was charging parents for computers which had otherwise been provided by taxpayers.

Senator MASON—Is that right?

Dr Arthur—They were simply making—

Senator Carr—Was there a correction in the *Australian*? I did not see that?

Dr Arthur—They were, as is common practice around Australia, giving parents access to the price which schools are able to get from suppliers for computers to purchase computers.

Those purchases were outside the provision of computers under the Digital Education Revolution.

Senator MASON—So what you are saying is that it was simply a means of making computers more affordable for parents—is that right?

Dr Arthur—That is my understanding.

Senator MASON—So, your answer ‘no’ to, ‘Are schools allowed to charge parents if students want to take the laptops home,’ is, as a matter of fact, wrong, but also ‘no’ is the policy?

Dr Arthur—It is certainly the case, and it is my understanding, that the first school you mentioned did have the policy described in the media.

Senator MASON—Seaford?

Dr Arthur—Yes. As I indicated, we investigated that with the South Australian department. We made it clear to the South Australian department that the Commonwealth position was that, as is reflected in the COAG agreement, the Commonwealth is providing for the total cost of ownership of those devices for four years and that there is no justification for additional charges to be levied so that computers can be taken home; that any issues that might arise in terms of costs flowing from that, such as lost computers or damaged computers, can be handled by way of specific policies and agreements with parents on those issues; and to repeat that, in the Commonwealth’s point of view, there is no justification for parents’ levies to cover the cost of taking a computer home.

Senator MASON—Who delivered that message to the school?

Dr Arthur—The South Australian education department.

Senator MASON—The state government.

Dr Arthur—They have that responsibility.

Senator MASON—What are you doing to prevent this sort of abuse by schools?

Dr Arthur—Following that incident, we have provided some enhanced guidance to all the education authorities on the policy.

Senator MASON—I have some questions about computer security, though I am not certain of the import of these questions. I am advised—I put it no higher than that—that some schools in New South Wales are apparently telling students not to share the password to their laptops with their parents. That is what I am being told. Have you heard of that?

Dr Arthur—I have not heard that. It would not surprise me. It would be completely normal policy. In the New South Wales case, that computer is connected with the New South Wales network. The device operates as an integral part of the network, and parents do not have the authority to access all the applications or all the information on that network.

Senator MASON—If parents are concerned about the content of the material that their children might be looking at on the computer, what do we say to them?

Dr Arthur—There are issues in terms of that which I would need to check with the New South Wales authorities on what their policy is on that. It is New South Wales policy. It is controlled by them.

Ms Paul—We will have to take it on notice.

Dr Arthur—I would note that because they are part of the New South Wales network, they are operating within an extremely controlled environment. All of the communications coming from that computer are subject to filtering. All of the activities on that computer are monitored very closely by the central authorities and they have very elaborate security mechanisms surrounding those devices and all uses made of the network. It is part of the duty of care of the department to exercise that in that case.

Senator MASON—In fact, it might be the policy of schools that no-one should know the password of the laptop except for the student?

Dr Arthur—It might well be their policy. In the case of New South Wales, where the information on that computer and the computer itself is an integral part of the New South Wales schools network, the duty of care falls on the education departments rather than the parent in terms of the use made of that computer.

Senator MASON—The advice I have is that if parents have concerns that their children might be misusing their computers, the schools will withdraw the computer and check it themselves.

Dr Arthur—All use of the computer in the New South Wales government case is monitored by the New South Wales departments, and that is how they exercise their duty of care.

Ms Paul—That is probably the answer for the parent. It is a very tightly controlled environment.

Senator MASON—Can I go to the My School website? I think it is fair to say there has been some discussion about the website, much of it very positive. In relation to comparisons of statistically similar schools on the My School website, there has been criticism—and apparently some school principals, it has been reported—that the methodology used is less precise than it might be because the statistical similarity is being measured by the characteristics of the general community, general census area, of where the students are rather than the characteristics of households with school-age children in those communities. I am not a sociologist, but there is concern that the information on the My School website could be more accurate. That is really the question.

Ms Paul—We have people from the Australian Curriculum, Assessment and Reporting Authority, ACARA, here—Professor Barry McGaw and the CEO, Peter Hill. With the chair's leave, it might be appropriate for them to come to the table as well.

Senator MASON—They are different people?

Ms Paul—They are, indeed, because the My School website is actually established by this authority, ACARA.

Senator MASON—Just to assist, Ms Paul, my questions relate to methodological issues.

Ms Paul—That is right.

Senator Carr—They are the gun on all this stuff. They will have no trouble at all.

Ms Paul—We will stay at the table as well.

Senator Carr—This will be quite entertaining, I would have thought

Senator MASON—Not quite my area, as you know, Minister.

Senator Carr—Exactly. You are about to learn something, Senator.

Senator MASON—That is fine.

CHAIR—I am sorry. I have been distracted.

Ms Paul—The senator is asking a question about methodology.

CHAIR—You want to bring some new officers in.

Ms Paul—The methodology on the My School website is, largely, the province of the Australian Curriculum, Assessment and Reporting Authority. We have the chair and the CEO here, and it is probably appropriate for them to join us. We also have some responsibility, but it is probably going to be of value to senators to have the principals here too.

Senator MASON—If that would assist, Chair.

CHAIR—And are they going to sit at this end?

Ms Paul—No.

Senator Carr—No, they will sit at this end because we do not want them too close.

CHAIR—I was just going to say you are not to be yelling at anyone, Senator Mason. I will be forced to go and get you a cup of tea.

Senator MASON—I think there is a benchmark problem here, Chair—that is, I am not certain that I know much about methodology. The question will be better whether I can fully appreciate the answers. I am more worried about that.

Ms Paul—I would like to introduce Professor Barry McGaw, Chair of the Australian Curriculum, Assessment and Reporting Authority, and Dr Peter Hill, the CEO of ACARA.

CHAIR—Thank you. Senator Mason, it is up to you.

Senator MASON—Welcome. Let me ask the question again. In relation to comparisons of statistically similar schools on the My School website, there has been criticism that the methodology used is less precise than it might otherwise be because the statistical similarity is being measured by the characteristics of the general community where students are rather than from the characteristics of households with school-age children in those communities—in other words, we could have a more precise measure.

Prof. McGaw—I am not sure how detailed an answer you want, but let me first say there are two ways in which you can obtain information on the social and educational advantage of families: one is to ask them directly for information on the parents' occupation level, the parents' education. A couple of systems in Australia have some of that information. The data are usually incomplete because not everybody answers the question. That is not an option if you are trying to do anything nationally. The practice that has been used in Australia for

funding non-government schools now for a long time has been to go to the census collection districts and use the home residence of individual students, and to assign to them the characteristics of the census collection district. These are quite small districts. If you take only the families in the district with school-age children, you do not get very stable estimates. If you take from the household, you get a better estimate with all of the residents in these small districts. That then raises the question of how well—

Senator MASON—I follow that. I understand. You say it could distort the information?

Prof. McGaw—Yes. It is a better measure to take all the residents in the community, all the adult residents, as the indicator of the background, because these are relatively homogeneous. There are some places where it does not work well—and I will come to that in just a second. The question of how well it works is something you can answer empirically. There is a very high correlation between these measures of students' social background and the average performance of schools on NAPLAN. The correlation is over 0.8, which is extraordinarily high. So this is a very good measure.

Senator MASON—I follow that, and thank you. Let me be more specific about the criticisms. You have heard a specific criticism. There are others. It is argued that the Index of Community Socio-Educational Advantage is flawed and is making inaccurate comparisons because it does not include factors known to significantly affect schooling, such as whether English is spoken as a second language, if the children were new to the school, if they were refugees or had learning difficulties or disabilities and, indeed, whether the school was academically selective. I read a letter from Mr Jeremy Ludowyke, who is the principal of Melbourne High School. Did you read his—

Prof. McGaw—Yes.

Senator MASON—You see his point. Could you comment in relation to those other factors and then please feel free to comment on Mr Ludowyke's comment.

Prof. McGaw—There are several ways in which the straight computation of the index does not work well. In some cases we can make adjustments. I will give you one example. The primary school in Carlton in Melbourne sits in a very wealthy area. If you use the index calculated from the census collection district, that shows as being a very advantaged school. It is actually adjacent to a large number of high-rise housing commission flats and most of the students who go to that school come from those flats. So we adjusted the index in that case. We had good bases for doing this. The same is true in some of the communities in the Northern Territory, where the census districts are quite large, geographically, and the Bureau of Statistics itself says they are not well characterised by any of their measures.

You can have an Aboriginal community with its own school adjacent to a pastoral property where there are relatively wealthy people living, who do not go to that school. That is another case where we adjusted the estimate. So all of those adjustments are made. The one thing you cannot adjust for is activity of the school on other grounds. If you say, 'We have got a measure of the social background of all the students in the school,' and in addition to that the school excludes students on the basis of academic performance because it is positively selective—like the selective high schools in New South Wales, the ones you raised—or it is

negatively selective because it has got special streams of disadvantaged students, then the index does not work well.

Senator MASON—I might get to that in a minute, too, about people being excluded. Let me hold off on that. Are you currently reviewing the index?

Prof. McGaw—No. There are two things. We are reviewing any cases that have been raised with us by individual schools. Dr Hill can tell you how many there were, if you would like to know that next.

Senator MASON—Sure.

Dr Hill—So far we have received, from 26 schools, requests to review their ICSEA index.

Senator MASON—On what sort of grounds?

Dr Hill—Either that they believe that it is too high or, in some cases, they believe it is too low, and they have different motivations for wanting to query it.

Senator MASON—What are they arguing? What sort of factors have or have not been taken into account?

Dr Hill—In some cases, they need clarification as to what the index does include and what it does not include—for example, the issue of language spoken at home. That was one thing that we investigated and what we found is that just knowing that the student comes from a home background where they do not speak English does not really predict their scores on NAPLAN at all, because in reality it depends on which language you are talking about. I can imagine that with some language backgrounds it is an advantage to come from a non-English speaking background; in others it is significantly not. So it turns out to be not a very good predictor as the variable that we do have.

Senator MASON—Are you convinced that the index is not capable of improvement?

Prof. McGaw—I think this is an extraordinarily robust index, actually. We will not abandon it, but what we will do is add another dimension which will become possible, potentially, for the first time next time around, because next time around students who have been assessed will be assessed for a second time. That has not occurred yet. Year 3 students assessed in 2008 will be assessed as year 5 students in 2010. So we will, from the 2010 analysis, be able to tell how much a student's score has changed. So we will actually have an educational measure in addition to the social measure. We will not abandon the social measure but we will have an educational measure as well, provided we can track the students.

Senator MASON—Educational value adding, in effect?

Prof. McGaw—Yes.

Senator MASON—I see.

Ms Paul—With the 16 variables chosen in the ICSEA index—and Professor McGaw can describe this much better than I can—ACARA went through an enormous amount of work to make sure that those 16 variables are the ones which have the most robust correlation with NAPLAN results. So they are the most predictive.

Senator MASON—The socioeconomic indices.

Ms Paul—The index you are referring to.

Senator MASON—Do you recognise that factors other than socioeconomic status play a role in educational outcomes? Do you recognise that?

Prof. McGaw—Yes, of course. There are other things that parents can do. There are other things that schools can do.

Senator MASON—That is not necessarily reflected in this index, is it?

Prof. McGaw—No, but the real value of the analysis is that you can identify a set of schools working with similarly advantaged or similarly disadvantaged students and then find some of them doing much better than others, precisely because there are factors other than socioeconomic background that are relevant. Then you can say to the schools not doing well, compared with others like themselves, ‘What is it that these others are doing that you are not doing that would enable you to improve the performance?’ If this works in the end, socioeconomic background will have less impact in Australia than it does now, and we will match Canada.

Senator MASON—That is my point. I suppose I do not believe in socioeconomic determinism.

Ms Paul—The whole point of this index is to identify which other schools in Australia the school I am interested in is most like—so that it is fair.

Senator MASON—Sure. I understand that.

Ms Paul—That is why this index has to focus, by definition of that aim, on socioeconomic variables.

Senator MASON—I was looking at a speech from the Deputy Prime Minister not so long ago and she said, in the Button memorial lecture:

... And let’s not pretend to ourselves or each other that understanding educational outcomes is as simple as getting a statistician to break schools down on the basis of the socio-economic status of the school to predict their future achievement, on the assumption that demography is destiny. The reality is that schools with comparable cohorts of children come out with different results.

She specifically rejected the proposition that every difference in educational attainment in this country is explained by difference in the socioeconomic status, broadly defined, of the students. You would agree with that?

Prof. McGaw—Yes, Senator. I would make two points, actually. One is precisely that one—you can find schools in Australia working with similarly disadvantaged students performing very differently, and the high performing ones should become models for the poor performing ones. The other thing is: we can see differences across countries that we have not seen before. I was Director for Education at the OECD for seven years and we did international analyses that showed that Australia does well in terms of our average level of performance; but among countries that perform equally well—like Canada, Hong Kong, Japan and Korea—socioeconomic differences have less impact than here. So our target ought to be not just—

Senator MASON—Sorry, Professor, they have less impact?

Prof. McGaw—Less impact than here in Australia.

Senator MASON—Less impact.

Prof. McGaw—So our challenge, I think, is to lower the effect of socioeconomic differences on educational outcomes. One good way to do that is to draw the attention of the public and the schools themselves to others doing better with students in similar disadvantaged circumstances, in order that all would do better.

Senator MASON—I suppose the policy concern is that you do want, I said before, ‘socioeconomic determinism’—that you can justify outcomes because of someone’s socioeconomic background. Clearly there is disadvantage. Clearly, there is, but I do not think it is black and white, and I am not sure it is a good measure to send that either.

Ms Paul—But the beauty of the index is that if you go and look up whatever school you are interested in, you see 60 other schools which have similar student populations or similar school communities. That means that if your school is not doing as well as those others which are quite similar to yours, in terms of advantage or disadvantage, then you know there are lessons you can probably learn within that cohort, and that has never been able to be done before in Australia.

Senator MASON—I am not certain it is perfect yet—I think we agree it is not perfect—but, clearly, it will get better with time.

Senator Carr—The whole point is to overcome these embedded levels of disadvantage, and as I read the position of the government and the department it is to actually expand this program to give it more versatility and to provide greater parent choices. The key to this is to understand that it is about parents’ right, the right of people to actually know what is going on in their school, and that is why—

Senator MASON—There is no argument with me about that.

Senator Carr—And that is why it is so strongly supported across the country.

Senator MASON—There is no argument with me, as you know, Minister, about that; more that there has been, it is fair to say, media comment and letters from—

Senator Carr—Often not well-informed comment on it, and that is the point.

Senator MASON—But some of it has been. Let us be fair. Did you read the letter from the principal of Melbourne High School. Professor? I am sure you did.

Prof. McGaw—Oh, yes.

Senator MASON—That was an informed letter. You could not say that was ill-informed, because it was a selective school which is not taken account of in the index. Okay, it is exceptional. I know that. It is a bit of a one-off, but it is still a fair comment. There was a report last week in the *Age*, reporting a memo from the Victorian Department of Education to principals in the Loddon Mallee region regarding the focus on NAPLAN tests. Are you aware of that?

Prof. McGaw—Yes.

Senator MASON—Are you also aware of the concerns of the principal of Winters Flat Primary School in Castlemaine, Mr Kevin Brown, that the department was forcing students to

narrow the curriculum they are offered, basically so that people can teach specifically for the NAPLAN tests? Is that a good thing?

Prof. McGaw—There are two things. First of all, you cannot teach directly to the test. It is not the kind of test of memory that you can somehow prepare people for. The only way to prepare people for the literacy and numeracy tests of NAPLAN is to make them more literate and more numerate, frankly, and that is no bad thing. If schools do only that, then that is not a good thing, and it is not the case that the Victorian department is directing its schools to concentrate in that way. I know that from Professor Dawkins, the secretary of the department. And I also know from the other part of our work in ACARA with the development of the national curriculum that we are making quite clear what students are to learn in science, in history, and other areas which will also become our responsibility beyond literacy and numeracy. And that will be publicly available on websites for parents to look at.

Senator MASON—Okay. So do you take any precautions so that the curriculum does not become too narrow—it sounds terrible, ‘just in literacy and numeracy,’ as if they are not important. I think it is a fair point to say that the curriculum should be broader than just that. That is a fair point.

Prof. McGaw—Yes.

Senator MASON—Are you trying to ensure that that remains the case?

Prof. McGaw—We do not manage schools, of course, but what I am saying is that the responsibilities of the authority are not only the assessment and reporting but also the curriculum development. And in the week of 22 March we are putting out for consultation detailed curriculum proposals for English, maths, the sciences, and history, with the proposal for the first time in this country that all students to history to year 10.

Senator MASON—I am a great advocate of history, as the minister knows.

Prof. McGaw—And parents will be able to see on the website, when the final version comes out, what history their children are supposed to be doing. So if they are getting from their school nothing but literacy and numeracy, they will have every ground for complaint to the school.

Senator Carr—We have got a problem here, where, once again—and understandably—you are relying upon reports in the *Australian* which were wrong. I did not see a correction.

Senator MASON—It is a bit more than that.

Senator Carr—Again, perhaps you could correct me. When was the correction printed that demonstrated that that report was actually wrong?

Senator MASON—Minister, this is from the *Age*, not from the *Australian*.

Senator Carr—I will not care whether it is the *Age*, either, but you see my point. You are relying on reports in the media that are wrong—just wrong.

Senator HANSON-YOUNG—Are you saying the memo was not sent?

Senator MASON—No—

Senator HANSON-YOUNG—Are you saying the memo was not sent?

CHAIR—Senator Hanson-Young, we have had enough yelling.

Senator Carr—Do not worry. You are an amateur by comparison to this fellow.

CHAIR—We are going to have to make everyone a cup of tea in a minute.

Senator HANSON-YOUNG—Is he asking that—

Senator MASON—Yes, Senator Hanson-Young raises the point I was raising, that apparently this memo was sent, which explicitly said, ‘Teach for NAPLAN and give students a daily NAPLAN item in class.’ Is that right?

Prof. McGaw—I do not know whether the memo was sent. In some sense, I would not be surprised if it were. It is fairly ill-advised, if it were. The research evidence internationally on the impact of test practice is that the effect is minimal except in one special circumstance. If the student is likely to be confronted with a form of assessment they have never seen before, they will be disadvantaged. So some exposure to the nature of the assessment gives the student some advantage, but no student should go into a NAPLAN test unaware of what the assessment will look like. Beyond that, there is no way to prepare for those tests other than to, frankly, make students more literate and numerate.

Senator MASON—And that is your considered experience? Is that like graduate tests overseas in universities? You know, the Americans have that test for—what do they call it? The graduate—

Prof. McGaw—Graduate record examination, which I took before I went to graduate studies.

Senator MASON—Yes, that sort of stuff. But Professor, people say you can study for them. You have courses and—

Prof. McGaw—Yes, but you can only study—

Senator MASON—I am not an expert, but I am simply relaying a layman’s view here.

Prof. McGaw—Yes. I used to run the Australian Council for Educational Research, which is a major test development agency, and I know that the research evidence on test practice is that the benefit comes only in the first stage where you are ensuring students understand the form of the assessment. For the graduate record exam, beyond getting to understand the strange ways Americans test you about analogies and other things, there is no preparation you can do.

Senator MASON—Okay. I am not in the position to debate that, Professor, but there is a point where even I can appreciate that results could be skewed. Concern has been expressed by, for example, the Autistic Family Support Association, that most school data on school performance is being distorted because some school principals are encouraging the exempting of children with autism and other learning disorders from sitting the NAPLAN tests so that they will not lower the school’s scores. Have you heard about that, Professor?

Prof. McGaw—I have read the letter. I have also seen the statement. Our authority did not exist until the end of May, and we did not run NAPLAN in either of the two years from which we are now using the data. The ministers agreed collectively to do these assessments, and they have established rules about who may or may not be exempt. We, however, decided that on

our website when we publish the schools' mean, we should publish, for every school, what per cent of students were exempt and what per cent of students also failed to turn up on the day of the assessment, because that is another consideration. We think that information should be clear and exposed, and we have exposed it.

Senator MASON—Okay, but in terms of the average it would still be skewed if you are exempting kids with learning difficulties rather than without them, and I can understand that.

Prof. McGaw—Yes, but there are rules about—

Senator MASON—Are you encouraging principals to withdraw kids with learning difficulties from doing the test?

Prof. McGaw—No, we are not. We—

Senator MASON—Your view would be every kid should take it?

Prof. McGaw—No, our view would be that every student who does not satisfy an exemption requirement should take it, and there are rules about what is the nature of a disability that would render this kind of assessment inappropriate for a child, and those students are quite legitimately not included in the assessment. There are rules about that that have been established not by us but by the authorities—the ministers collectively and their departments—for the administration of the test. I do not think every student should do it. I think there are some who should be exempt. I think we need to be careful that we do not expand those exemption rules, and we will monitor that. And we will publish it, not just state by state or for the nation as a whole; we will publish it school by school.

Senator MASON—School by school on the website?

Prof. McGaw—On the website. We have done that this year.

Senator MASON—Thank you, Professor. I have questions relating to Aboriginal literacy and numeracy and, Chair, I am not sure—I am happy to—

Prof. McGaw—No, that is not us.

Senator MASON—I am not certain if that is—

Prof. McGaw—Not us.

CHAIR—Senator Hanson-Young has questions on those two, I think.

Senator HANSON-YOUNG—Thank you, Chair. You mentioned 26 schools have asked for their index to be reviewed?

Dr Hill—That is correct. That is as of yesterday.

Senator HANSON-YOUNG—As of yesterday. So in terms of the comparisons of the like schools does ACARA, or even the broader department, accept that there are some mistakes? We have seen numerous examples right around the country, even in my home state of South Australia, including Prince Alfred College, one of the most elite, selective schools in the state, compared with the East Murray Area public school, which is basically a school that has nowhere near the same access to resources that PAC does and yet they are compared.

Prof. McGaw—That is an interesting question. I have had ones like that. I do not know the South Australian case, but I will give you what I take to be a parallel from Western Australia,

where I lived for a period. A journalist phoned and said, 'How come Dalkeith Primary School is apparently more elite than these elite private high schools in Perth?' The answer in that case is that Dalkeith is a small, elite residential area from which the students go to the local primary school, and they take with them all the privilege from their community.

Many of those students would go to these elite private schools—what the journalist was calling the elite private schools—but they also take students from families where both parents are working to pay the fees to send their kids to the school. They are less advantaged than the ones who live in Dalkeith. There would be some there on scholarships. In that case, the data did not line up with his expectations, but the journalist's expectations were wrong, and I think the data are right. We are not comparing the schools. We are not saying these schools are like one another in size, in locality, in physical resources; we are saying the families from which the students in these schools come are equivalent.

Senator HANSON-YOUNG—I have got two points. My first question is: do you accept that there are any mistakes with the current website in terms of the comparisons?

Prof. McGaw—Yes. I think there is a possibility, and we are open to look at cases when schools raise them, but I am persuaded that this is an extraordinarily robust indicator. It is world's best. It is certainly better than the one New York uses; it is certainly better than the one the UK uses.

Senator HANSON-YOUNG—My second question relates to the explanation you have just given. The feedback that we are getting, even from the principal, say, at the Prince Alfred College in South Australia, is that he was surprised. You are suggesting that these comparisons of schools are not about comparing the schools per se but about comparing the index. Yet the way the department, the government have promoted this website is to compare schools. It is not, 'You compare this index and we have taken all these other things out.' Parents are totally surprised when they see Murray Area School, which is a unit of transportable classrooms, compared to the lavish grounds of Prince Alfred College. They do not believe that is a fair comparison. So whether or not your assertion is right about the index I think the government needs to clarify that that is not the comparison that parents are making.

Prof. McGaw—Let us be clear about what we are saying. We are saying, as an authority, that we are comparing schools which have students from similar backgrounds. We are not comparing schools which have similar facilities. If students from similar backgrounds are doing better in one school than another, then you can ask what is it about those two schools that creates that difference, and it is not always the physical resources. You can find, as I did when I looked, private schools that have advantaged communities that are performing above the national average, but that are doing less well than other schools with similar students, among which are some non-fee-paying government schools which have similarly advantaged students but which, educationally, are outperforming the private schools.

Senator HANSON-YOUNG—I think you would struggle to convince the parents who send their kids to the Murray Area School in South Australia that their kids have access to the same resources in terms of being able to access the educational advantages to complete the NAPLAN test—

Prof. McGaw—I am not trying to persuade them of that.

Senator HANSON-YOUNG—That the PAC school—

Prof. McGaw—All I need to—

Senator HANSON-YOUNG—And that is what they think they are comparing.

Prof. McGaw—But, Senator, all I need to persuade them of is this, that—

Senator HANSON-YOUNG—It does not make sense. Why would you try and compare an elite private school that is not compared then to those similar schools in its own area. PAC in South Australia is not compared, on the website, to the other private boys schools who are just down the road.

Prof. McGaw—But you can do that.

Senator HANSON-YOUNG—They are being compared to a school that is 300 kilometres away from Adelaide.

Prof. McGaw—We took the 60 closest schools in social background. All I need to persuade those parents of in that community is that they are educationally and socially not different from the parents of the other school—not that the schools are not different. That is what our measure is.

Senator Carr—And is it not a surprise, Senator, that such a result can be reported? I know that in some quarters it is popular to run down a local state school, but what we are actually demonstrating here is just how well state education is doing for many, many communities in this country.

Senator HANSON-YOUNG—That is not how the parents at that school feel.

Senator Carr—I am just making the point to you that in terms of the campaign that has been run against this initiative by the government, this is actually proving to be enormously successful in highlighting the success of public education. If we are ever going to make real inroads into developing support for public education, there have to be greater efforts in persuading middle-class families about the value of their local public school. What this website is doing, I think, much to the surprise of some of those who have, inadvertently, run down public education, is that they actually get a very good deal out of the local school.

Senator HANSON-YOUNG—The point still stands that schools are suggesting that they are not being fairly compared, and you are saying that, as of yesterday, there are at least 26 schools which have said that they believe that the comparison is wrong.

Ms Paul—Out of 10,000.

Senator HANSON-YOUNG—You are suggesting that you do not think that there are mistakes with the comparison?

Dr Hill—Could I just clarify?

Senator HANSON-YOUNG—Sure.

Dr Hill—I do not think there is a mistake in the value that we have reported, but that we will check. We will check whether the value is correct; whether the information that has gone into the index is correct; whether, for example, all the students in the schools' addresses were actually coded. Those are the sorts of things that would lead to a mistake.

Senator HANSON-YOUNG—Yes.

Dr Hill—Then the issue is, is it a valid way of comparing it, which, I think, is really what you are getting at, because you are talking about the perceptions of people.

Senator HANSON-YOUNG—There are two points: whether it is a valid way of comparing.

Dr Hill—Yes.

Senator HANSON-YOUNG—But, also, regardless of whether it is a valid way of comparing, whether that is actually the correct data that is being used.

Dr Hill—Yes.

Senator HANSON-YOUNG—They are the two points that have been raised in relation to schools that are questioning the results that are on the website.

Dr Hill—Yes.

Senator HANSON-YOUNG—There was a statement from ACARA that was published in the *Sunday Mail* in South Australia on the weekend, which indicated that you were launching a consolidated and comprehensive review of the source data which will be checked and cross-referenced. My question is: why, after less than two weeks, a comprehensive, consolidated review would need to happen?

Prof. McGaw—Well, Senator, there is not a consolidated review.

Senator HANSON-YOUNG—Is that statement incorrect?

Dr Hill—As I drafted this statement up, I do remember it, and it was in relation to those 26 schools that have queried their number.

Senator Carr—Senator Mason, what about a list—

Dr Hill—It is not a review of all of them—

Senator Carr—Of all the correct reports.

Dr Hill—It is just those that have asked the question.

Senator HANSON-YOUNG—Were schools given the opportunity to review whether the information used to compare their schools with other schools was actually correct before the website went live?

Dr Hill—What happened was that, for all the systemic schools, the data, which all comes from the schools themselves and from the systems, was provided by the educational systems. They have had an opportunity to verify the data. We sent the entire database to each system for them to review it. In the case of the independent schools, we made it available to their various organisations to review it, too, and we invited each of the systems to identify any instances where they felt that they had evidence that the ICSEA index did not properly categorise the school.

Ms Paul—As in the example that Professor McGaw gave about Carlton Primary. In other words, much of that work has already been done.

Dr Hill—It has all been done.

Ms Paul—Which is one reason why we know it is such a robust index.

Senator HANSON-YOUNG—In terms of the time frame, what was the opportunity to review?

Dr Hill—That was done before Christmas.

Senator HANSON-YOUNG—And how long did those schools get to verify their data?

Dr Hill—In fact, the systems have had the data before Christmas, and they were still making observations right up until almost the last minute. I would say that, really, they have had probably four to five weeks in which to review.

Senator HANSON-YOUNG—Could you take on notice—I would really like that time frame, if you could forward that, please?

Ms Paul—Sure.

Dr Hill—Sure.

Dr Bruniges—Senator, I can probably add something to that. The state test data that is on the website would have been in jurisdictions and parents' hands when results were reported in systems each September.

Senator HANSON-YOUNG—Yes.

Dr Bruniges—From a jurisdiction's point of view, the data, say, for 2008 would have sat in May, processed, parents received their reports in September. The same data source would have been used by ACARA.

Prof. McGaw—That is the NAPLAN data, yes.

Dr Bruniges—The NAPLAN data.

Prof. McGaw—Not the ICSEA measure which you are asking about.

Dr Bruniges—Not the ICSEA.

Senator HANSON-YOUNG—Which is what I am asking about.

CHAIR—At this point we are going to break for lunch. I just need to advise some people about the arrangements for this afternoon. At 3 o'clock we will move to outcome 1. We will allow 1½ hours for outcome 1 and then finish outcome 1, and then we will resume with outcome 2 and finish that, and then move on to outcome 3.

Prof. McGaw—Chair, I do not know what the rules are. We both have a meeting of the board of the authority in Sydney in the morning. Do you need us this afternoon or not?

CHAIR—Yes. We will finish with you straight after lunch.

Prof. McGaw—Sure.

CHAIR—We will finish with you straight after lunch and then you will be free to go. Thank you.

Proceedings suspended from 12.30 pm to 1.30 pm

CHAIR—We will resume the hearing. Senator Hanson-Young?

Senator HANSON-YOUNG—Mr McGaw, I refer to the answers that you gave earlier to my questions relating to the type of access that schools got to review the information they had or the data that was being used to make these types of comparisons. Through this process how many schools were moved into different categories after the index was applied and before the site went live and on air? If you ran this review process, was there any change to the way in which schools were categorised?

Prof. McGaw—Yes, there were schools that were shifted. The consultation was not with individual schools; the consultation was with the authorities, which had the bigger picture than the individual school. There were those such as the one I mentioned in Carlton which were shifted. I do not have those figures but we can provide them. We have also undertaken to give the council of ministers a report on the extent to which there were final values that were different from the calculated values.

Senator HANSON-YOUNG—So there were some?

Prof. McGaw—Yes.

Senator HANSON-YOUNG—You are saying that you will have to take on notice the numbers. Was it a significant amount or a moderate amount?

Prof. McGaw—In some places more than 10 per cent.

Senator HANSON-YOUNG—How then can we be sure that it is now correct? If there were already those errors and the indexing is flawed—

Prof. McGaw—I would not call them errors. They were not errors. They were cases where it was clear that the home residences of the students did not well characterise the school. I have used the Carlton example to make that clear. Lots of people in the Carlton census collection district do not go to Carlton Primary School. Those that do very selectively come from the Housing Commission flats. It is not an error; it is just saying that in that case the census collection district does not provide an appropriate measure, and we were able to make the adjustment, just as—

Senator HANSON-YOUNG—There are some flaws in the indexing in that case to be able to be appropriate.

Prof. McGaw—No, that is not a flaw in the index. What we ended up with was an index value for that school that was not a simple, blind calculation from the data; it was informed by other evidence. Every school ends up with an index value that is robust and a good comparison.

Senator HANSON-YOUNG—How can we be sure though? All you need to do is to plug into the schools yourself and you will see; the one in South Australia is a stark example. I know it seems extreme but it is black and white—or red and green—on the screen. It does not make sense as to how they could possibly be like schools.

Prof. McGaw—This is the point that we discussed before. We are not making any claim that the schools are like; we are claiming that the schools are dealing with students from similar circumstances. If they have different outcomes that can be attributed to differences in the school, that is the important educational thing to note. What is it that you would need to

do different educationally so that these communities that have similar students and similar backgrounds do not achieve such different outcomes?

Senator HANSON-YOUNG—Parents are seeing on the website a comparison of their children's school results with that of like schools.

Prof. McGaw—Yes.

Senator HANSON-YOUNG—The assumption of the like school is not whether or not half the kids come from the same street, or whether the street from which my kid comes is similar to the street from which another kid comes. They are comparing the schools.

Prof. McGaw—But they are wrong if they are making that comparison.

Senator HANSON-YOUNG—That is exactly my point. I believe it is misrepresentative of what the government in particular is presenting as to what the parents are comparing.

Ms Paul—The website is not misrepresentative. I know some people are eyeballing the schools that are in that statistically similar group of 60 schools. But then you have to go behind it. I am sure that ACARA would be happy to look at those two schools—Prince Alfred and—

Senator HANSON-YOUNG—The Murray area school.

Ms Paul—and explain why the index found that. For example, Prince Alfred may have a range of scholarship students, it may have a range of students whose parents have saved up a lot to send them to Prince Alfred, which I know is a very expensive school, and so on. It is possible for us to get behind that.

Senator HANSON-YOUNG—If this website is meant to be about parents being able to have all that information and being able to make the choice, as the minister put it only an hour and a half ago, the need to look behind what is on the screen is not what is being presented to parents.

Ms Paul—What the Murray area parents can see—Professor McGaw can explain this better than I can—

Senator HANSON-YOUNG—And they wonder why they are rated low in comparison to other schools. When they look at the other schools, they see that they are being compared to PAC.

Ms Paul—Sure. First, they are being shown 60 schools—30 above and 30 below—on the Index of Community Socio-Educational Advantage, or ICSEA, that have statistically similar school populations. That is the thing I am saying we can get behind. Let us say that they think Prince Alfred does not look too good. However, there must be another 59 that probably look okay. For those 61 schools there are the comparators for the results for years 3, 5, 7 and 9 literacy and numeracy testing—the NAPLAN tests—and that is real. Of course, the fact that they are not showing up well raises questions. If it is the case that they do not look so good, it raises questions about what is happening in that community, in that school, in the teaching or whatever it is that needs some help. That is where the national partnerships come in. I do not know whether or not this will be a school that will get extra support.

Senator HANSON-YOUNG—We are asking parents to make a judgment based on the information that is presented on that page of the website when they plug into their school. There is an understanding that schools are being fairly compared.

Ms Paul—That is right. They are being fairly compared.

Prof. McGaw—That is exactly right.

Senator HANSON-YOUNG—There is an expectation that schools are being fairly compared.

Ms Paul—That is right; they are.

Senator HANSON-YOUNG—But they are not. You are saying it does not matter whether one school has a budget that is \$1 million more than the budget of another school, and resources and extra teachers. Even the numbers in the school might not necessarily match up. But as long as the students all come from a similar type of street they are able to be compared.

Ms Paul—They come from a similar socioeconomic background. The geography is not at issue.

Prof. McGaw—That is the point of the fair comparisons. It may well be—

Senator HANSON-YOUNG—But it is not a fair comparison, is it?

Prof. McGaw—I believe that it is.

Ms Paul—It might well be.

Senator HANSON-YOUNG—It does not incorporate all the other things that you—

Prof. McGaw—It invites an interpretation of the other things that might make a difference. I can show you schools in the eastern suburbs of Melbourne—

Senator HANSON-YOUNG—But that is not shown on the website.

Prof. McGaw—It is in the descriptions of the schools. Next year we will also have data on the resources available for every school.

Senator HANSON-YOUNG—Yes.

Senator JACINTA COLLINS—Did you just mention Melbourne?

Prof. McGaw—Yes, the schools in the eastern suburbs of Melbourne. Lots of them were also written up in the press. If you look on the front page for a high fee, high status, non-government school you can find a high ICSEA value to show that it is an advantaged school. You see lots of green for a comparison with the national average—this is for a school that is performing well above the national average—and no-one is surprised by that. Everybody in the school community knows that this is a good school by every other measure that they have had in the past. But when it is compared with statistically similar schools for the first time they see that there is a lot of red. This is a coasting school. This is a school that is charging a lot, that has good resources and privileged kids, doing well with respect to the national average and doing poorly with respect to schools enrolling students such as theirs, among which is a neighbouring government primary school. You get those kinds of analyses. Senator, in answer to your observations about whether parents are entering the site with expectations that the site is saying something other than what it is saying, we have gone to considerable

lengths to try to explain what the site intends so that they do not think we are saying that the schools are similar, but they understand that we are saying the communities are similar.

We have frequently answered questions and fact sheets and we have interpretive material on the website. On the ACARA website we have a video that explains how the site works. For example, months ago we stopped using the expression 'like schools' precisely because our focus group work with parents with school-aged children showed that when they heard the words 'like schools' they interpreted that to mean physically like and resource levels like. We said, 'Let us use "statistically similar schools", which does not have an everyday meaning and does not invite people to jump quite so quickly to a conclusion about what it means,' and we defined it.

Senator HANSON-YOUNG—So in order to avoid being caught out or accused of being misrepresentative, you have changed the language back. But how do you—

Ms Paul—No, the point here is that they did focus groups. So the whole site was tested with parents before it went up.

Senator HANSON-YOUNG—I am interested to hear that you did focus groups. It does not surprise me that the words 'like schools' meant that people thought that they were like schools.

Prof. McGaw—Yes.

Senator HANSON-YOUNG—My point is that that is still the representation. Schools are being compared when there is such a difference in the margin of error between a school that has X number of students versus schools with a smaller number of students. That margin of error must be quite significant, yet they are still being compared. The point of the Prime Minister's announcement only a week ago was that there would be an expansion of the website and you referred also to the idea of putting resources on the website. Clearly, that is reflecting the needs of parents who want to be able to compare like schools. At the moment one would have to question whether the website was offering what parents are currently expecting.

Prof. McGaw—We will not use that information on resource levels to render the schools more like. That will reveal the extent of the differences. We will only ever render the schools like on the basis of the social background of the students. If you wash out other differences between schools by saying, 'We will not take account of those' you remove important interpretive things that give you a handle to change policy.

Ms Paul—At the moment, the thing about this site is that it is genuinely and truly comparing literacy and numeracy results at years 3, 5, 7 and 9 for 2009 and 2008.

Senator HANSON-YOUNG—I accept that; I am not suggesting that the data itself necessarily is wrong. I would suggest that what has created the data perhaps is what is not being fairly compared.

Ms Paul—Those comparisons are real. You have offered one example where parents are unhappy with the result.

Senator HANSON-YOUNG—By the way, those were not the words that I used.

Ms Paul—Okay, so they are questioning the result, which is fantastic. It is fantastic that they are questioning the result because they should be. They should be saying, ‘Why is it that our school has some red here,’ in particular, if the school is showing some dark red. Even if they do not like the look of Prince Alfred among their 60 schools, the other 59—

Senator HANSON-YOUNG—That is not what they are asking. They are asking why their schools are being compared to the PAC. That is what they are asking. Clearly they are not getting information on the website to clarify that.

Prof. McGaw—They should be. The answer is that they are being compared with that school because they have the same level of privilege as the parents of the other school.

Senator HANSON-YOUNG—Assuming that the indexing is correct?

Prof. McGaw—Knowing that it is a powerful index that gives a powerful explanation of the differences in the achievements of schools.

Senator HANSON-YOUNG—Though you just admitted that when you had to do the review there was a change of over 10 per cent in some places.

Ms Paul—But that has all been done. That was all part of the process.

Senator HANSON-YOUNG—Yet we are still finding that there are questionable issues relating to schools that are being compared.

Ms Paul—If you talked to the parents at Prince Alfred, you might find that they saved up or that they are scholarship parents. Basically, the index is robust enough to give us, and even more importantly ACARA, confidence that the comparators are robust and will hold.

Senator HANSON-YOUNG—Will you carry out a review of those schools that asked to have their comparisons and data checked, and will you be publishing the results of that review?

Dr Hill—We will certainly do so as it will be part of our processes through our board committee. There is no problem with that at all. The comment we made last Friday was that we have received a number of requests to look at the index and to check to establish whether it is right. At this stage there are 26, which is not a very big number out of the 10,000. There may be more, which is fine. We will establish a process which means we will go through it in a rigorous and comprehensive manner, starting with the data itself to ensure that it is correct. I mentioned before the break that we had given that period, but I was not able to clarify when it was. I clarified that over the lunch period. They had from September right through to the end of December to clarify that. These are the systems.

Senator HANSON-YOUNG—This is where there is a moving of some schools from one category to another.

Ms Paul—That is right.

Dr Hill—Yes.

Senator HANSON-YOUNG—Will you take that question on notice and provide us with the number of schools that will be moved? The categories would also be good.

Prof. McGaw—Yes.

Senator HANSON-YOUNG—I refer to the \$11 million that was announced by the Deputy Prime Minister to help to deal with issues in some of the schools.

Senator JACINTA COLLINS—I have one question relating to the index.

Senator HANSON-YOUNG—Go for it.

Senator JACINTA COLLINS—Professor, could you explain to me how the index deals with schools that have a significant proportion of their population from a selective program?

Prof. McGaw—It does not at the moment. At the board level we considered the possibility of not including the selective schools, for example, in particular, the selective high schools in New South Wales. We know that their student population is not entirely described by the social indicator of their students because they have had a further sieve—which is an academic selection. On balance, the board decided that we would include them on the website because other schools that are selective are not so readily named and known and that we would have left on the site.

But these schools, in their school descriptions of themselves, indicate the nature of their student body. As I said earlier, next time around we have the possibility, for the first time, not only of having the social background measure, which we will continue to use, but also their prior performance because the year 5s will have been tested in year 3; the year 7s in year 5, and so on. The only thing we have to solve in order to be able to do that is that we have to be able to identify the students, in particular, those who have shifted schools. So we are working with the authorities now. They all know who the students are and they have identifiers, but we need to get this developed nationally so that we can track the students. We can then deal with the problem of schools that are selective in either direction—either they have gifted programs or they have programs for students with learning difficulties.

Senator JACINTA COLLINS—But in that instance are you potentially looking at also tracking individual students across schools?

Prof. McGaw—Yes. You then have to face the question: to which school do you attribute the performance? How long do they have to be in a school before the school gets praised or blamed for their performance?

Senator JACINTA COLLINS—I have a further question relating to the site itself. We can compare the statistically similar schools. Is there a mechanism for comparing or understanding what your statistically similar group looks like in comparison to another?

Prof. McGaw—We were conscious that many people would go to the site with an interest in geographically similar schools.

Senator JACINTA COLLINS—And you can do the local schools too?

Prof. McGaw—Yes. But we were determined that we would not facilitate direct comparisons among schools that are simply in the same geographic region because many of those would be very unfair comparisons as the schools have different student groups. For your school we would give you a comparison with schools that were statistically similar. On the last page we help you to locate schools that are within striking distance of your school, and you can go to their sites readily and look them up. However, we do not offer any easy comparison.

Senator JACINTA COLLINS—No. I was interested only because I have looked at the eastern Melbourne description to which you referred earlier and I discovered much the same myself.

Ms Paul—It is interesting, isn't it?

Senator JACINTA COLLINS—Yes.

Senator HANSON-YOUNG—I have one final question relating to the indexing, and I then have some other questions relating to the My School stuff, in particular the \$11 million. I am still not convinced. How can you put in a statistically similar category one school that has 1,000 students and their test results, compared to another school that has 86 students and their test results, when the margin of error surely will be different in both those categories, yet they are listed as statistically similar?

Prof. McGaw—It is true that the margin of error of a mean in the school performances is greater in a small group than it is in a large group. That is true for the NAPLAN results. It is less the case for the ICSEA value, as that is based on the entire census district for each of the places in which the students live. The more general question is whether you should ever compare small schools with large schools. Should we keep sieving down so that we compare Prince Alfred only with St Peters in Adelaide, or whatever, or should we say, 'There's a bigger picture here which people should look at.' Students from similar backgrounds are going to schools of different kinds, and schools of different sizes. In my view, the comparison—

Senator HANSON-YOUNG—The whole point is about being able to compare those results with statistically similar schools. Surely then it is not just about the big picture unless you put in those other things that ensure you are not just using this quite narrow indexing and you are including those other things that have an impact on kids educational outcomes.

Ms Paul—The statistical significance in the comparison with the index is robust and correct and NAPLAN is also correct. When you get to very small schools, the really small ones were excluded for those statistical reasons. If it is on the site it means that ACARA has checked out and tested that it is statistically robust, and therefore it is.

Prof. McGaw—If you are in a country town with a relatively small school and we offer you a comparison with metropolitan schools in which the students that are enrolled come from a similar social background to your town, we are now offering you a comparison of your school with a much larger school. That allows you as a parent to answer this question: is my kid being disadvantaged because he or she is in a small school? Parents would never know that if we compared them only with other small schools. We want to compare them with other similar students.

Senator HANSON-YOUNG—But you are not denying that there is a margin of error that simply is being blind swept?

Ms Paul—Not at the level of the comparison you are talking about.

Prof. McGaw—No, and we report it on the website.

Ms Paul—They are denying that. It is absolutely robust.

Senator HANSON-YOUNG—There are schools on the website that have 1,000 kids in the metro area compared to schools that have fewer than 80 kids.

Ms Paul—And it is a statistically sound comparison.

Senator HANSON-YOUNG—Yet you are saying that the margin of error of those test results will be different based on those different schools because of the population.

Ms Paul—But it is a statistically sound comparison; otherwise it would not be on the website. There are some that are not because they are very small.

Senator HANSON-YOUNG—Could we have a list of those that are not?

Prof. McGaw—You can see those that are not. They are on the website but their averages are not reported. We put a little dash in the box. If there are fewer than—

Senator HANSON-YOUNG—What made you decide? Was that through the review process?

Prof. McGaw—No. It is a practice that has been used in Australian states in the past. If there are fewer than five students in a cell then we do not produce a mean.

Senator HANSON-YOUNG—So it is that basic?

Prof. McGaw—If the presence of an individual in a cell could lead to the identification of the individual then we do not produce it either. We worry about issues of privacy and we worry about really small sizes, so we do not publish either of those.

CHAIR—I am conscious of the time; we need to move on.

Senator HANSON-YOUNG—I have some questions relating to the announcement of the \$11 million, and that is it. On Sunday the Deputy Prime Minister announced the extra \$11 million which will go specifically to 110 schools that were missing out on funding from other areas. It was reported to be linked to the things that are going on in the My School website. How did you determine which of those schools they would be? Do you have a list of the sectors and the names of the schools?

Ms Paul—Sure. I defer to my colleagues.

Ms Hanlon—What you said is correct. The My School website was used to identify those poorly-performing schools. Those schools were below the national average. In addition, they were well below the average of that statistically similar group. We have a list of those schools and we have been working through that list with the states and territories. Those 110 schools are above and beyond the 2,500 schools that are currently being supported and invested in through the smarter schools national partnerships. We will work through a process for the distribution of that \$11 million to those 110 schools.

Senator HANSON-YOUNG—So you have not decided how that will be split up at this stage?

Ms Hanlon—A figure of up to \$100,000 has been suggested as the resourcing for those schools.

Senator HANSON-YOUNG—Obviously that is a one-off payment?

Ms Hanlon—That is correct.

Senator HANSON-YOUNG—If these are poorly performing schools and they do not have access through these other programs or through the smart schools initiatives, how will a

one-off payment of less than \$100,000 assist them? How will it make that much difference? It should be kept in mind that Julia Gillard herself said it would cost up to \$500,000 annually to make a difference for these schools.

Ms Paul—That is a reference, of course, to the National Partnerships. There is the \$1.1 billion to the low SES national partnership, the \$500 million through the Literacy and Numeracy National Partnership and the funding through the quality teaching national partnership.

Senator HANSON-YOUNG—I realise that.

Ms Paul—Okay. I think that is the reference.

Senator HANSON-YOUNG—The point is: what kind of difference will a one-off payment of possibly less than \$100,000 make if those 110 schools are the ones that are performing poorly?

Ms Hanlon—Senator, if you were a principal of one of those schools you would probably want to have a look at the data and at the trends to see what you were doing. You would want to have a look at the current intervention strategies that you might have in place for poorly performing students. You might also want to make contact with a school that is statistically similar and that is looking green on the map, to establish what professional learning they have for staff and what intervention programs they have for literacy and numeracy so that you can understand what works and what is different compared with how they are performing. The money is only a part of it; it is one section of it. If I were a principal at one of those schools I would look closely at realigning the existing resources that I had. I would be looking at other schools that were the same in nature but that had performed much better. There are a range of strategies that a school that has been identified as having difficulties could go through.

Senator HANSON-YOUNG—It seems fairly pitiful for those schools that have been highlighted as low-performing schools then to be told: ‘You will not necessarily get the \$500,000 that we are talking about, but we will give you a \$90,000 or \$100,000 one-off payment.

Ms Paul—An amount of \$100,000 can cover a significant amount of assistance. It can cover significant professional development and it can cover significant support for, say, bringing in an expert teacher. Some of the really good strategies that are around include, for example—

Senator HANSON-YOUNG—But it is a one-off payment; it is not even recurring funding.

Ms Paul—But often these schools do their analyses really well. This happens anyway on a normal rolling basis. Systems are always trying to improve results naturally, not just since this website has gone public. I am familiar with programs where, say, an expert teacher coach is brought in for a year to focus on numeracy at a certain year level, or over several year levels, depending on whether it is primary or secondary, to make an investment in the teachers in the school. You can make a significant investment in the teaching faculty of a school by bringing in support over the course of, say, one school year. It is a lasting investment because it is a ‘train the trainer’ sort of approach, if you hear what I am saying. However, that is just one example.

Senator HANSON-YOUNG—Why do you think that such strong concern is being expressed by the Australian Education Union and the Independent Schools Union, in particular about the way in which the My School website is being used? Both those groups have been the most vocal, but there are others such as the Principals Association.

CHAIR—You might have to ask them that question.

Senator HANSON-YOUNG—No, I am asking the department.

CHAIR—I do not think it is an appropriate question to ask the officers to give an opinion on why people think what they think.

Senator HANSON-YOUNG—Surely they have received submissions, feedback and representations from those bodies? I am asking the department what it has heard about those concerns. Why does the department think those bodies are so concerned? If the website is all tickety-boo, the indexing is perfect, there are no flaws and the statistically similar language, as opposed to the like-schools language, has resolved the issues of misrepresentation, what is it that you are hearing that is of such concern?

Ms Paul—We are aware of the concerns, but you are asking me for my opinion. I cannot really give that.

Senator HANSON-YOUNG—What is the department's response to the criticisms?

Ms Paul—We will sit down at any time—I am sure that ACARA would too—with any representative of a professional body and work through, as, for example, the Deputy Prime Minister and Professor McGaw and others did with the 150-member principal forum before Christmas, and so on. We will sit down at any time and go through what it means. The principals' forum was tremendously successful at showing 150 of Australia's principals what it really meant and what its benefits were. At any time, of course, we would be more than happy to continue that sort of consultation.

Senator HANSON-YOUNG—But the department does not have an official response to the criticisms?

Ms Paul—You asked me for my opinion. Of course, the official response to the criticisms is that the website is entirely robust. I think Professor McGaw has gone there. It is a world-leading approach to testing. The NAPLAN tests themselves are world leading because they allow you to track a student literally over those years—years 3, 5, 7 and 9—whereas internationally most countries allow the proper comparison only at year 3 and then at year 5 and you cannot do the full scale right up through all those years. But you can here. The ICSEA, the index itself, probably is world leading. I am sure Professor McGaw is too humble to talk about it, but I am sure he is well able to do so. Basically, that is the answer. It is robust and it is showing something important. For the first time ever it is enabling Australian parents to look at how their children's schools are performing on literacy and numeracy across two years and five domains compared both to local schools and to statistically similar schools.

Senator Carr—We can say, Senator, that the government takes the view that this is a very important part of the education revolution. It is about providing parents with basic rights, such as the right to know—

Senator HANSON-YOUNG—But we are only telling them some stuff, Minister. That is my point.

Senator Carr—Senator, you asked a question about the response. I am telling you that the response is that this extremely important initiative massively expands the right of parents to know what is going on. It is an incredibly important instrument in the transformation of Australian education. Frankly, the Australian Education Union is wrong. Our position is that it has just got it wrong.

Senator HANSON-YOUNG—You might be able to take my final question on notice. Now that the website is live, what is the cost of that website? That would include the reviewing process and the fact that now it is live.

Prof. McGaw—We can tell you that.

Dr Hill—Basically, we estimate the total cost of the website as \$2.1 million. That includes the development costs; the costs of the geocoding—that is, converting addresses into collectors' district; security testing of the website so that you cannot hack in to it; load testing of hardware and software; legal services, in particular on privacy issues; focus groups, which we mentioned earlier; and staffing costs.

Senator HANSON-YOUNG—Thank you. So it is a total of \$2.1million?

Dr Hill—That is correct.

CHAIR—I think Senator Collins has one question.

Senator MASON—Can I ask about a question on notice relating to NAPLAN results and the results achieved by Indigenous children? Would that be appropriate? Would you handle that? Sometimes it is a hard to find the right person.

Ms Paul—I suspect that it is probably us.

Senator JACINTA COLLINS—Can I ask one follow-up question?

Senator MASON—Yes, you can. I am happy to put my questions on notice. I just want to ensure that they are going to the right section.

Ms Paul—They will come to us, Senator.

Senator MASON—Thank you, Chair.

Senator JACINTA COLLINS—I refer to the issue of feedback from individual school communities. I am curious whether you have any measure of what feedback is happening at that level. I know from personal experience, given all that we hear about complaints and the positions taken by various stakeholders, that there are some criticisms. However, when I returned after being away, both of my school communities were glowing in their descriptions. I was wondering whether you had any measure of that across individual schools.

Ms Paul—Yes. There has been an enormous amount of feedback from parents and from whole school communities, as you said. It ranges from—

Senator JACINTA COLLINS—I am talking about parent newsletters from the school itself.

Ms Paul—Yes. There is a full range, of course. Some of those that I thought were interesting were the surprise results, as the minister mentioned before, which have shown that the local schools do incredibly well, which is interesting compared, perhaps, to a high-fee school nearby or something like that. There is one that I have found quite interesting that I had not thought about, but I am sure that Professor McGaw and Dr Bruniges probably have.

I have read this several times, and of course everyone I know has not talked to me about anything else since. One of the ones that I have found interesting is where parents have thought, ‘Okay, the kids in year 5 maths seem to be struggling’, but they could not really pinpoint it. They said to the kids, ‘Just work harder. Keep at it’, et cetera. Then for the first time ever the results came out on My School and the school showed green, or light green, or white on everything except year 5 maths, actually had an issue. It was not just those kids in that year struggling; they had a whole-of-school issue.

I remember reading an article about a school in inner Sydney. That principal is now talking about the spelling problem in the school. But that is fantastic because it means that they know what they should focus on. Rather than the kids going from year to year thinking that it is them, or whatever, there is the capacity to run a strategy on it, and that is the whole idea. That one I found quite interesting because it seems like school communities, and parents too, are being quite sophisticated—which you would expect—in being able to pinpoint, ‘Okay, we have got an issue with this thing this year’, or ‘in this couple of years’, or, ‘We have an issue all the way through the school in reading but not in maths, and we can focus on that.’ It also means that your whole efforts are efficient in terms of where you might want to target your extra resources.

Senator Carr—Do we have any figures on the visitation numbers?

Ms Paul—Yes.

Prof. McGaw—To the site?

Senator Carr—Yes.

Prof. McGaw—We can give you those. Let me say, first, that it was often reported in the press that the site crashed on the first day. The site never actually crashed. We controlled access so that those who got on did not have a degraded experience. The site worked very fast once they got on. On the Thursday morning there was a problem getting on in the early hours. I did not get on at first at 2 am, but once I got on it went very quickly. We have the figures; they are just extraordinary.

CHAIR—Can you go through them quickly and we then need to move on.

Dr Hill—Let me just get to this online. As at 8 February we had had 1,964,000 visits. These are separate people accessing the site. It might be the same person on more than one occasion, but nonetheless they are visits.

Prof. McGaw—There were 1.6 million visitors.

Dr Hill—There were 1.6 million visitors; that is unique visits, which is an enormous proportion of the population. We are looking at something that has generated far more demand than we ever imagined or, indeed, had prepared for when we designed the website. We had in mind a website that would attract a lot of attention, so we looked at other websites

and benchmarked ourselves against them and designed for a certain load, but it was well exceeded.

Prof. McGaw—In fact, 92 million pages were viewed. Those 1.6 million people made 1.9 million visits—so some of them went back more than once—and together viewed 92 million pages. Each school has four pages, and you can then go on to other schools' pages. When you take an image off a page and you look at an image that is what is called a hit. That is what is often reported about websites: the number of hits rather than the number of pages or the number of visitors. The number of hits was 207 million in just over a week.

CHAIR—207 million?

Prof. McGaw—Yes, 207 million hits.

CHAIR—I think we are done. Professor McGaw and Dr Hill, thank you. You will not be required again for these estimates, but we look forward to seeing you again in May.

Prof. McGaw—Thank you very much.

Dr Hill—Thank you.

CHAIR—Senator Mason?

Senator MASON—My questions now relate to Building the Education Revolution. Last time we discussed the fact that job creation was one of the two announced pillars of the Building the Education Revolution. You might recall that I asked how many jobs had been created under each program of the BER. That question was taken on notice.

By way of an answer I received a listing of just under 24,000 different projects under all three subprograms of the BER. Each item listed the average daily number of onsite workers for the duration of the project. Initially, I thought that I could use my trusty calculator to add up the ream of paper and the 24,000 projects to find out how many jobs had been created. But, alas, I cannot do that, can I, Ms Paul?

Ms Paul—No—that is correct.

Senator MASON—That is right. I was again stymied.

CHAIR—Is your calculator not big enough, Senator?

Senator Carr—You don't have much luck, do you, Senator!

Senator MASON—I don't, but I had it with me, Minister, and I was ready to go.

Senator JACINTA COLLINS—But you said you were not very good at it anyway?

Senator MASON—I was not, that is true. Average daily number of onsite workers for the duration of the project: are these the equivalent of full-time positions? Does that mean they are there for eight hours a day or that they are there for an hour, and they go somewhere else and are counted? What does that mean?

Ms Wall—That is the definition we are using at the project level to assess the activity of jobs. It is the average daily number of onsite workers for the duration of the project. As we have said before, it is not possible to aggregate that. That information is very useful at the local—

Senator MASON—I promise that we will get to that, but I just want to find out what that means. I am not a sociologist and I do not have training in this, but for the average daily number of onsite workers for the duration of the project: does that mean that if someone happened to be there for an hour every day they would be counted?

Ms Wall—No, it is the average daily number—the number who are there, on average, each day of the project.

Senator MASON—But do they have to be there all day, or just part of the day?

Ms Wall—It can be part of the day.

Senator MASON—Aha! That is what I thought.

Ms Wall—That is why it cannot be aggregated.

Senator MASON—Indeed. I just wanted to make it clear so that we are on the same page, as it were. So they could be there for an hour and they could move somewhere else?

Ms Wall—They could. The other variable is the duration of the project. The BER contains projects that might take one week—

Senator MASON—For how long?

Ms Wall—It also contains projects that might take nine months.

Senator MASON—So it could be a week or it could be nine months?

Ms Wall—That is right, yes.

Senator MASON—That is why I cannot use my calculator to add it up?

Ms Paul—The main reason, of course, is what I explained last time—I did go through this last time—that often contractors and so on will work for multiple projects. In actual fact, had we tried to do the exercise of just adding it all up, it would not have been fair because we might have counted people twice.

Senator MASON—Indeed. I was going to ask that because you said in the answer to question on notice:

It is not meaningful to aggregate BER jobs data at a national or state level, as work crews may move between projects, between schools or work on more than one project at a particular school. In particular, apprentices and trainees often move between employers and between jobs.

In effect, it could be double counting?

Ms Paul—To have done what both you and I would have liked to have been able to do, you would have had to give each worker a unique identifier and track them as an individual across all the different jobs, and then separate out all the different jobs and add them up. Of course, that would have been grossly invasive of their privacy, it would have slowed things down—

Senator BILYK—And it would have been a waste of money.

Ms Paul—It would have been terribly expensive, I am sure. As I understand it, this is a fairly accepted way of counting job activity and projects. We took advice on the approach.

Senator MASON—I will get to that. As you see, Ms Paul, I have reams of paper here. Is this all accurate; has this been checked?

Ms Paul—Yes.

Senator MASON—All right; if you say so.

Ms Paul—I think so—I hope so!

Senator MASON—Let me give you an example—

Senator Carr—Have some confidence, Senator!

Senator MASON—Condell Park Christian School: construction of a new library, incorporating extra classrooms and multipurpose areas—a total of 302 people. That does not sound right to me. I did my own research and found that it would take 12 months to build a 10-storey building with fewer than 100 people. I do not understand that figure of 302 at all. Similarly: a basketball court to be constructed St Joseph's school with 232 people.

CHAIR—I can assure you that you cannot construct a 10-storey building with 100 people.

Ms Paul—That is true.

Senator MASON—I am not sure it takes 232 people to construct a basketball court, Mr Chairman.

CHAIR—It would really depend on how quickly construction was going. I am not an expert on that but I am a tradesperson who has worked in the industry and I have a fair feel for some of these things.

Senator MASON—Would it take 302 people to construct a new library incorporating extra classrooms and multipurpose areas? I do not think so. Nor would it take 232 people to construct a new basketball court. I am not sure that has great veracity, Ms Paul. You mentioned double-ups. My very good staff—the minister knows I have good staff—have looked at the double-ups.

Senator Carr—Why do you bring this into questions, Senator?

Senator MASON—I have very good staff. You know that. I know that you are very fond of them, Minister, and they are also fond of you.

Senator Carr—And they read the *Australian*, and I think that seems to be the limit of their research.

Senator MASON—But they are fond of you, Minister; you know that. The library at Our Lady Star of the Sea Catholic Primary School will be refurbished, and that will be carried out by 135 people. Directly below that statement is the following statement:

Construction of early learning centre, 135.

The point you made earlier, Ms Paul, was that those 135 people might spend the morning refurbishing the library and in the afternoon they might construct the early learning centre. There are plenty of examples of this.

Ms Paul—The thing is that you could not tell. It could just be a fluke or it could be an entirely different 135. You would be able to unpick that only if you forced every one of them to have a unique contractor identifier and to carry it around.

Senator MASON—I will get to that.

Senator BILYK—Or they could wear a bracelet so we knew whether or not they were on site.

Senator MASON—Leave that with me. You said in answer to this question on notice that it was not meaningful to aggregate BER jobs data. Does that mean that the government has never attempted to find out how many jobs its programs have created, or have attempts been made to do so but it has been found that this is not an accurate measure?

Ms Paul—That is what Treasury has done. Treasury uses its own analysis to work out the impact of the overall stimulus, the \$42 billion—not just the BER, although the BER is the single largest component—on reducing unemployment. Its current analysis is that the unemployment level is 200,000 persons fewer than it would have been without the stimulus. That is the correct analysis.

Senator MASON—That analysis by Treasury relates to the entire stimulus package, doesn't it, and not the BER specifically? Is that correct.

Ms Paul—That is right, although the BER represents, what, two-thirds—

Senator Carr—No, 38 per cent.

Senator MASON—Of the expenditure, yes.

Ms Paul—You could perhaps extrapolate it. However, I would not do that myself.

Senator MASON—The minister is right; that is true of the expenditure. How many jobs has this \$16 thousand million created?

Ms Paul—Treasury has done that for the whole of the stimulus. It has not been broken down for the BER.

Senator MASON—You cannot tell those members of parliament who voted for the \$16 thousand million how many jobs have been created by this project?

Ms Paul—As I said, the jobs data is for the whole of stimulus. That is right. There are also other indicators—for example, the increase in the value of education work in the private sector, which shows that construction activity from the education work increased by 58.6 per cent.

Senator MASON—Minister, are you satisfied that you cannot tell me how many jobs have been created?

Senator Carr—Let me tell you what I can tell you, Senator.

Senator MASON—How many jobs have been created? I ask you specifically: how many jobs have been created as a result of this \$16 billion?

Senator Carr—Treasury estimates show that the stimulus supported around 200,000 jobs. Under these circumstances—

Senator MASON—How many of those did BER—

Senator Carr—Let me just be clear about this. Employment in Australia has grown by about one per cent since September 2008. We have increased the number of people in work in Australia.

Senator MASON—That is the total stimulus package.

Senator Carr—Let us be clear about this. We have increased the number of people in work in Australia. In the United States, they have seen a decline in their work force of 4.3 per cent; in France, 2.7 per cent; in Canada, 1.8 per cent; in the United Kingdom, 1.7 per cent; and in Italy, 1.6 per cent. Contrast what we have done in this country, which has been to increase employment and prosperity, with what is happening around the world. That is why we make the claim that we are amongst the strongest economies in the world.

Senator MASON—Minister, how many jobs has this created?

Senator Carr—Hang on! You asked the question and you will get an answer. I am saying to you that without the stimulus package Treasury estimates that the unemployment rate would have peaked by 1.5 per cent higher—a 1.5 per cent increase in unemployment—whereas we are talking about a one per cent increase in employment. So we are growing jobs, not contracting jobs. Under the BER funding, which amounts to about 38 per cent of the total package, it may well be argued that there is an equivalent number of the total number of jobs.

Senator MASON—How do you know that?

CHAIR—Just listen to what the Minister has to say.

Senator MASON—He cannot make that claim.

CHAIR—He said it may well be argued—

Senator Carr—This is most intemperate of you, Senator Mason.

CHAIR—I want you to listen to what the minister says.

Senator MASON—How many jobs have been created?

Senator Carr—I am saying to you Senator Mason—

Senator MASON—It is a fair question, Mr Chairman.

Senator Carr—What we have here is the—

Senator MASON—You have got no answer.

Senator Carr—We have 24,000 projects across the country. There is a challenge in this for you, Senator Mason. Let me offer you a bit of gratuitous political advice. Which of these projects do you not support?

Senator BILYK—Do not excite him again.

Senator Carr—In Queensland which schools would you nominate? If you can nominate them, I expect you to be down there tomorrow to tell them.

Senator MASON—I believe in the best spend, Minister. You know that.

Senator Carr—That is exactly right. You will be supporting all those schools in Queensland in your electorate that have directly benefited from this expenditure and all the Queensland workers who have had jobs as a result of this package who otherwise might not.

Senator MASON—How many jobs were created by the BER?

Senator Carr—I am making the point to you—

Senator MASON—How many jobs?

Senator Carr—At least 40 per cent of the total increase may well be attributed to this package.

Senator MASON—May well be? Is that right?

Senator Carr—That is what I am putting to you, Senator. We have a level of economic prosperity in this country that would not otherwise have occurred if it were not for this Labor government. When you contrast the performance of this country with equivalent countries around the world, you will see that this country is miles ahead. The only people who are arguing the toss about this are you, the Liberal Party. You now have a responsibility to go out there, to front those schools and to tell them that you do not support the program of spending in those schools. That is your obligation, Senator.

Senator MASON—No, Minister. I tell the kids that they are going to be paying your debt. That is what I tell all the kids at school. Anyway, forget that.

Senator Carr—Do you tell their mums and dads that they will not have a job under your policies?

Senator MASON—Let me ask the question again. We do not know the answer.

Senator Carr—I have given you an answer three times, Senator.

Senator MASON—The government is getting excited about this. How many jobs have been created by the Building the Education Revolution?

Senator Carr—Senator, I have given you the answer three times.

Senator MASON—Let me ask you another question.

Senator Carr—I am looking for an answer back from you. Which projects do you not support?

Senator MASON—I have already answered that. Ms Paul, are there other methods of counting how many jobs are being created? Did the government or the department consider labour costs and so forth, for example?

Ms Paul—Yes. One of the good indicators of the level of activity is the value of total non-residential building approvals in education, which increased by 76.9 per cent, from \$1.4 billion in November 2008 to \$2.4 billion in December 2009.

Senator MASON—I do not think you heard my question, Ms Paul. All I want to know is—

Ms Paul—I think I am answering your question in that you are asking what other indicators there are.

Senator MASON—No. You gave me these statistics, which is fine, as it shows the 24,000 projects. Did the government or the department consider other ways of determining—we do not yet have a figure—how many jobs have been created?

Ms Paul—These are the two ways in which this can be considered. One is on a project basis—

Senator MASON—Did you consider other ways?

Ms Paul—There are no other ways.

Senator MASON—There are no other ways, like labour hours and so forth?

Ms Paul—Whether or not we considered anything else I would probably have to take on notice. But it is my understanding that there are these two ways. There is the Treasury approach, which we have described—

Senator MASON—Yes, we have been down that path.

Ms Paul—and there is the project approach, which is an established way of counting jobs in the construction sector.

Senator MASON—To be fair to the department, we have already outlined all those difficulties in working out how many jobs have been created.

Ms Paul—Correct.

Senator MASON—So it is highly flawed. No-one could say that those are all jobs, which is fair enough. Otherwise I would add them up.

Senator Carr—What I can say about it, Senator—

Senator MASON—Hold on, Minister. I am asking quite specific questions here.

Senator Carr—I am giving you a specific answer.

Senator MASON—You cannot tell me how many jobs, so I am asking you about the methodology.

Senator Carr—I am giving you a very specific answer.

Senator MASON—I am asking methodological questions.

Senator Carr—It is very methodological.

Senator MASON—I ask the questions, Minister, and you answer them.

CHAIR—Order! Minister, just allow Senator Mason to ask his questions. I make the general point that I am trying to steer this committee as much as possible. But as there is a political element to the questions I am going to allow the minister to respond.

Senator CORMANN—Are you saying that a question about how many jobs have been created is political?

CHAIR—If you want to have a political debate, I am happy to do that in the next half-hour too.

Senator CORMANN—There is nothing political about this. The government has made some claims.

CHAIR—I am trying to—

Senator CORMANN—There is nothing political about it.

CHAIR—If you want to pretend—

Senator CORMANN—It is about scrutinising the performance of the government.

CHAIR—Senator Cormann, you want to pretend that there is not a politically charged element to these questions. The debate has been put. The accusations that are behind these questions and the imputations—

Senator CORMANN—It is about scrutinising the performance of the government.

CHAIR—Don't interrupt me, please. Imputations have been made in the question. If you are trying to deny that there is a political element to that, you can do that. But I suggest that that is not what everyone else sees. I am just indicating that if it is a straight question about trying to establish a fact—

Senator CORMANN—There is a political element to this—

CHAIR—without making a statement and an allegation within that, we will keep it controlled. If there is going to be an allegation made, I am going to allow the minister to respond to that political allegation as well. Senator Mason has been asking simply to get an answer without the intervention from the minister. I pulled the minister up but I just want everyone to understand the way I am chairing the meeting so there is no misapprehension.

Senator MASON—I was talking about methodology and I have asked the question.

CHAIR—You have the call, Senator Mason.

Senator MASON—Thank you. Ms Paul, in terms of the methodology, you simply have this project and then the global estimate from the Treasury?

Ms Paul—Correct.

Senator MASON—And nothing else?

Ms Paul—Correct.

Ms Wall—Can I add to that? There is a very good reason why the most meaningful measure is the macro or the Treasury measure. Apart from these project level jobs there are a whole range of flow-on jobs that cannot be attributed directly to either BER or something else—for example: manufacturing suppliers, truck drivers, couriers and service industry jobs—that are heavily impacted in terms of job activity as a result of a number of programs. But you cannot attribute them: is it BER or is it social housing or something else?

Ms Paul—So our question on notice, in other words, is an understatement because it does not account for any of the flow-ons.

Senator MASON—I did economics but I am not an economist. What you are talking about are the multiplier effects.

Ms Paul—That is right.

Senator MASON—I understand that. But my point is quite strictly about how many jobs this created. You say there are other methods, and there might be, but there is such a lack of specificity. I thought the government would be saying, 'We've created 100,000 jobs,' let's say, but no. That has not happened at all.

Senator Carr—There is one figure I am absolutely certain about, and that is the figure of zero, because that is the number of jobs that would have been created if you were in government—zero.

Senator MASON—Is that right, Minister? Given that we left the economy in a better state than it has been since Federation, that is a bit pathetic.

Senator JACINTA COLLINS—That is a matter of opinion.

Senator BILYK—That is because you did not spend anything and you did not do anything with infrastructure. You did not do anything for 12 years.

Senator MASON—Infrastructure is a Commonwealth job? That is usually a state one, Senator, but anyway.

CHAIR—All right. Can I take orders for cups of tea now? We will move on.

Senator MASON—I have asked the question and I understand from Ms Paul that it is simply this project and the Treasury statistics. I have the answer. Sadly, I thought that that would be the answer. How can the success of the program and the fulfilment of one of its two main criteria, job creation—the other is educational efficacy—be assessed by the parliament which voted for this \$16 billion if we do not know how many jobs have been created? How do we know that when the parliament voted for this money this was a good spend?

Ms Paul—This program is the subject of a national partnership which was signed by COAG, and the key performance indicator in the national partnership is the number of projects. So that is what we are tracking very carefully. You know that we track that. We have talked about that before. That is one measure of success. Another measure of success—

Senator MASON—The number of projects?

Ms Paul—Yes, because the whole concept was stimulus, so clearly the number of projects is a major indicator of success. The whole concept of each of the stimulus programs was to get construction workers out working in communities in Australia as fast as possible. So the number of projects is a key performance indicator—indeed, the key performance indicator—in the national partnership. The other performance indicators are the economic ones like the one which I mentioned before—the value of total non-residential building approvals in education increasing by 76.9 per cent year on year. Those are other indicators, but the one which COAG will ask us, the states and the other systems to be held accountable for is the number of projects, because that is the indicator of the amount of activity.

Senator MASON—The \$24,000, roughly? You see, Ms Paul, this is the problem. My first question today established the problem, which is why I asked it. A project can have one worker or indeed half a worker for one hour, and that is a project. That is defined as a project.

Ms Paul—But clearly the activity has happened and so people have been employed. I will not revisit it, but basically Treasury has the role of determining the result.

Senator MASON—Ms Paul, projects mean nothing.

Ms Paul—Projects mean that—

Senator MASON—It could be one person for one hour and that is a project. That is the answer to the question. That is why I asked it. I did it specifically.

Ms Paul—And, as I have just said, projects are a key performance indicator.

Senator MASON—The key performance indicator of COAG could be one job for one hour for a worker times 20. It isn't, I know, but it could be.

Ms Paul—Not for 24,000 projects.

Senator MASON—But according to you that is the key indicator. It just shows what a flawed key indicator it is. That is the opposition's point.

Ms Paul—Not at all. In fact, it is absolutely the key performance indicator, as signed up by all the premiers and the Prime Minister. The whole point of the stimulus was to get activity out there. So 24,000 projects, with all their flow-on effects, represents a considerable amount of activity.

Senator MASON—Given that a project can be one person for half an hour on any given project, I do not think that your argument can be sustained.

Ms Paul—But you have already mentioned ones with 300.

Senator MASON—There are some, although you have to check that. Is someone going to check that? Some could be 300 and the rest could be one.

Ms Paul—But we know that they are not because I have told you.

Senator MASON—But that is not the point. The point is the number of projects is a very inaccurate measure. That is the entire point of the opposition. That is the point.

Ms Paul—Not on a project-by-project basis—that is accurate—and that is what you have, but it does not include the flow-on effects.

Senator MASON—Your own answer to the question on notice says, in fact, you cannot determine from that how many jobs have been created. The number of projects is highly flawed because it could be totally minimalistic.

Ms Paul—But clearly it answers your hypothesis that there could be one by 24,000. Clearly there are not because here are the 24,000.

Senator MASON—It could be 20,000 times one. How do you know that it is not?

Ms Paul—We know that because it says here—and I am reading it: 19, 3.8, 11, 2.7, three, and so on.

Senator MASON—What is the average?

Ms Paul—That is what you cannot work out. I have already said that.

Senator MASON—That is enough on that issue. I have got what I want.

Senator BILYK—You said there were 24,000 projects—is that right?

Ms Paul—Yes.

Senator BILYK—How many of those projects have not yet started?

Ms Wall—Across the total Building the Education Revolution, 23,053 projects have started. That is 96 per cent.

Senator BILYK—Can you break that down by state for me?

Ms Wall—By state? Just one moment.

Senator Carr—I just want to find out which ones in Queensland Senator Mason does not support. We have to get to that. I am looking forward to an answer to that question, Senator Mason.

Senator CORMANN—I think you might make your request to Senator Mason rather than Senator Collins.

Senator Carr—Have you got some you do not support? Could you tell us which ones you do not support?

Senator CORMANN—Sorry?

Senator Carr—Are you going to give us a list of the projects you do not support?

Senator CORMANN—I am not here to answer your questions.

Senator Carr—No.

Senator CORMANN—You are here to answer our questions, Minister.

Senator MASON—I have answered a fair amount on your behalf.

Senator Carr—It is good to hear that.

CHAIR—You can forward it; you have his address.

Senator MASON—Can I continue?

Senator BILYK—No, I am getting an answer.

Senator Carr—I just want to know which ones in Queensland you are not supporting.

CHAIR—Order! Have we got an answer for Senator Bilyk?

Ms Wall—I do not have figures broken down by state with me. I could take that on notice.

Senator BILYK—If you could take that on notice, that would be good. Can you tell me—and you might need to take this on notice as well—the breakdown between government and non-government?

Ms Wall—I would have to take that on notice.

Senator BILYK—What is the value of these projects?

Ms Wall—The total value of the projects is \$15.9 billion.

Senator BILYK—When you do a breakdown state by state can you also get for me a breakdown of the value to each state as well?

Ms Wall—I can give you total BER funding per state, which is: New South Wales, \$5.05 billion; Victoria, \$3.8 billion; Queensland, \$3.1 billion; Western Australia, \$1.8 billion; South Australia, \$1.4 billion; Tasmania, \$446 million—I am rounding here—ACT, \$246 million; and the Northern Territory, \$272 million.

Senator BILYK—That is a fair bit of money going back into the community, isn't it.

Senator Carr—There are 5,925 projects in Queensland. Senator Mason, can you tell me how many of those you do not support?

Senator BILYK—At \$3.1 million.

Senator MASON—I can if I am given the floor, Mr Chairman. As you know, I am happy to participate.

CHAIR—I would prefer not, but if you want to answer it I suppose you can.

Senator MASON—I am too busy answering the minister's fan mail.

CHAIR—Thank you; that is a good idea.

Senator BILYK—I would like to clarify that you said \$3.1 billion for Queensland. Is that right?

Ms Wall—That is correct.

Senator BILYK—That is a lot of money, Senator Mason, isn't it, for Queensland?

CHAIR—Have you finished?

Senator BILYK—No, I am having a bit of a chat now.

CHAIR—Are there other questions for this element of the BER?

Senator MASON—Yes, I have many questions left on the BER.

CHAIR—I mean for this element. If not, we will move back to you, Senator Mason.

Senator MASON—We just discussed how many jobs have been created—or we tried to discuss that. I would now like to look at the other pillar of the BER, which is, of course, educational advocacy. We might discuss that.

Ms Paul—Educational?

Senator MASON—Educational outcomes from Building the Education Revolution—something I asked about last time. At the October estimates I asked whether any cost-benefit analysis had been undertaken to show that money spent on multipurpose halls would achieve better educational outcomes for children than spending that money on some other initiatives. That question was taken on notice. I know that other senators have taken a great interest in this issue. It makes sense that better classrooms and other facilities directly related to education have a positive impact on student performance, but what evidence is there that other infrastructure not directly related to education, such as multipurpose halls, has a similar positive effect? The answer to the question on notice says that in 2001 the former Commonwealth Department of Education, Training and Youth Affairs undertook some research and found the research indicated certain things. The third dash point says:

– capital expenditure, directly linked to the teaching of the curriculum—

Let me repeat that: 'directly linked to the teaching of the curriculum'—

was found to have the strongest benefits for student performance.

How is the building of multipurpose halls directly related to the teaching of the curriculum?

Ms Paul—Absolutely it is. If you remember—you might not—in the national partnership, in the guidelines and in the statements announcing BER, two statements were made about BER. I am sure we can quote them precisely. One was the creation of jobs and stimulus activity—

Senator MASON—Yes, we have just been through that. That was one pillar.

Ms Paul—and the second one was the creation of 21st century learning environments. A multipurpose hall is directly attached to the curriculum in a whole lot of ways. I do not know whether you are just thinking of it as a sports centre—

Senator MASON—No, not at all.

Ms Paul—but certainly there are all sorts of ways in which it is directly connected to the curriculum—for example, music education, which I know you are interested in; plays and so on, which relate directly to the teaching of literacy. Perhaps Dr Bruniges would like to comment because she has been a schoolteacher and a school principal.

Senator Carr—You have never been a schoolteacher, have you?

Senator MASON—I have taught.

Senator Carr—At a university. That is not teaching. Come on! Be serious!

CHAIR—Order! I am glad that we got back to a bit of jovial banter as opposed to the earlier contribution.

Senator Carr—Sorry; we will be serious.

CHAIR—Control your enthusiasm, Minister. Senator Mason has the call.

Senator MASON—Ms Paul, you are saying that these multipurpose halls will enhance educational outcomes; is that your argument?

Ms Paul—Absolutely.

Senator MASON—Do you think that over the next few years we will be able to see increased educational outcomes as a result of the building of multipurpose school halls? Is that right?

Ms Paul—That is what we are suggesting the international research suggests, yes—that top-rate learning environments make a difference.

Senator MASON—Are you saying that that is the best spend? You may remember that I asked whether it was cost-effective against alternatives. Do you have any research to show that it is cost-effective against alternatives?

Ms Paul—Alternatives like what? Not 21st century—

Senator MASON—No. It might be, for example, teaching; it could be air-conditioning. It could be all sorts of things that could increase educational outcomes other than building multipurpose halls.

Ms Paul—Libraries and so on.

Senator Carr—Science blocks.

Senator MASON—It could be; it could be a host of things.

Ms Paul—All these things have been built. Libraries and so on were part of the guidelines.

Senator MASON—But is it the best spend? There is no research I can see where you have justified that. I have read it.

Ms Paul—There are a range of projects that have been funded—it is not just multipurpose halls—and all of them contribute to 21st century learning environments. I am not quite sure where you—

Senator MASON—So any capital expenditure would lead to better educational outcomes; is that your argument?

Ms Paul—If it is an advanced 21st century learning environment, yes. If you remember way back in the beginning of this, one of the things that we were really keen to do was to use templates wherever possible. Indeed, the promotion of the use of templates is in the guidelines and may even be in the national partnership. Templates were used for two reasons. The first was to get a level of assurance, I suppose, that these were 21st century learning environments, and the second was to expedite construction, which was the whole purpose of the stimulus measure.

Dr Bruniges—Senator, could I give an example in relation to performing arts? I think it would be reasonably fair to say, from a background of teaching experience, that learning outcomes for students in the performing arts area would certainly benefit from a space in which to perform.

Senator MASON—Sure.

Dr Bruniges—When they do not, clearly it has an impact on the way in which they are able to perform in crowded spaces and so forth. There are clear curriculum areas that would lend themselves to the use of multipurpose halls and that would clearly lead to better outcomes for students.

Senator MASON—The question is not whether it leads to any better outcomes at all. The question is whether it is relatively better. I suspect that you could spend billions of dollars doing anything and, sure, there might be some slight enhancement. No-one would dispute that. Nothing in the answer to the question that you took on notice indicates that it is relatively the best spend. That is the outrageous part of it.

Ms Paul—We think that these are the best learning environments now. These are 21st century learning environments. In the very early days we did a lot of work with school systems in states, in particular on the template approach to the absolutely latest approach to learning environments. So, yes, I think it is fair to say that these are absolutely top rate. They are the best learning environments in Australia right now.

Senator MASON—So you think the \$16 billion spent on capital expenditure in schools is better, for example, than increasing the autonomy of principals?

Ms Paul—That is not what you asked me. You asked me whether these learning spaces are the best and, yes, they are.

Senator MASON—What I asked was: is it the best spend; the best value for money relative to other expenditures?

Ms Paul—We had some sort of discussion about that before. But the concept of this measure was a stimulus measure; therefore it was about construction. In the construction realm this is the best that you can get. We have commented before.

Senator MASON—So we are at cross-purposes. There are two issues. I did not mean to mislead you. What you are saying is if you are going to spend money on capital expenditure.

Ms Paul—Yes.

Senator MASON—Sorry.

Ms Paul—We also had a discussion last time—

Senator MASON—Hold on, Ms Paul, I just want to deal with those two questions. We will deal with one question at a time. You are not arguing that the \$16 billion on capital expenditure will increase educational outcomes better than expending it on anything else?

Ms Paul—No, I am not saying that.

Senator MASON—No, of course. I just wanted to make sure that that was clear. Capital expenditure.

Ms Paul—I am saying two things. First, learning environments do make a difference. International research shows that.

Senator MASON—I accept that.

Ms Paul—Second, this is the best you can get. This is absolutely top-rate 21st century learning environments through the BER. Third, are there other spends that are also important contributors to outcomes for students? Absolutely there are. Teacher quality is generally accepted to be number one. Everything we have just been talking about, for example, with My School and the national partnerships—so the billions of dollars being spent in national partnerships for teacher quality, literacy, numeracy and low-SES schools—goes to that.

Senator MASON—Let us go back to both questions. So you accept my proposition that the \$16 billion spent on capital expenditure in schools is not the best way, of itself—

Senator Carr—No, that is not what she said.

Ms Paul—Of course not. I did not say that.

Senator MASON—I know. You have a different answer to the answer given by Ms Paul, Minister. I think we both agree on this. Quite clearly there are plenty of other ways to enhance education other than building buildings.

Senator Carr—What we have is a stimulus measure taken in a time of economic crisis. You ought to get the context straight.

Senator MASON—I am doing it question by question. Minister, I am getting there. So we agree that it is not the best. We are then talking about if we are going to have a stimulus package and spend money—

Ms Paul—No, I did not say it was not the best. I said that there is a range. The research is absolutely clear that a range of factors contribute to learning outcomes, and learning environments is one of them.

Senator MASON—Sure. But you would not say that \$16 billion spent on this capital expenditure was a better way than any other way of enhancing educational outcomes in Australia, would you?

Ms Paul—I think I have answered the question.

Senator MASON—That is fine. The first part is fine. We agree on that.

Ms Paul—Probably not. I think I have said what I said and it is on the record.

Senator MASON—That is fine. All I want to know is whether we are getting the best relative spend. That has always been my argument. No-one in the opposition is arguing or has ever argued that there will not be some educational enhancement. The question is whether it is the best spend.

Senator Carr—But you did not vote for it, did you?

Senator MASON—I vote for the best spend, Minister. That is the difference between you and me. You want to spend the next generation's money willy-nilly. You are in the Labor Party and that is what you do.

Senator JACINTA COLLINS—You said that you voted for the best spend.

Senator MASON—That is what I am trying to work out, Senator Collins.

Senator JACINTA COLLINS—If you do not know what it is now, you could not have voted for it back then.

Senator MASON—We do know what is the best spend. Do you know what, Senator Collins? It is not buildings. That is what the research shows.

Senator JACINTA COLLINS—What do you claim is the best spend?

Senator MASON—It is not buildings.

Senator BILYK—That is why you did not spend money on infrastructure.

CHAIR—Order!

Senator MASON—Let us go now to the next part, that is, capital expenditure. We are now making progress. The question is whether these multipurpose halls are the best capital expenditure that there could possibly be. Is Ms Paul, the minister or the department saying that the \$16 billion spent largely on these memorial halls is the best capital expenditure for enhancing educational outcomes?

Ms Paul—Yes. We think the spend on halls, libraries, classrooms and so on represents a massive investment in the best top-rate 21st century learning environments that we can have now. It has brought schools that were built in the 1960s, the 1970s, and so on, up to date with 21st century learning environments, which they simply did not have before.

Senator MASON—The answer to the question on notice is that capital expenditure is directly linked to the teaching of the curriculum.

Ms Paul—Yes.

Senator MASON—The more directly it is linked to the teaching curriculum, the stronger the benefits for student performance. Is that right?

Ms Paul—I presume that is what the research is hinting at.

Senator MASON—So a stronger link between capital expenditure and the teaching of the curriculum is what is important. Is that correct?

Ms Paul—Yes. That is what we hope teachers are doing when they use their halls, their libraries and so on.

Senator MASON—The question is whether the multipurpose halls are more closely linked to teaching outcomes than other possible capital expenditure, is that correct?

Ms Wall—Senator, I think it is important to know—

Senator MASON—We are getting somewhere.

Ms Wall—It is important to know that the number of multipurpose halls is in the minority. The vast majority of constructions are classrooms and libraries.

Senator MASON—I know; but I am talking about the multipurpose halls because that is what interests me.

Ms Wall—But they are in the minority, I think. It is important to put that in perspective.

Senator MASON—Yes, sure. Do you know how much is being spent and how many jobs are being created? The problem is that I cannot work out what the—

Ms Paul—We have been there, Senator; we have answered that question. Multipurpose halls—

Senator MASON—You have not answered that question, Ms Paul, but anyway.

Ms Paul—Multipurpose halls, classrooms and libraries are where activities happen in schools, all of which are attached to the curriculum. Absolutely I would expect—

Senator MASON—Sorry, could you repeat that?

Ms Paul—Absolutely I would expect multipurpose halls to be where the curriculum is played out. It is where the students are doing their plays; it is where they are doing their performances; it is where they are coming together for their sporting achievements; it is where they are coming together as a school community to focus on whatever they need to do in literacy, numeracy, and so on.

Senator MASON—Well, they might be. We do not have any direct evidence that the building of a school hall has ever increased educational outcomes. That is the problem. I have read the answer to the question on notice and it is all about directly linking the teaching curriculum to—

Ms Paul—To learning environments.

Senator MASON—You keep using that word. I know it is a fashionable word within the department. You say learning environments—

Senator Carr—It is a well-known expression, Senator.

Senator MASON—I say multipurpose centres. Some people say Julia Gillard memorial halls. I would not be so cruel.

Senator Carr—No, you would not.

Senator MASON—I would say multipurpose halls.

Senator Carr—If you spent more time out of the university having a chat to people, and more time in schools, you would know how important they were.

Senator MASON—Minister, if you only knew how many jobs had been created by this, I would be happy with you this afternoon.

Senator Carr—I thought I had explained that to you. All I need from you is advice on which of the 5,900 projects in Queensland you do not support.

Senator MASON—No, I support the best spend.

Senator Carr—We have three senators here from Western Australia and there are 3,000 projects in Western Australia. Which of those do you not support?

Senator MASON—We have already discussed that. I support the best spend, as you know, Minister.

Senator Carr—There are 2,000 in South Australia. Which of those do you not support?

Senator BILYK—Maybe he does not support the Glasshouse Mountains School, which is absolutely fantastic.

CHAIR—Order! We have seven minutes before we move to outcome 1. Senator Mason has the call.

Senator MASON—I have other questions on the BER, but perhaps Senator Payne would like to ask some questions.

CHAIR—All right. We will come back to outcome 2.

Senator MASON—We are going to come back to outcome 2?

CHAIR—The proposal was to go to outcome 1 for only one and a half hours. When we conclude outcome 1 we will come back to outcome 2. Why do we not start at 2.55 pm and that will give us a couple of minutes to change officers around. We will take a short break.

Proceedings suspended from 2.53 pm to 2.55 pm

CHAIR—The committee is now dealing with questions relating to outcome 1. Senator Payne?

Senator PAYNE—I want to get some up-to-date figures relating to numbers in the childcare system, particularly since the change in the rebate levels. Do we have the most up-to-date possible figures available for the nation and then state by state?

Ms Paul—Sure.

Ms Shugg—I do not have a breakdown state by state but I do have the latest data on the number of children in different service types in the June quarter of 2009.

Senator PAYNE—That would be helpful, thank you.

Ms Shugg—Overall, there were 800,000 children using approved child care. The break-up of that is for long day care, 476,000; family day care and in-home care, 100,000; occasional care, 7,000; and outside school hours care, 243,000.

Senator JACINTA COLLINS—And is there a break-up for family day care and in-home care?

Ms Shugg—I do not have a break-up with me. I can take that question on notice.

CHAIR—Senator Payne?

Senator JACINTA COLLINS—Sorry.

Senator PAYNE—No, you are not, but thank you, Chair.

Senator JACINTA COLLINS—Senator Payne, I am sorry. To expedite time, when senators have been asking questions, there is no political element to it at all.

Senator PAYNE—I was not getting at all political.

Senator JACINTA COLLINS—If there is information that people are interested in and it fits in the same area—I am sorry if you took offence.

Senator PAYNE—No, no. Thank you, Ms Shugg. You said that you did not have a state-by-state breakdown?

Ms Shugg—No, I do not.

Senator PAYNE—Could you take that question on notice, as well as Senator Collins's question?

Ms Shugg—Yes.

Senator PAYNE—Thank you very much. When you break down the 100,000 figure for family day care and in-home care, does that cover the number of children for which a benefit is paid who are being cared for in the home? Does that include nanny care and things like that as well?

Ms Shugg—No. Family day care and in-home care are specifically defined.

Senator PAYNE—So it does not include the nanny context?

Ms Shugg—It does not include nannies.

Senator PAYNE—In recent times that has been the subject of some discussion. If a parent or a guardian is employing a nanny in the family home they are not eligible to receive the rebate, are they?

Mr Manthorpe—The families who employ nannies may be eligible for the registered care rate of childcare benefit if the nanny is registered in the system as a carer. That is a lower rate of CCB than applies more generally. Otherwise, because the nature of the arrangement essentially is unregulated and outside the quality assurance regime and so on, those arrangements are not otherwise covered.

Senator PAYNE—Do you know how many people we have registered as nannies in the context that you have just identified, Mr Manthorpe?

Mr Manthorpe—I would have to take that question on notice, Senator.

Senator PAYNE—Thank you very much; I appreciate that. Does it make any difference at all if the nanny, for want of another term—because it makes me think of all sorts of childhood fairytales and things—is employed at a business premises rather than in a home?

Ms Shugg—Any service that is approved under the childcare benefit would be eligible to receive childcare benefit. Nannies are not usually within that category. There are some services, however, that have the name 'nannies' that are registered as providing in-home care. But that type of care is very specific to the definition and only eligible families are able to access that type of care.

Senator PAYNE—You gave me figures for the June quarter 2009. Can you take me back to the date of the introduction of the increase in the rebate and give me a comparison for those?

Ms Shugg—The change to the rebate happened on 1 July 2008. I have figures going back to June 2008, but I do not go back any further than that.

Senator PAYNE—Perhaps you would like to take that question on notice so that I can see that track through as the change to the rebate came into effect and what particular impact that had on take-up.

Mr Manthorpe—Senator, it certainly had an impact on affordability. The ABS data on affordability of child care indicated that affordability of child care improved by around 20 per cent following the introduction of the rebate changes.

Senator PAYNE—That is affordability, though, not numbers, isn't it, Mr Manthorpe?

Mr Manthorpe—That is right, Senator.

Senator PAYNE—If you can come back to me in due course on that, that would be helpful. I wish to ask you some questions on the childcare fee assistance that comes through the JET process. Are you able to identify for the committee how many people in Australia use the JET childcare fee assistance? Could you then give me the figures state by state?

Mr Manthorpe—We should have some data on that with us, Senator, if you would just bear with us a moment.

Senator PAYNE—Yes, sure.

Mr Parsons—Senator, I have the expenditure for JET for 2007-08 and 2008-09, if that helps with your question.

Senator PAYNE—Will that tell me how many people, or will that tell me in dollar terms what the expenditure is?

Mr Parsons—I can tell you the number of children.

Senator PAYNE—Okay.

Mr Parsons—For 2007-08, 33,718 children were assisted. In 2008-09, 34,054 children were assisted.

Senator PAYNE—Do we know how many individuals receiving income support payments that represents?

Mr Parsons—I can break it up by those who are doing study and training, those who are in employment and those who are actively searching for work.

Senator PAYNE—That would be helpful, thank you.

Mr Parsons—I can give you those figures only by percentages; I cannot give you all the numbers. I can tell you that across those two cohorts, roughly 70 per cent are studying/training, somewhere between 10 per cent and 20 per cent—it varies between the two years—are in employment, and roughly five per cent are doing JobSearch. That will not add up, because I have done some rounding for you.

Senator PAYNE—That is all right. My maths is not great. I am managing with your figures, Mr Parsons. So it is a relatively low proportion of those in JobSearch?

Mr Parsons—Compared to the other categories.

Senator PAYNE—Does the department collect any other data on individuals who are in receipt of the fee assistance under the JET scheme? For example, do you know how many people go on to full-time and part-time employment as a result of that process?

Mr Parsons—I do not have that with me, Senator Payne.

Senator PAYNE—But you do collect it; is that what you are saying?

Mr Parsons—I am not sure whether we do.

Mr Manthorpe—We can take that question on notice, Senator, and check that out.

Senator PAYNE—The purpose of the question is to get some idea of the utility of the support, and not in a negative sense.

Ms Paul—No, I appreciate that.

Senator PAYNE—There is positive feedback, certainly in the community where I work.

Ms Paul—Absolutely.

Senator PAYNE—I want to get some idea of the utility and what people are able to make of the opportunity, and so on.

Ms Paul—Yes.

Mr Manthorpe—We are happy to take that question on notice.

Senator PAYNE—All right; I appreciate that, thank you very much. I do not have a lot of question on child care but I do have quite a few on the universal access and early childhood program areas.

Ms Paul—That is fine.

Senator PAYNE—When we were discussing these issues in October last year—it seems like a long time ago now—

Ms Paul—It was only yesterday.

Senator PAYNE—Between us on both sides of the table we managed to flag follow-up issues for these February estimates. I want to pursue some of those. Based on the NPA, I will ask a couple of questions around some of the terms that are used in the NPA. I assume we are still defining ‘universal access’ as it is listed in the NPA, whereby every child 12 months prior to full-time schooling, et cetera—

Ms Shugg—That is correct.

Senator PAYNE—The objectives, outcomes and outputs section states:

It will be accessible across a diversity of settings, in a form that meets the needs of parents and in a manner that ensures cost does not present a barrier to access.

Can you identify for the committee what the governments involved mean by ‘a diversity of settings’.

Ms Shugg—As you know, across Australia preschool is provided in a diversity of settings, including stand-alone preschools. Some jurisdictions have schools that go from preschool through to year 12. Preschool is also provided in some childcare settings. It is basically recognising that parents need to be able to make choices around where their child accesses their early childhood education and trying to look at that across each jurisdiction.

Senator PAYNE—Does it also deal with some of the challenges around access for children in rural and regional Australia? Is it meant to address some of those concerns?

Ms Shugg—That term was not specifically looking at that issue. But obviously that is an issue that is taken up by the fact that we are looking at universal access. We are looking at 95 per cent of children participating in childhood education.

Senator PAYNE—That is your target, isn't it?

Ms Shugg—In each jurisdiction.

Senator PAYNE—That 95 per cent would equal universal access from your perspective?

Ms Shugg—In recognition of the fact that it is not a compulsory year of schooling and parents make choices.

Senator PAYNE—How are we going in terms of that target across Australia?

Ms Shugg—We are expecting our first detailed annual report under the national partnership at the end of March. In that annual report, each jurisdiction will give us an update on where they are up to. But the latest data that has been made available was in the ROGS—the *Report on government services*—that was published in January. It is basically saying that we have 70 per cent access at this time. Of course, some jurisdictions are doing better than others.

Senator PAYNE—I have seen that. There is a very significant divergence between some of the states and territories.

Ms Paul—That is right; that is one of the reasons why the measure is so important.

Senator PAYNE—If you look at that, there appear to be more children than it is possible to have attending preschools in Western Australia. But that is neither here nor there. In the case of Queensland, for example, that report puts a very low number on attendance. Is there a factor around that that the federal department is aware of that is not perhaps explained on the surface of the report?

Ms Shugg—It reflects the fact that a little while ago Queensland created an additional year of formal schooling—that is, what other states would call kindergarten. Now they are going through a process of introducing a pre-prep year, which is what we would call a preschool year. So they are starting from a very low base.

Senator PAYNE—Does that mean that before they created that additional year—and I understand what you are saying—children who were in preschool/kindergarten would have been a considerably higher number than this but now they are all in this first new year of school?

Ms Shugg—Basically, that is right. If you go back to previous ROGS, the preschool number against Queensland would be much higher. But they incorporated what they called at

that time their preschool numbers into formal schooling and now they are creating that whole new preschool.

Senator PAYNE—Given that very significant divergence between that state and others, is the Commonwealth making any particular special effort to engage with the relevant Queensland department to ensure that that is happening?

Ms Shugg—Absolutely.

Senator PAYNE—What does that entail?

Ms Shugg—I think it goes back even to the negotiation of the national partnership itself. If you look at the numbers in terms of the funding distribution, that in itself reflects the fact of the relative gaps between where each jurisdiction was and universal access.

Senator PAYNE—So you are saying that is why, for example, Queensland gets more than Victoria even though Victoria has a larger number of four-year-old children?

Ms Shugg—Yes, we did not do the national partnership on a per-capita basis. It was in recognition of the gap that needed to be filled. I should also say that, in recognition of the gap that they have to close, Queensland is also putting significant new expenditure into preschools.

Senator PAYNE—Are they?

Ms Shugg—So it is from both sides.

Senator PAYNE—New South Wales would be the next cab off the rank, with a lower proportion of children recorded in the ROGS material. What is the focus there from the Commonwealth's perspective? We have talked about New South Wales before, but there are some real issues in my state, I think. What is the focus from there from the Commonwealth in terms of pushing those numbers up?

Ms Shugg—One of the key focuses in the early part of the national partnership for New South Wales is around cost of accessing. New South Wales has put a number of measures in place for this calendar year that should address some of those issues around cost, including increasing substantially the per-child subsidy that is paid to preschools, for both Indigenous children and low-income families, and also increasing the local government area contribution to the provision of preschool. Both of those mean that almost 650 preschools in New South Wales will be receiving increased funding for the delivery of preschool.

Senator PAYNE—If that is for this calendar year, that should be reflected, as we speak, in enrolment, shouldn't it?

Ms Shugg—It would be reflected in the fees being paid by parents. Therefore, yes: if that was a barrier previously, it should be reflected in preschool enrolments.

Senator PAYNE—When will you know about that? When will New South Wales report to the Commonwealth about that?

Ms Shugg—The annual report will come in in March, but it probably will not have a lot of information about enrolments. We would expect the data for enrolments to be taken sometime during this calendar year and be reported back to us in the next annual report.

Senator PAYNE—Which would then be due in March 2011?

Ms Shugg—Yes.

Senator PAYNE—Given the importance of this and the emphasis that the Commonwealth has placed on it—and I have been told by you before, constructively, I know, that this is a process going out to 2013, so I cannot expect my indicators to be here every time I come to estimates—why wouldn't you push a little harder to get a return on that information from New South Wales so that you get some idea in this calendar year, where you are hoping to see an increase in participation in preschools, of whether that has actually worked rather than wait until post the next enrolment period—that is, 2011?

Ms Shugg—I was talking there about the formal reporting process under the national partnership. Of course, we are in close contact with New South Wales on a constant basis. As with a lot of these things, the administrative data around enrolments and participation is usually collected only at certain times of the year. The beginning of the year is not usually the best time to collect that data because it may be inflated.

Senator PAYNE—Enrolment data?

Ms Shugg—Yes.

Senator PAYNE—One cannot drop out at the age of four.

Ms Shugg—Correct. All jurisdictions have different time frames around the collection of that data. I do not have on me exactly when New South Wales collects that data, but we would expect to have conversations with them about the data as it is collected and analysed. But the formal reporting process would be in March the following year.

Mr Manthorpe—During the course of this year we will also be consistent with the terms of the national partnership agreement undertaking what is called the 18-month review, where we will have a good look at all of these things in collaboration with our state colleagues. We continue to keep progress against this national partnership and the others under review through the various mechanisms that sit below the Australian Education, Early Childhood Development and Youth Affairs Senior Officials Committee and the ECD working group. There are a number of ways in which we are keeping across this, as well as the data side and trying to develop the data to ensure that we have a robust picture moving forward. The other important point to note is that in this national partnership the larger share of the investment is back ended towards the later years of the NP, so one would not expect that we would have hit the final target yet. We think, though, that progress is on track.

Senator PAYNE—I was not actually pushing you to tell me you had hit the final targets or things like that. I have read what you have told me before in relation to the time frame in which we are working. The 18-month review is due to occur halfway through this calendar year; is that right?

Mr Manthorpe—We have in mind that it would commence at around that time. It may be take a little part of the second part of the year to conduct.

Senator PAYNE—As you embark on the review process and as you get the data that you are talking about, is there any capacity for the Commonwealth to not such so much impose penalties on the states but at least to say—and you have said that the funding is at the back

end of this in large part—‘Sorry, that money is not yours until you make very significant advances’? How does that play out for you?

Ms Shugg—There is provision within the national partnership to do that. Each jurisdiction has agreed benchmarks that they will achieve for each year against the performance indicators within the national partnership. They are in the implementation plans that are on the website. The annual report will describe how they have gone against the benchmarks. If a state is falling behind or is not meeting its benchmarks, the final stage does allow the Commonwealth not to pay the next payment. But, of course, in terms of trying to get this initiative up and running our first port of call would be to work with the states to remedy anything that is not actually working in the jurisdiction.

Senator PAYNE—I understand that, but they get a lot of the Commonwealth money in this process.

Ms Shugg—Absolutely.

Senator PAYNE—Will the annual report that you will receive at the end of March ultimately be a public document?

Ms Shugg—That is our intention at this stage.

Senator PAYNE—Can you tell the committee what sort of time frame you expect between the receipt of the report and its public release?

Ms Shugg—I have not estimated that.

Senator PAYNE—Can you take that on notice as a question to consider and respond to the committee, bearing in mind, as we always do, that we are back here in May for budget estimates.

Senator CORMANN—Unless there is an election.

Senator PAYNE—Well, with 103 per cent of four-year-olds in Western Australia at preschool, I would have thought you could get them along campaign booths, if that happens. Can you take on notice what the time frame between your receipt of the report and its public release.

Ms Shugg—Yes.

Senator PAYNE—Mr Manthorpe referred to the 18-month review and this ongoing reporting under the NPA against the performance indicators in the agreement. In the Commonwealth’s view does that comprehensively cover the reporting and acquittal process for the funds received so that you that they are going in the right direction in each state and territory?

Ms Shugg—There is no acquittal process. The national partnership is built around the achievement of outcomes. We have agreed that the outcomes and outputs that will be delivered during those periods. The Commonwealth will make a judgment about whether or not the state has achieved the agreed outcomes before making any additional payment to the state.

Senator PAYNE—I have questions across a few areas here, but some concern the National Quality Agenda and some are about the sorts of entities that we have. The preschools themselves did not come under the BER program, did they?

Ms Paul—There was the link to early learning centres—

Senator PAYNE—How many?

Ms Paul—so there is some construction under the BER of early learning centres on school sites.

Senator PAYNE—Are they the EELC component?

Ms Paul—Maybe. We will get you that number. The BER people are still here. I do not have the number with me personally, but we can certainly get it easily for you.

Senator PAYNE—I am happy for that question to be taken on notice. I want to know how many were part of that program and what the funding arrangements were there.

Ms Paul—Sure.

Senator PAYNE—I want to come back to the question of the needs of children in rural and regional areas, which we discussed briefly in that diversity of settings context. I think I was heading down the wrong track there. Given some of the challenges with ensuring that all children are getting to preschool and achieving the universal access that you have spoken about, is there any specific assistance within the federal government's purview to assist children who are from geographically isolated areas to access preschool to meet your universal access target?

Ms Shugg—Do you mean a specific Commonwealth program?

Senator PAYNE—Yes.

Ms Shugg—We do have a small program that is aimed at assisting access by Indigenous students. That obviously helps in rural and remote areas. But I am not aware of anything else specifically from the Commonwealth to assist rural access.

Senator PAYNE—For example, it occurs to me that even in a not very remote area—in fact, not very remote at all, but a regional area I know well—one of the access issues is around there being no public transport. If people do not have access to a car and they are taking a child to preschool, they need public transport. Do you talk to the states and territories and have you identified with the states and territories specifics that they may have put in place to address some of those challenges? If not, or if you do not know, can you take that question on notice?

Ms Shugg—The states and territories are aware—particularly those that have vast areas of rural and remote tract within their jurisdiction—of the issues that are associated with accessing early childhood education. They are taking those into account in trying to meet the target that they have agreed to meet. For example, some of the strategies that some jurisdictions are implementing include things like mobile preschools, where preschools are not just in one location; they actually go around to a number of locations to help. There are a number of strategies that jurisdictions are trialling, but I am not aware of anything specific that is being progressed other than that.

Senator PAYNE—Is it possible to seek some information on notice in relation to that?

Mr Manthorpe—I have a couple of things to add to the information that Ms Shugg has given you. I think we have also talked in previous estimates hearings about the National Partnership Agreement for Indigenous Early Childhood Development, which sits around the development and implementation of 35 or more children and family centres in some locations. Obviously that is not the totality of the country, but we will be providing funding in 35 or thereabouts locations and working with the states and territories to roll out those children and family centres, which in many cases will have a preschool component.

The other point is that we do fund a variety of services. There is the so-called budget based services, where we provide supply-side subsidies to services around the country, some of which deliver preschool. There are some supply-side investments and there are some activities in the universal access space that are heading in that direction. In addition, through the National Quality Agenda, which we might come to shortly, the concept is that over time preschool teachers form part of the staffing complement of long day care centres around the country. When we get to that point, we should also see an improvement in access and takeup in preschool.

Senator PAYNE—Thank you for that. Are you able to tell us how many registered preschools we have in Australia? Is ‘registration’ the right word?

Ms Shugg—In some jurisdictions, yes, and I think others use ‘licensed’.

Senator PAYNE—I do not mind which word we use.

Ms Shugg—I am seeing whether I have that with me. This is from the ROGS report. In 2008-09 there were 4,254 licensed and/or registered preschool providers. That would not include childcare providers who also provide preschool.

Senator PAYNE—Can you then take it on notice to add that figure in. That is, how many would be in childcare providers—or are they not licensed or registered?

Ms Shugg—I will look at what data we have.

Senator PAYNE—Are they licensed or registered as a preschool if they are in a childcare centre?

Ms Shugg—Usually, because of the way in which child care and preschool have been managed until now—that is, preschool was very much state-based and child care a Commonwealth thing—they are separate. It would be a very small minority, if any, where there was a registered preschool in an approved childcare service. That does not mean that there are no childcare services that are providing a preschool program that would meet the terms of the universal access commitment.

Senator PAYNE—How do you keep track of those?

Ms Shugg—We have in the past collected data in the childcare census about whether or not a preschool program has been provided within that childcare service. But, of course, because that is a census of childcare providers, it is basically a provider’s view of what a preschool program is. Under the national information agreement, which sits under the national partnership, we are looking at standardising all of these definitions and collecting information

across all early childhood settings on the basis of the same definitions. That work is progressing.

Senator PAYNE—What is your time frame on that?

Ms Shugg—As I recall, a number of jurisdictions are already firming up some of these things. That will happen progressively. I will just see if I have the date.

Senator PAYNE—Is there any reluctance in any of the jurisdictions to participate in that process?

Ms Shugg—No. Everyone can see the benefit in having data that is nationally comparable, which is something that we currently do not have. The majority of the information will be available by the end of 2011.

Senator PAYNE—It takes a long time to get that data.

Ms Shugg—There is the work that goes into agreeing about the definitions so that it works for each jurisdiction. There is also organising the collection across all of the different types of services out there and then putting that information together.

Senator PAYNE—You referred to preschools that may be located in childcare centres. Their status sounds rather nebulous to me from the observations that you made. Is there a preference for preschool programs in stand-alone centres as opposed to those embedded in childcare centres?

Ms Shugg—A preference from whose perspective?

Senator PAYNE—From the Commonwealth's.

Ms Shugg—No. As long as they are all providing the quality of early childhood education that is standard across the board, there is no preference, necessarily. Part of this goes back to what we spoke before, which is a diversity of setting that allows parents to make choices about where they would like to have their child.

Senator PAYNE—Can you tell us how many of the 4,254 licensed and/or registered preschools are privately run or not-for-profit community run?

Ms Shugg—I do not have that information with me.

Senator PAYNE—Can you take that on notice.

Ms Shugg—Yes. Can I go back to the availability of the data.

Senator PAYNE—Yes.

Ms Shugg—While I said that it would be available by the end of 2011, it would probably not be reported on until the 2012 reports.

Senator PAYNE—Annual reports?

Ms Shugg—Yes, the annual reports. I just want to clarify that.

Senator PAYNE—I refer to training and education in this area for staff. I understand that the government made an announcement about increasing the number of early childhood education university places by 1,500 over the 2009-11 period. Are you able to tell us what the uptake for those has been so far?

Ms Calder—Senator, will you repeat the question so I that I can answer it accurately.

Senator PAYNE—Certainly. I asked about the announcement that signified an increase of 1,500 early childhood education university places between 2009 and 2011—I think that is it—and was seeking advice on what the uptake of those places has been so far given that we have completed the 2009 year.

Ms Calder—The places have been allocated for the first 1,280 places. There still remain a small number of places allocated for 2011. The places have been allocated across a range of universities. We are yet to receive the final data on the number of places that have been taken up in addition, but they have been allocated to the universities.

Senator PAYNE—Where is the preponderance of the take-up? Is one state or another significantly higher than its counterparts?

Ms Calder—The allocation of places was across a number of jurisdictions. I can find the relative data if you like, particularly if you give me a few minutes, or I can take the question on notice.

Senator PAYNE—If you can find it while we are still talking, that would be great. If not, I am happy for you to take the question on notice. The other training question I have relates to the support for childcare workers at TAFE—that is, the childcare diplomas and advanced diplomas from 2009. What progress has been made in that area? I think it was a \$60 million expenditure.

Ms Calder—It was a \$60.3 million allocation of funding in 2008-09 for the removal of regulated TAFE course fees for diplomas and advanced diplomas. That was originally put in place through a one-year national partnership that ended at the end of 2009. We have negotiated a new national partnership with the jurisdictions and at this stage we have agreements with the jurisdictions and it is in the process of being considered for final signing.

Senator PAYNE—For 2010?

Ms Calder—For 2010 to 2014.

Senator PAYNE—What would be the ballpark dollar figure beside that?

Ms Calder—The national partnership value for that period was the \$60.3 million.

Senator PAYNE—Does that take us all the way through to 2014?

Ms Calder—That is the allocation, yes.

Senator PAYNE—What was the impact in terms of students pursuing these courses in 2009?

Ms Calder—We have anecdotal data that the take-up has been quite successful, but we will not receive final data on the take-up of the exact places until August of this year.

Senator PAYNE—August this year?

Ms Calder—That is correct.

Senator PAYNE—We are talking about the end of calendar year 2009 and it will take to August in the next year to accumulate the data on that?

Ms Calder—Student intake happens twice a year.

Senator PAYNE—I see.

Ms Calder—There is certainly data for the beginning of last year—

Senator PAYNE—So you wrap it all together?

Ms Calder—and towards the second semester last year. As I said, we have had anecdotal data from TAFEs that we have had good take-up. That is very positive, but we will receive the final data on that later this year.

Senator PAYNE—They will not give you interim for the first semester last year sooner than that?

Ms Calder—We have been tracking the information with them. I can take that question on notice and see if we have interim data. But we certainly do not have the final data.

Senator PAYNE—I am interested to see where that is going.

Ms Paul—We are always a bit conscious of the red tape thing. It is a balance of how many times we ask. Nonetheless, of course, we want to know as much as we can, too. I am happy to take that on board.

Senator PAYNE—I am not sure exactly how long relevant courses are, but I would like to know how many graduates there were, how many are currently in training and whether we have any idea of employment obtained?

Ms Calder—We would have to take that question on notice.

Senator PAYNE—That would be helpful.

Senator PAYNE—I refer to the commitment to deliver universal access and some of the cost barriers we have discussed previously, particularly with regard to New South Wales. What reports is the Commonwealth getting about the ability of providers to deliver their preschool programs without increasing their fees?

Ms Shugg—Can you repeat that question?

Senator PAYNE—I am not sure that I can! I was talking about the diversity of approaches taken by the states and territories—different fees, different levels of qualification, what quality frameworks mean in that context and what providers are saying about the need to increase costs as they deal with some of the changes in the systems.

Ms Shugg—Of course, we are aware of the press around the sorts of things that are running at the moment—that is, how difficult is it to do some things like implementing the additional hours and the implications of doing that. I think, as Dr Ayers mentioned at the last hearing, that is one of the reasons we have built time frames around the implementation of the universal access commitment. I think part of this relates to jurisdictions trialling things and extending out from there. For example, with the 15 hours issue, I note that Tasmania, South Australia, Western Australia and the ACT are all rolling out 15 hours.

Senator PAYNE—This year?

Ms Shugg—Yes. They are doing that in some of their preschools. They are not doing it across the board; they are rolling it out progressively. That allows them to take account of the

feedback from providers and to put things in place to manage those issues. However, we do not have any direct reports back from providers about the cost implications of these things.

Senator PAYNE—I was going to come back to the 15-hour rollout, because we discussed that in October as well. It seems to me from the information that I have seen that the average has traditionally been around 11 hours to 12 hours.

Ms Shugg—Yes.

Senator PAYNE—And most jurisdictions have been in that space. Please remind me again what factors were used to determine 15-hour attendance as optimal?

Ms Shugg—The 15 hours was deemed to be an improvement on where we are currently and something that we could achieve within the time frames of the national partnership.

Senator PAYNE—By when would you expect the overwhelming major of the preschools to be providing 15 hours?

Ms Shugg—I do not have that estimate with me.

Senator PAYNE—Is there an estimate?

Ms Shugg—It might be able to be pulled out of the implementation plans, but I have not seen any work done on that.

Senator PAYNE—If it is possible, can you provide that to the committee?

Ms Shugg—Yes.

Senator PAYNE—I know you were discussing the My School website earlier in the day in a different context. Is there an intention to include preschools on the My School website?

Ms Shugg—Not that I am aware of.

Ms Paul—That has not been considered, yet at any rate. The whole point of the My School website is for the testing of literacy and numeracy currently in years three, five, seven and nine. That is the build of it. At the moment that does not make sense in a preschool way.

Senator PAYNE—I understand that.

Ms Paul—As you obviously know, the website has proven enormously popular. If it is extended over time, you never know. However, at the moment that is not really the concept.

Ms Shugg—We do have a website called My Child.

Senator PAYNE—I am very familiar with My Child. I have some other early learning and care centre questions which I will place on notice. But I want to ask a couple of questions about the remaining issues around ABC Learning and those childcare centres. Perhaps Mr Manthorpe or Mr Parsons can give us a status update.

Mr Manthorpe—I am happy to start that. Since last we talked about ABC Learning, which I think was the estimates before last, a fair bit has happened. You will recall that during course of last year we were effectively talking about the two chunks of ABC Learning centres: the ABC 2 centres, which were the so-called unviable centres. PPB, the court-appointed receiver, completed dealing with those centres in the latter part of last year. There were 262 of them. They were able to transfer or sell, from memory, 236 of them, with about 10 per cent of them

closing—and in those circumstances alternative care was able to be offered to the children. ABC 2 is now in liquidation and close to being wrapped up.

The ABC 1 centres—the other 700 supposedly profitable centres that were still in the receivership of McGrathNicol—were put up for sale in the latter part of last year. At this stage it appears highly likely that the not-for-profit consortium, Good Start, comprising Mission Australia, the Benevolent Society, Social Ventures and the Brotherhood of St Laurence—

Senator PAYNE—Did you say highly likely?

Mr Manthorpe—Yes. We have not quite got to settlement. However, they were the preferred bidder, contracts were exchanged before Christmas and negotiations are continuing between them and the receiver and the various landlords, who you will recall are players in all of this. Negotiation are continuing to reach settlement to sell the overwhelming majority of the centres to Good Start with input from the Commonwealth via a loan of \$15 million to the consortium.

Senator PAYNE—Are there any outstanding complaints or ongoing concerns, particularly from parents who were impacted during that 2008-09 period where it was so messy for some of them, that you are aware of?

Mr Manthorpe—Not that I am aware of.

Senator PAYNE—Given the time, I will stop there and thank Ms Paul and her officers.

Proceedings suspended from 3.45 pm to 4.00 pm.

CHAIR—We will now reconvene these estimates hearings. We are dealing with outcome 1. Senator Cormann as the call.

Senator CORMANN—I have a few questions about the plans to have a four-year trained early childhood education teacher in every long day childcare centre. How are we progressing with that?

Mr Manthorpe—The commitment to move towards having preschool teachers in every early childhood setting was given life through the national partnership agreement on the so-called national quality agenda for early childhood education and care in December. COAG signed off on new staffing and qualification requirements for early childhood settings in December. Consequently, we are at the very early stages of implementing the national partnership in relation to quality.

Senator CORMANN—It was also a pre-election commitment, was it not?

Mr Manthorpe—There are two different but related sets of work. There is the commitment to arrive at universal access to preschool for children in the year before formal schooling, which was the work that Ms Shugg was talking to Senator Payne about before afternoon tea. Separately there was an undertaking by government to implement improved quality standards for early childhood education and care settings. The latter is what I was just referring to.

Senator CORMANN—One follows out of the COAG process, whereas the other is a pre-election commitment. Are you formally dealing with them separately, as you have just described?

Mr Manthorpe—There are two national partnerships, both of which have been progressed through the COAG process, but on different time frames, and they are complementary measures.

Senator CORMANN—How many long day care centres have a four-year trained early childhood education teacher today? How prevalent is that? What is the base we are starting from?

Mr Manthorpe—I am not sure I have a number on that. If my colleagues do, we will give it to you. If not, we will take it on notice.

Ms Rundle—We do have an overall number for early childhood (primary school) teachers in the ABS labour force survey. That was 16,800 in August 2008. However, I do not have with me the breakdown of preschool teachers in long day care centres. I am not sure whether we have that at all, but we are checking for you now. We may have to take that question on notice.

Senator CORMANN—I guess I take a very old-fashioned view on policy development. I assume that you start with identifying where we are at, where we want to go and how we are going to get there. I always like to know where it is that we are coming from.

Mr Manthorpe—Sure. If we have numbers for early childhood qualified teachers in long day care settings, we are happy to provide that. But a good way to think about the journey we are about to go on in implementing the quality agenda is to consider what the requirements are in each state and territory by way of quality settings and what the staffing requirements are now and where we are trying to get to over time.

Senator CORMANN—That is great. I trust that if you can assist me with those more detailed figures for long day care centres you will provide them on notice.

Mr Manthorpe—Sure.

Senator CORMANN—You provided the figure of 16,800. Do you have that data by state as well?

Ms Rundle—I do not have it with me by state. It does occur to me that in some of the workforce modelling that we have done for the quality agenda we do have a starting point of preschool teachers, but they are across both preschool and the long day care setting. We would be able to provide you with that

Senator CORMANN—Is there a significant variation in terms of where we are starting across different states?

Ms Rundle—Yes, there is, and we would be able to give you that breakdown, but I would have to give it to you across preschools and long day care. I can give you that by state.

Senator CORMANN—Which states are the most advanced? Can you give us some flavour about where we are coming from way behind and where we are—

Ms Rundle—New South Wales would be ahead at the moment because its regulatory setting is more aggressive in terms of the teachers that it already requires in both long day care and community preschools.

Senator CORMANN—What about the great state of the Western Australia? I seem to recollect to the Court government initiated a program for four-year-olds some 10 years ago. I assume that is reflected in the statistics.

Ms Rundle—I believe I have it here, but I need time to find it. Would it be possible for you to continue your line of questioning while somebody retrieves that for us?

Senator CORMANN—That is fine. The question I have goes down that same path. I am interested in how many long day care centres are currently without a qualified teacher. I suspect you might have to take that on notice too, because it relates to the other question.

Ms Rundle—Yes.

Senator CORMANN—How many trainees graduate in this area every year?

Ms Rundle—Could we take that on notice?

Senator CORMANN—You do not have a good handle as to the figure? If you have a target of somewhere we want to go and we want to reach that target in a set time frame, you have to know from a workforce point of view whether you are, dare I say, pumping out enough—

Mr Manthorpe—Modelling has been done on all this stuff in the content of preparing advice for COAG on the quality agenda. It is true to say that some states have further to go than others. As Ms Rundle mentioned, New South Wales has reasonably advanced requirements for early childhood teachers to be located in long day care settings. Other states have less developed circumstances.

Senator CORMANN—Which state has the least developed circumstance?

Mr Manthorpe—You have been talking about Western Australia. We know that Western Australia has some distance to go to get to a point where there is an early childhood teacher in each long day care setting. Of course, that is one of the reasons the quality agenda requirements around qualifications and ratios of staff to children and so on are being implemented over a number of years, so there is time for us to work through with the jurisdictions and the sector the challenge of building up workforce numbers, particularly amongst teachers. That is the sort of general story. We understand the point you are making—that we need to know where we are starting and where we are getting to. We do have data on that.

Ms Rundle—I have found the data I was looking for, and I have it for every state. The available existing qualified teacher workforce in 2010 is 1,260.

Senator CORMANN—Where is that?

Ms Rundle—In Western Australia.

Senator CORMANN—That is out of a total of 16,800?

Ms Rundle—Correct. They are two different sources of data and they may not be directly comparable as well. I can also give you the numbers of diploma and certificate III qualified staff.

Senator CORMANN—Would be able to give us all of that on notice rather than just rattling through the numbers? I am interested in the data, but that might be easier.

Ms Rundle—Yes.

Senator CORMANN—Has the necessary funding been committed to achieve the target set out by COAG and in the related though not directly linked election commitment?

Mr Manthorpe—The short answer is yes in the following sense, but in a couple of different ways.

Senator CORMANN—I find that amusing.

Mr Manthorpe—Fine—I am happy to be amusing.

Senator CORMANN—It reminds me of Sir Humphrey.

Mr Manthorpe—As I indicated, there are two different initiatives, so there are two different ways in which this is being done.

Senator CORMANN—I am very disappointed that there are only two. I am sorry; I am interrupting you.

Mr Manthorpe—That is all right, Senator. I will try to be clear. The universal access funding is by way of a Commonwealth commitment of around \$970 million over the five years of the universal access national partnership, \$955 million of which is being provided to the states and territories to assist them to achieve universal access. That money is rolling out progressively over the years of the national partnership based on, as Ms Shugg was talking about before the short break, implementation plans that the states and territories are progressing with.

Senator CORMANN—Could I get a breakdown of that funding by state—the \$955 million?

Mr Manthorpe—Certainly. I will take that on notice, but we have that. That is the first way in which this initiative is being supported. The second part of the initiative—the implementation of the quality agenda—is being supported essentially by the Commonwealth contributing substantially to the cost of early childhood education and care through childcare benefit and childcare rebate. To the extent that the need for long day care centres to have teachers increases their cost base, it can be anticipated that the Commonwealth's contribution to the costs of care through childcare benefit and child rebate will contribute to the cost of that. They are essentially the two different mechanisms that I was referring to.

Senator CORMANN—The funding is assured in terms of the overall budget, but there are different streams coming in.

Mr Manthorpe—Essentially.

Senator CORMANN—Okay. Is the goal to have universal access to a four-year university-trained teacher by 2013?

Mr Manthorpe—Yes, I think that captures it.

Senator CORMANN—And you are confident that you are on track to meet that objective?

Mr Manthorpe—At this stage, yes.

Senator CORMANN—Unless in the fullness of time things develop in various other directions.

Mr Manthorpe—We do not speculate about the future.

Senator CORMANN—Of course not. Will parents have to make a contribution to fund the cost of these teachers, or will it be an indefinite government commitment? Is this now part of the recurrent funding base from the Commonwealth or is it a time-limited Commonwealth commitment and then parents will have to—

Mr Manthorpe—The Commonwealth commitment is not time limited. The commitment to universal access is \$955 million over the period of the national partnership.

Senator CORMANN—What will happen after that?

Mr Manthorpe—I was about to come to that. There is a commitment to \$450 million per year thereafter to continue to support the maintenance of that achievement in the out years in respect of universal access.

Senator CORMANN—After the national partnership, what year are we talking about with regard to the \$450 million? What period does that cover?

Mr Manthorpe—I think that would be 2014-15. Ms Shugg will assist with that.

Ms Shugg—Your question was: what date does the national partnership finish on; is that correct?

Mr Manthorpe—No, when does the \$450 million cut in?

Ms Shugg—It would be the year after the national partnership finishes. The partnership goes until 2012-13.

Senator CORMANN—So it is from 2013-14. Over how many years is that \$450 million available?

Mr Manthorpe—It is ongoing.

Senator CORMANN—That is \$450 million every year?

Mr Manthorpe—That is the case.

Senator CORMANN—And that is committed and locked in now? That is beyond the forward estimates, I guess.

Mr Manthorpe—That is correct.

Senator CORMANN—I hope you can assist me with this final question. I understand there was a commitment that TAFE fees for childcare diplomas to be eliminated. Has that happened?

Ms Rundle—That has been implemented in accordance with the election commitment.

Senator CORMANN—When you say that it has been implemented, does that mean that anyone across Australia who wants to get a childcare diploma through TAFE will not be required to pay any fees; is that right?

Ms Calder—The election commitment has been implemented, as I said earlier, with a one-year national partnership which ended at the end of 2009. Shortly, the 2010-14 partnership will be signed. That provides for free regulated course fees for students doing a diploma or advanced diploma at TAFEs or government entities.

Senator CORMANN—What are you saying?

Mr Manthorpe—She is saying ‘yes’.

Senator CORMANN—So the answer is ‘yes’. Thank you.

Senator MASON—I want to look at the Indigenous early childhood education centres. To recap, Minister and Ms Paul, at the October estimates I was informed that the first 16 Indigenous early childhood education centres are expected to be opened in the 2010-11 financial year, with 14 in 2011-12, three in 2012-13 and the last two in 2013-14. I asked some questions that were taken on notice and I have been told that, out of the 35 locations that have chosen, only three actual sites have so far been determined by the state governments. So we have 35 locations—which in effect is a locality—and only three actual sites—in other words, where the precise location for a centre has so far been determined. I was also told that two staff members have been engaged as at 30 October 2009. Let me kick off with a straightforward question: have any more actual sites been determined out of the 35 chosen locations?

Ms Shugg—Yes. Seven sites have been identified and agreed through the consultation processes in communities.

Senator MASON—That is seven sites now agreed to out of the 35 chosen locations?

Ms Shugg—Since our last discussion there has been an agreement reached for an additional children and family centre, so we now have 36 localities agreed.

Senator MASON—So there are seven sites out of 36 localities?

Ms Shugg—That is correct.

Senator MASON—Ms Shugg, it was you last time, was it not?

Ms Shugg—Yes, it was.

Senator MASON—I am sure you enjoyed the experience! Has construction commenced on any of the sites?

Ms Shugg—No, construction has not commenced, but there are currently two tender processes underway for construction.

Senator MASON—Two tender processes?

Ms Shugg—Tender processes. The ACT tender process has closed and tenders are currently being considered by the ACT government.

Senator MASON—There is one in the ACT?

Ms Shugg—Correct.

Senator MASON—An Indigenous early childhood education centre in the ACT?

Ms Shugg—It is called a children and family centre under the national partnership.

Senator MASON—There is one in the ACT. Where is the other one?

Ms Shugg—The other tender process covers three separate locations in New South Wales.

Senator MASON—Are the none in the Northern Territory?

Ms Shugg—No. The consultation processes in the Northern Territory are currently underway—or a number of them are.

Senator MASON—You knew I was going to ask all these questions, Ms Shugg, didn't you?

Ms Shugg—Yes, Senator.

Senator MASON—I thought you would. The clock is ticking, as you are very well aware.

Ms Shugg—I am aware of that, Senator, yes.

Senator MASON—How many new staff have been engaged? I think I was told last time that two staff members had been engaged as at the end of October.

Ms Shugg—That is correct. There are currently five staff who have been employed in CFC locations already working at improving the linkages between existing services and beginning the ground work for the CFCs in those locations.

Senator MASON—Given that the first 16 centres have to come into operation over the course of the 2010-11 financial year, that is a maximum of about 17 months to work with.

Ms Shugg—Yes.

Senator MASON—How confident is the government that it can deliver, given that only seven sites have been chosen and work has not commenced on any of the sites?

Ms Shugg—Consultation processes are underway in relation to 21 locations. That includes the locations where sites have been agreed.

Senator MASON—What has happened to 21?

Ms Shugg—I think we have discussed the process before.

Senator MASON—Yes. They are supposed to be up and running by the middle of next year—16 of them.

Ms Shugg—That is right.

Mr Manthorpe—We think they are on track and that there is time to achieve the objectives of the national partnership. Obviously, the whole process of community consultation, particularly when you are talking about Indigenous communities and the design of services that will be, if you will, purpose-built and designed for the particular circumstances of a given community, is absolutely critical to get that to happen. Our sense is that, overall, the exercise is on track.

Senator MASON—On track?

Mr Manthorpe—Yes.

Senator MASON—Seventeen months away—16 up, and that is according to the evidence.

Ms Shugg—Sorry?

Senator MASON—That is according to the evidence.

Ms Paul—That is right.

Senator MASON—According to the evidence, 16 have to be running by the middle of next year, in 17 months time.

Ms Paul—That is right, but we have gone from three to seven in the last three or four months over Christmas.

Senator MASON—That is sites chosen, Ms Paul. Nothing is actually working.

Ms Paul—It is quite a significant milestone.

Senator MASON—Maybe to you.

Ms Paul—The tender processes were not happening only three months ago, including the Christmas period and so on. Our assessment is that it is currently on track.

Senator MASON—You say on track, but I do not know. When was the Prime Minister's announcement—two years ago? All right. Of course, Ms Shugg, I will be pursuing this as you know I always do.

CHAIR—How are you going for time?

Senator MASON—That is the only series of questions that I have on outcome 1.

CHAIR—That concludes outcome 1 for this estimates hearing, and we will see the outcome 1 officers again in May. We will now resume again with outcome 2.

[4.23 pm]

Senator MASON—I asked questions this morning about the principal autonomy report, Ms Paul. I think you said that someone in your department would be finding out what has happened in respect of that report. Has anyone found out what is going on?

Ms Paul—I am not sure. When the people come back I will ask.

Senator MASON—We still have a few hours to go—who knows?

CHAIR—We have only just past passed the halfway mark.

Senator MASON—We might finish earlier than you think.

Senator CORMANN—Do not raise expectations.

Senator MASON—We are always encouraging that sort of thought. It is a very positive suggestion. One thing that you and I will agree on, Minister, is that I have been quick in the past.

Senator Carr—You have, but you could be even quicker.

Senator MASON—You are always so grateful, Minister.

Senator CORMANN—The wheels of democracy have to take their time.

Senator MASON—I would like to refer to some specific programs and, in particular, to Primary Schools for the 21st Century. What is the completion date for round 1 projects? Ms Paul, I know you never make any errors but, as you know, I always read the transcript. Last time, on page 74 of *Hansard*, you said:

The completion requirements for P21 are February 2010 for round 1 ...

That is not right, is it?

Ms Wall—Completion for round 1 P21 is 20 December 2010.

Senator MASON—Ms Paul, you are never wrong. So it is 20 December 2010?

Ms Paul—I do not think I would have got that wrong, so I probably did not proof the *Hansard* transcript. I do not know. I do not want to cast any aspersions.

Senator MASON—Of course, I never make mistakes, Ms Paul.

Ms Paul—I did not say that, but I would have been pretty confident if I had set that timetable.

Senator MASON—I was just showing off; I read the transcript.

Ms Paul—I am impressed.

Senator MASON—It is 20 December 2010?

Ms Wall—Yes. Perhaps you or Ms Paul might have been referring to an 18-month completion date for larger schools and up to seven months for smaller schools.

Senator MASON—I do not think it relates to that. I accept that, but the reference is to P21 at February 2010. It does not matter; I have the evidence. I am not too concerned about that. All 10,697 projects under the three rounds of the program were supposed to have commenced by now, were they not?

Ms Wall—Under the original milestones, yes, they were. But you will be aware that since then the government announced a rephrasing—

Senator MASON—A rephrasing? Is that what it is called?

Ms Paul—We talked about that last time.

Ms Wall—of P21 funding of \$500,000, moving from 2010-11 to 2011-12. That allows for a number of P21 projects to start later and complete later. For that reason we would not expect the commencements to be 100 per cent.

Senator MASON—Right. So, given the rephrasing, how many have not yet commenced?

Ms Wall—Of the 10,656, 95 per cent have commenced—that is, 10,083.

Senator MASON—Are the projects that have not commenced generally for larger schools with more than 150 students? Is there any particularity to which you can direct the committee, or is it just random?

Ms Wall—I would have to check that, but I expect they would be a mixture and they would be related to various issues that have caused the education authorities to want to push them back. They could be things like amalgamating schools, site problems, deciding to retender.

Senator MASON—It could be a range of reasons?

Ms Wall—Yes.

Senator MASON—Not necessarily the size of the school. I was terribly frustrated at the last hearing because there was no disaggregation of the data per round. You might recall my disappointment. Is the department still unable to disaggregate the data to give me information per round and rather than for the whole program?

Ms Wall—I can give you information per round.

Senator MASON—That is wonderful.

Ms Wall—In terms of projects started, 99 per cent have started in round 1, 99 per cent have started in round 2 and 87 per cent have started in round 3.

Senator MASON—Nothing is yet due for completion, is it?

Ms Wall—They are not due, but many projects are completed. Specifically for P21, 200 are completed. There are 4,435 NSP completed and three science and language centres are completed.

Senator MASON—I now refer to National School Pride program. Correct me if I am wrong, but this is the information from last time: under round 1, a total of 8,663 projects in 5,994 schools had been approved and they were to commence in April-May 2009 and be completed by 20 December 2009.

Ms Wall—That is correct.

Senator MASON—And under round 2 of the National School Pride program, a total of 4,513 projects in 3,496 schools have been approved. They were to commence in July last year and to be completed by 1 February this year.

Ms Wall—That is right.

Senator MASON—At the October estimates hearing last year, the department was not able to disaggregate the data for the two rounds and was only able to say that, out of 13,148 projects in about 9,500 schools, about 10,500 had commenced as at late October last year. Have all the 13,148 projects under both rounds of the National School Pride program commenced? They should have under the guidelines.

Ms Wall—Ninety-seven per cent have commenced. We have approved a fairly significant number of variations which allow the projects to commence later for legitimate reasons. I gave you some examples last time where a National School Pride project is attached to a P21 project. They might be doing landscaping or building a covered outdoor area but they now want to attach that to the new classrooms, so it is obvious that we need to delay that until the classroom is built. In those instances they have applied to us for approval of an extension and we have granted that.

Senator MASON—How many have been completed?

Ms Paul—How many does the 97 per cent represent, is that what you are asking?

Senator MASON—No, 97 per cent have commenced and should have been completed by now. How many have been completed?

Ms Wall—The number is 4,435.

Senator MASON—Out of 13,148 projects. That is only about a third.

Ms Wall—It is 35 per cent. As I said, some of those will commence and complete later because of variations. I should say that our data is of December. We know that many of those projects would have been completed over the Christmas holidays, because children are not

there and that is the obvious time to do the work. We expect that to increase significantly when we get the January data later this month.

Senator MASON—So we know that only 35 per cent have been completed.

Ms Paul—Before the school holidays.

Ms Wall—As of December.

Ms Paul—We are happy to take that on notice and update it. It is only a few weeks till we get the data.

Senator MASON—So 35 per cent out of 13,148 as at what date?

Ms Wall—As of 31 December.

Senator MASON—That is only a month ago.

Ms Wall—Yes, but it was before the school holidays. It should also be noted that round 2 NSP projects are not required to be finished till February, so that is a perfectly legitimate percentage as of December.

Senator MASON—They are supposed to be completed by 1 February 2010.

Ms Wall—That is correct.

Senator MASON—If only 35 per cent—

Ms Wall—In December.

Senator MASON—It is 11 February. That was only six weeks ago and only 35 per cent were completed.

Ms Wall—But I would expect that completion rate to have increased significantly over the last six weeks because of the school holidays.

Senator MASON—All the builders were working over the holidays?

Ms Paul—That is what they normally do for schools.

Senator MASON—They do not around my area, but they might elsewhere. I am disappointed again, Minister.

Senator Carr—It is probably because they have heard that you do not support the project.

Senator MASON—If only one in three projects is completed, it is not exactly a high score.

Senator Carr—If you are patient the officers will have another report in another two weeks, and even you could wait that long. But that still will not change the fact that you do not support the project.

Senator MASON—As you know, patience is not one of my virtues.

Senator Carr—You have plenty of time.

Senator MASON—It is 35 per cent. Ms Wall did give some explanation.

Senator Carr—Just wait another fortnight and we will see what the report says.

Senator MASON—I cannot give an A plus for that one.

CHAIR—Let us keep moving forward.

Senator MASON—Thank you, Ms Wall. Perhaps we will have a little chat next time about it. Science and language centres are the third limb. Of the science and language centres, a total of 537 projects have been approved. Is that right?

Ms Wall—That is right.

Senator MASON—I understand that all of the projects should have commenced by September 2009 for completion by 30 June this year.

Ms Wall—That is right.

Senator MASON—And, as of the October estimates, 349 projects had commenced.

Ms Wall—That is correct.

Senator MASON—Have all the 537 projects now commenced?

Ms Wall—As at December, 503 had commenced, which is 94 per cent.

Senator MASON—That means in the July estimates—I think the estimates are in July this year; is that right?

CHAIR—May.

Senator MASON—I thought they were a bit later this year.

CHAIR—July is a good time. We will come back then.

Senator MASON—Anyway, I will ask further questions. I note that the completion date is 30 June. Ms Paul, they are all the questions I have on the Building the Education Revolution.

Ms Paul—Thank you.

Senator MILNE—I want to ask questions about the stimulus package funding to education for the Building the Education Revolution. In particular, I want to be clear about the dates of the first, second and third stages. Can you tell me what those dates were?

Ms Wall—Are you asking across the three elements of the program?

Senator MILNE—I am talking particularly about the construction of school buildings.

Ms Wall—Primary Schools for the 21st Century.

Ms Paul—There are three elements. There is P21, the primary schools element—

Senator MILNE—Yes, and then the second is science labs—the whole lot.

Ms Paul—But mainly P21?

Senator MILNE—Yes.

Ms Wall—And you would like to know the—

Senator MILNE—The dates of the phases. My understand is that there were to be major infrastructure projects in the first, second and third stages of rolling this out, and the energy efficiency provisions that were agreed were to apply to the second and third stages. I want to know when those second and third stages started.

Ms Wall—Round two projects were to commence in June/July 2009 and be completed by 31 January 2011. Round three projects were to commence by 1 December 2009 and completed by 31 March 2011. Can I note, however, that because of the re-phasing of \$500

million there will be a number of projects that will go into the further year—so, 2011-12. Not all round three projects, or indeed not all projects, will finish—

Senator MILNE—I am particularly talking about round two. I presume that these are buildings for which the tenders were let from June 2009 onwards to be completed by the end of the year. Is that correct?

Ms Wall—To be completed by January 2011?

Senator MILNE—Sorry—by 31 January 2011, yes. I am talking about buildings for which tenders were let after June/July 2009. What are the budget allocations for round two and round three?

Ms Wall—The budget allocation for round two is \$6.37 billion and for round three, \$4.66 billion.

Senator MILNE—I would like to go to how the department has handled and rolled out the energy efficiency provisions that were agreed. Could you just take me through the process of how the federal department organised this with the states, and what has actually happened?

Ms Mitchell—As part of the application process, each application had to identify the specific energy efficient measures that were going to be implemented as part of the project. That was split out into things like building insulation, energy efficient lighting, shading, water tanks, energy efficient glazing, solar panels and so on. We have collected that data at application and we will confirm that data on completion, that each of the energy efficient measures that were to be implemented were actually implemented.

Senator MILNE—Take me through the process. Did the states put this out to tender in each case and require that those measures be identified when the application came back?

Ms Mitchell—It was part of the application process. The tenders may have occurred after the applications were approved, then the specific items that are part of the each project would have been part of the package that was tendered for that building.

Senator MILNE—Who checked that those features were actually in the application?

Ms Mitchell—We did, as part of the application assurance process.

Senator MILNE—So you are satisfied that all of the buildings in schools for round two and round three will have those energy efficiency features?

Ms Mitchell—Yes, I can give you some figures on how many projects incorporate those if you are interested.

Senator MILNE—I would like that, thank you.

Ms Mitchell—This is a total figure across all three rounds of P21, not just the second and third rounds.

Senator MILNE—Okay.

Ms Mitchell—For building insulation—9,861 projects; energy efficient lighting is 8,751; shading—6,382; water tanks—6,148; energy efficient glazing—5,215; solar panels—2,386; recycled or grey water—694; and then a final category of ‘other’, which will be anything else that is not those—2,909.

Senator MILNE—I am sorry, what was that?

Ms Mitchell—It is 2,909.

Senator MILNE—That is the number of buildings and, of course, some of those buildings would have had four or five of those and some would have had one, presumably.

Ms Mitchell—That is correct.

Senator MILNE—So it is impossible to say how many buildings we are talking about that have had a number of those features. You are confident that all the buildings approved in those second and third rounds in the application process had some of those features in them?

Ms Mitchell—Based on the applications we received, yes.

Senator MILNE—Can you explain to me the quality control at the end of the process—the compliance at the end of the process?

Ms Mitchell—Yes. On completion, each education authority is to report, project by project, that they had implemented the measures that they had said they would implement. Where we identified discrepancies in that data, then we would enter into discussions with the education authority to find out what changed, and why it changed.

Senator MILNE—Given that some of those buildings have been completed, because they were in round one that you just described to me as having some of those—

Ms Mitchell—Yes.

Senator MILNE—what was the compliance rate, if you like, from the states?

Ms Mitchell—I would have to take that on notice.

Senator MILNE—I would like to have an assessment of the performance of the states against what was asked of them by the Commonwealth in terms of the energy efficiency in the design and implementation of those particular features.

Ms Mitchell—Certainly.

Senator MILNE—In terms of further school construction into the future, is it now an embedded process for the Commonwealth to incorporate energy efficiency as part of the design specifications, regardless of whether it is under the Building the Education Revolution or any other program?

Dr Bruniges—I think the Building the Education Revolution has probably been the most significant capital one for which we have had the funding. Certainly going forward, we would want to look at that for any projects. Most of the capital funding comes from a jurisdiction or state and territory into school facilities. I know from my own experience in both the largest jurisdiction and the smallest in this country that they have requirements, as a matter of fact, through their procurement policies that go to some of those features. So, some will happen at the state level; this project has just been a significant one for the Commonwealth, I think.

Senator MILNE—I understand that, but what I am trying to do is make sure that this is not just a one-off; that it becomes embedded into Commonwealth and state tender processes into the future for the construction of or the rebuild of new and retrofitted buildings.

Ms Paul—We can take that on board.

Senator CASH—I would like to very briefly ask some questions under outcome 2.10, youth support.

Ms Paul—Is that it for the 3R?

Senator CASH—Literally, the volunteer programs.

CHAIR—I think that finishes that.

Senator MASON—I have some further questions on the BER. There are only a couple—is it too late them? Are the officers still here?

Ms Paul—You can give us a go. You never know: even Dr Bruniges might field it.

Senator MASON—The subject matter is BER: sanctions for non-compliance. Can they be answered now? It will be quick.

Ms Paul—Here we go. Yes, it looks like it.

Senator MASON—Ms Paul, I appreciate your assistance.

Ms Paul—That is fine.

Senator MASON—This will not take long—these are quick. Thank you, officers. At the October estimates, I asked whether there were any sanctions or punishments for the failure to abide by timetables and other requirements of the program. The question was taken on notice. Essentially, the answer states that the Commonwealth has the power to withhold or suspend payments to a state or territory if it has not fulfilled its obligation under the bilateral agreement regarding the programs. Is that right, Ms Wall?

Ms Wall—That is correct.

Senator MASON—Does this refer only to state and territory authorities, or is there a similar agreement with block grant authorities in each state?

Ms Wall—There are similar agreements with block grant authorities.

Senator MASON—How similar? Identical?

Ms Wall—No, not identical, but from recollection these sanctions are quite similar.

Senator MASON—Is it possible for the committee to have that information?

Ms Wall—Certainly.

Senator MASON—On notice will be fine.

Ms Wall—Yes.

Senator MASON—The difference, in effect, between the requirements in relation to states and territories on the one hand and block grant authorities on the other. Is that all right, Ms Wall?

Ms Wall—Yes.

Ms Paul—Sure.

Senator MASON—Has the Commonwealth used on any occasion its power to withhold or suspend payments? Has it used its sanction power yet?

Ms Wall—We have not used our sanction power to withhold payments because of a breach of the conditions. We have withheld payments, but that is on the basis of a mechanism in the payment schedule that if a state has not spent more than 50 per cent of its previous payments, we will withhold the next payment until they do. The objective of that is that they are not accumulating a lot of unnecessary funds in their bank account. But that is quite different. That is a cash flow issue, not a sanction.

Senator MASON—Yes. You have not adopted any sanctions, as yet?

Ms Wall—No, we have not.

Senator MASON—Given that in some cases people have failed to perform and meet deadlines, why has the Commonwealth not sanctioned states and territories?

Ms Wall—Because in many instances where there has been some slippage in meeting the milestones, as I said, in the majority of cases that was for legitimate reasons. That has been formalised and agreed with us through the variations process, and we have agreed to change those milestones for that particular project.

Senator MASON—But how do we know they are legitimate, Ms Wall? What tells you or the government that these reasons are legitimate?

Ms Wall—Because they have to provide quite a detailed explanation to me, as national coordinator.

Senator MASON—To you?

Ms Wall—Yes, and the explanations are quite detailed. They might have been to the market and been unsatisfied with the quotes; there might be some particular shortage of materials in a given area; they might have encountered some site difficulties; it might be wet season, et cetera. So they are detailed, and I make an assessment of whether they are legitimate and agreed.

Senator MASON—But that means you must have thought the reasons were legitimate in every case. Is that right?

Ms Wall—No.

Senator MASON—No? Okay. In the cases where they were not legitimate, you say you did not use any sanctions. So what did you do?

Ms Wall—We have declined their request and suggested to them that they need to meet the original time line.

Senator MASON—I am sorry?

Ms Wall—I have declined their request for extension—

Senator MASON—You have.

Ms Wall—and said they have been required to reshape their plans to enable the project to commence according to the timeframe.

Senator MASON—Have they then met those targets from the reshaped plan?

Ms Wall—I would have to check that, because it is possible that for many of those the time has not come yet.

Senator MASON—We would not want to be too gentle, Ms Wall.

Ms Paul—We are pretty tough.

Senator MASON—We want to make sure these people spend Commonwealth money properly. Is that not right, Ms Paul?

Ms Paul—That is right, because it is about getting jobs out there into communities fast. So it is good news that we have been pretty tough on that.

Senator MASON—But you have not sanctioned anyone, as yet?

Ms Wall—No.

CHAIR—We have established that.

Senator MASON—It is a fair question though. That is all on that.

CHAIR—It requires to be asked only once, though.

Senator CASH—My questions are in relation to Youth Support, the school volunteer program.

Ms Paul—I think you need to elucidate. We are not sure.

Senator CASH—That is okay. It is in relation to a funding announcement by the 2020 summit of \$400,000 for Golden Gurus. The questions also surround why it is Golden Gurus as opposed to a school volunteer program in Western Australia about which Senator Back has previously asked questions and which is no longer receiving funding.

Ms Paul—So Golden Gurus is for retired people in particular to support businesses and so on in getting under way. I think the two purposes are quite different, but I am not familiar with the WA one.

Senator CASH—The Golden Gurus have received the \$400,000 in funding as a result of an announcement made by Minister Gillard at the 2020 summit.

Ms Paul—Yes.

Senator CASH—Are we able to obtain information about the size of the existing Golden Gurus operation as at the time that the funding was announced? What are the number of paid administrative staff, the number of volunteer staff, the operating expenses and the number of registered members? I am assuming you will take all of that on notice.

Ms Paul—Yes.

Senator CASH—In terms of the actual expenditure of the \$400,000, are Golden Gurus required to account for the expenditure of the funding under the program? What does this actually entail?

Ms Paul—Probably, to do the right thing by Golden Gurus, I should take on notice what it entails. I can explain it broadly, but you are familiar too. We understand it is about supporting retired people to help mentor other people into businesses and so on. In terms of the accountability, I would imagine we have struck a funding agreement in the normal way; so, yes, we would do our normal monitoring arrangements.

Senator CASH—And we are able to get a copy of the funding agreement?

Ms Paul—I will take that on notice too, and I will confirm on notice also what our accountability arrangements are.

Senator CASH—Does Golden Gurus have a national presence?

Ms Paul—Yes, Golden Gurus will reach across Australia; that is correct.

Senator CASH—You say they will reach across Australia; what states are they currently in?

Ms Paul—They came out of Queensland in the first instance. That was where the original idea at the 2020 summit came from. But the Commonwealth backing allows them to go national. I will take the pace and progress of that on notice.

Senator CASH—Thank you. In terms of the allocation of funding, were other programs considered that connected mature age people with mentoring opportunities? Were other programs of a nature similar to Golden Gurus considered before they were given the funding, or is this a one-of-a-kind program?

Ms Paul—There are other mentoring programs. Indeed, the government recently announced the mature age worker package. So there are other elements of that, too: a forum; support for people to reskill; and financial support for people to stay in work. I probably need to take what other mentoring arrangements there might be that on notice.

Senator CASH—One of the issues that Senator Back has raised in previous estimates hearings is in relation to a Western Australian program of which our former Governor-General, Michael Jeffery, is patron. It is the school volunteer program. It has a similar premise. It has elderly or retired people volunteering to mentor students at school. I understand it had been receiving funding through the Howard government's Mentor Marketplace.

Ms Paul—Yes.

Senator CASH—Funding has now stopped, though, and they are finding it very difficult to obtain alternative sources of funding. Has the department had any conversations with them in which the department has been able to provide information on the types of funding that are available to this particular program?

Ms Paul—Yes. The officers can explain how that program has been rolled into a larger program. That might help to give them a bit of a clue about it.

Senator CASH—Thank you very much.

Ms McLaren—Mentor Marketplace was one of several programs that were rolled together under the National Partnership on Youth Attainment and Transitions basically to bring them all together to make more effective use of the funding. The Mentor Marketplace program ceased on 31 December, but all of the funding was put together and rolled out in a program called Youth Connections, which has the capacity to have a mentoring aspect to it.

Senator CASH—How does that all sit with the New Enterprise Incentive Scheme, and the funding under that?

Ms Paul—In what way? The New Enterprise Incentive Scheme is for people who are currently unemployed. It is meant to enable them to start a new small business, and NEIS

potentially includes some mentoring capacity. It is an employment program for job seekers. It is not aimed at schools.

Senator CASH—I am asking this on behalf of Senator Back.

Ms Paul—Okay.

Senator CASH—My understanding from what he has written is that the \$400,000 being provided to Golden Gurus encourages existing mentoring schemes that connect school mature age people to mentoring opportunities. The funding is provided under the New Enterprise Incentive Scheme. His question is in relation to whether there is a possibility that the school volunteer program in Western Australia, which was previously under the mentoring marketplace program, would be able to get the funding under the NEIS.

Ms Paul—I think there are two possibilities, and we have mentioned both. One is that it certainly would not hurt for that organisation to contact Golden Gurus and explore that. I do not know the answer to that. The officers who are working on Golden Gurus are not with me now. But certainly the concept of expanding Golden Gurus is to be inclusive. You have read some relevant words.

Senator CASH—Yes.

Ms Paul—The original idea at the 2020 summit had a focus on employment, and that is why it comes under NEIS. The concept is about retired people mentoring people who are setting up businesses and things like that—particularly small businesses, which is why it links to NEIS. But nonetheless, it certainly will not hurt for that organisation in Western Australia to contact Golden Gurus.

The second pathway is the one we have just talked about. The programs which were funded by Mentor Marketplace are now part of a bigger program. We can probably take on notice what services WA might be benefiting from. Whether our tender process has led to the involvement of that particular organisation, I do not know, but certainly one of the questions that I am sure Senator Back would be interested in is what is available now in Western Australia.

Senator CASH—Correct. They are all the questions I have, unless there is any further information.

Ms McLaren—No, that is fine, Senator.

Senator CASH—Thank you very much.

CHAIR—That concludes outcome 2. I thank officers from outcome 2. We will now move to outcome 3. We will take a short suspension while the officers change over.

Proceedings suspended from 5.06 pm to 5.08 pm.

CHAIR—We will reconvene and deal with outcome 3.

Senator CORMANN—As an opening question, do you have a figure of how much of the government's stimulus package currently is going into the TAFE system?

Ms McKinnon—One figure that I have available to me is the Teaching and Learning Capital Fund, which was directed towards TAFE institutes and adult community education providers. That was \$500 million for capital works.

Senator CORMANN—But that \$500 million for capital works is not specifically to TAFEs. That is across the board, is it?

Ms Paul—That was to TAFEs.

Ms McKinnon—No, \$400 million of it was to TAFEs.

Senator CORMANN—So not the whole \$500 million went to TAFEs.

Ms McKinnon—No, \$100 million went to adult community education providers.

Senator CORMANN—Okay, so \$400 million went to TAFE. That is the extent of it, is it?

Ms McKinnon—I would have to get the other figures. There were, as part of that, measures for out-of-trade apprentices, and I would have to find the figures for that.

Senator CORMANN—Could I get a state-by-state breakdown on where the money to the TAFEs and the other training centres went—a state-by-state breakdown of the stimulus spend on this?

Ms McKinnon—For the capital fund?

Senator CORMANN—Yes.

Ms McKinnon—Certainly.

Senator CORMANN—Is there any adult fund, such as non-capital funding, out of the stimulus package that went into TAFEs?

Ms McKinnon—Yes, there would be, under the EIF, the education investment fund. Some of the rounds for that had TAFEs as recipients. I would be able to take that on notice. The additional incentives that went to employers and group training organisations to take on out-of-trade apprentices was a direct response to the GFC, and I would be able to—

Senator CORMANN—That did not go directly to TAFEs though, did it?

Ms McKinnon—No.

Senator CORMANN—I am looking at the funding that went directly to TAFEs, and other training facilities. Could I have that broken down on a state-by-state basis?

Ms McKinnon—Certainly.

Senator CORMANN—That would be most appreciated. Do you have an indication as to how many vocational education and training graduates come out of the TAFE system overall?

Ms McKinnon—I am sorry, Senator?

Senator CORMANN—How many VET graduates come out of the TAFE system, as opposed to other institutions?

Mr Walters—We used to reckon—I have not seen the figures recently—it was something like 85 per cent of the system.

Senator CORMANN—You used to reckon? I am keen to look at that. I know that about 86 per cent enrol with VET. I am trying to see whether there is any shift in the percentages.

Mr Walters—Completions.

Senator CORMANN—In terms of completions, yes.

Mr Walters—I do not know if we obtained that.

Senator CORMANN—If you can get a bit more specific, that would be really good.

Mr Walters—You want the proportion of completions that come from TAFE institutes?

Senator CORMANN—That is right, yes.

Mr Walters—I think we have to take that on notice, Senator.

Senator CORMANN—That is okay. In the overall Commonwealth funding that goes into VET, how much goes to TAFE? Do you have a proportion?

Mr McAuslan—Approximately 85 per cent of funding under the agreement that we have in place for the states and territories goes to TAFEs. In addition to that, there is other funding that we provide that would ultimately end up with the TAFE institutes.

Senator CORMANN—That is through employers and through—

Mr McAuslan—Through brokers and so on for other programs that are outside the scope of the actual agreement.

Senator CORMANN—I am going to be boring. Could I get figures for the last three financial years broken down by state? Where does the other 15 per cent go? Is that principally to employers? Can you give me a high-level indicative breakdown of where the other 15 per cent goes?

Mr McAuslan—The other 15 per cent under the agreement goes to private providers, essentially, through the states and territories. That is provided under User Choice arrangements and other competitive tendering arrangements that are run through the states and territories.

Senator CORMANN—The Commonwealth provides the funding, but the states and territories administer where it goes.

Mr McAuslan—Yes.

Senator CORMANN—So the Commonwealth does not influence how much of it goes to private providers? It is up to the states?

Mr McAuslan—Not specifically. Over recent years, there has been a move, certainly under the previous agreement, the Skilling Australia's Workforce Act, to put a higher proportion of funding through User Choice arrangements. That was one of the conditions under that particular piece of legislation.

Senator CORMANN—That was under the previous agreement for such legislation. Has that changed recently?

Mr McAuslan—There is no specific requirement in the current agreement for that to happen.

Senator CORMANN—If a state wanted to put 100 per cent of the funding they get from the Commonwealth into TAFEs, would they be free to do that?

Mr McAuslan—They could do that.

Senator CORMANN—Recently there was a COAG decision to establish a national regulator for the VET sector. Can you tell us where you are with that?

Ms Taylor—Yes, I can. Following the COAG decision to establish the VET regulator, that was referred to the ministerial council, MCTEE, for implementation. We have formed a working group for that implementation. We have started the consultation process for that with the states and territories, which is around the draft legislation and the IGA, the intergovernmental agreement. COAG has a requirement that the intergovernmental agreement has to be negotiated and back with the states and territories by May, and we are on track for that process.

We have developed an implementation plan and a consultation schedule, which goes to the states and territories. We have had the first of those meetings with the senior level and with the regulators. We also have a consultation schedule with stakeholders, training providers and industry skills councils, which will occur during March.

Senator CORMANN—It sounds like you are going to be busy. Are you still going to call it a national regulator, or is the name going to change?

Ms Taylor—I have not given that any thought, Senator, but we are open to suggestions.

Senator CORMANN—The reason I am asking is that, as of course you are aware, the states of Western Australia and Victoria have not agreed to be part of the national set-up. About 37 per cent of Australia is not going to be part of it, so it is not going to be truly national, is it?

Ms Taylor—Senator, the COAG decision referred to those states enacting mirror legislation. The legislation parameters governing the regulation would be the same. In addition, there is also the decision that certain providers—that is, those providers who operate across borders—would be regulated by the national regulator, and those who service international students would be regulated. So there are parts of the Victorian and the Western Australian markets that would be covered by the national regulator.

Senator CORMANN—Will training providers that are registered in Western Australia and Victoria have to register separately on whatever this national or seminational register is going to be? The answer is yes, isn't it?

Ms Taylor—They are the details that we are working out with the states and territories in discussion about how those arrangements will work. With the similar or mirror legislation, we would expect that there would be similar requirements, but whether they would be required to register separately is under discussion with the states and territories.

Senator CORMANN—I am just noting some comments from the premiers of Western Australia and Victoria that essentially look at maintaining flexibility and promoting local interests, which sounds as though they are intent on keeping a separate regulatory regime, even though they will enact mirror legislation. How integrated is it going to be? How much scope for flexibility will there be in those states once your system is in place?

Ms Taylor—If they enact mirror legislation, the laws governing the regulation of providers and the enforcement will be the same. The standards will be set by a national standards body,

and those standards will apply to all states. So it is those standards that the regulators are enforcing, if you like. They are common across all states and territories.

Senator CORMANN—Who would enforce those standards in Victoria and Western Australia?

Ms Taylor—In Victoria and Western Australia, the existing state regulatory bodies would enforce those. For providers who operate outside those jurisdictions or across borders, that would be the national regulator.

Senator CORMANN—I am looking very specifically at a comment here where the Barnett government encourages Aboriginal groups to develop their own training programs. Those programs would be unlikely to meet national standards in their initial phases. What happens to those?

Ms Taylor—At the present moment, to be an accredited training program they have to meet those standards.

Senator CORMANN—National standards?

Ms Taylor—National standards, yes. There are two things: there is an Australian qualifications framework, and there is the quality framework. They deal both with the quality of providers and the quality of the qualifications. They are enforced now. To be accredited training, they have to meet those standards. All training packages are developed in the main by industries skills councils. They go through the process of accreditation by the National Quality Council.

Senator CORMANN—If I may paraphrase, you are already calling the shots anyway.

Ms Paul—Yes, and this has been the case for a long time.

Senator CORMANN—So what is this all about?

Ms Taylor—It is about standardising.

Senator CORMANN—No, I am not asking what your thing is all about. Why are those states resisting being part? I am sure it would have been part of the discussions. What do they tell you as to why they are not willing to be part of this?

Ms Taylor—The discussions that we have with them are around the implementation of the program. I would imagine those are the COAG discussions.

Senator CORMANN—I will conclude in terms of Victoria:

Victoria has the best VET system of any state. We have more courses, train more people to higher standards, more efficiently and at a lower cost per course than any other state. We don't want to put any of this at risk by handing over powers to the Commonwealth—

which I guess is you. That is a statement from the Victorian government. What is your response to that?

Ms Paul—That is their statement about why, but we are talking about the mechanism. There are two mechanisms. One is the referral of powers and the second one is the harmony of legislation, which Ms Taylor was talking about. They are saying that they have chosen the harmonisation road rather than the referral of powers road.

Senator CORMANN—But they think they are doing better than the national standards.

Ms Paul—I think it is going to be better for them. To get that detail, you would want to ask them. Nonetheless, the outcome will be a single national VET regulation system. The road to get there has those two options, in essence.

Senator Carr—Senator, you have to look at this in the context of the national debate that goes back to 1990 and the formation of the Australian National Training Authority and, since that time, the circumstances after the closure of that authority.

Senator CORMANN—You have described the processes that you are going through between now and May. Are officials from Victoria and Western Australia participating in that process?

Ms Taylor—Yes, certainly.

Senator CORMANN—Exactly the same as officials from any other states?

Ms Taylor—Absolutely, Senator.

Senator CORMANN—So there is absolutely no distinction whatsoever.

Ms Taylor—There is no distinction in their participation to this point.

Senator CORMANN—What will be the practical effect of Victoria and Western Australia not being part, formally, of the referring of those powers to the Commonwealth?

Ms Taylor—Their mechanism of achieving standardisation of regulation will be different.

Senator CORMANN—What you are saying is that there is no practical effect. What you are saying is that the process by which we get there is going to be different, but in terms of practical outcomes—

Ms Paul—The legal road to get there is different.

Senator CORMANN—But the outcome is essentially the same, is it?

Ms Paul—Yes.

Senator CORMANN—Is the department assessing the concept of VET vouchers at all?

Ms Paul—I am sorry?

Senator CORMANN—You would have heard about the idea of vouchers in education being bandied around at various times. I am wondering whether that is something—

Ms Paul—That is not currently part of our consideration.

Senator CORMANN—It is not currently part of your consideration. That answers my question. So you are not aware of any of the states and territories that are currently looking at that?

Ms Paul—They may. I would not know.

Senator CORMANN—They may or may not; you are not aware.

Ms Paul—No.

Senator CORMANN—Okay. Given that we are talking about national standards and that various national standards have been in place for a long time, do you monitor the quality of state RTOs?

Ms Taylor—No. That is a state regulatory function.

Senator CORMANN—Sure, but does it all feed back into a centralised national monitoring system?

Ms Taylor—The states and territories do. There are various things like the National Quality Council, which has representation from states, territories and providers. That looks at the quality. There is the Qualifications Framework Council that again looks at those national issues and provides advice.

Senator CORMANN—So 85 per cent of Commonwealth funding into VET goes to TAFEs. What is the total Commonwealth funding that is channelled to the states into VET education? What is the total?

Mr McAuslan—Under the agreement it is about \$1.3 billion per year.

Senator CORMANN—What do you monitor in terms of quality, standards and performance as part of that spending—in terms of managing outcomes for that sort of expenditure?

Mr McAuslan—In the agreement that we now have, there are a range of issues covered off, including responsibilities of states and territories and the Australian government, objectives, outcomes and outputs that states have agreed to deliver under the agreement.

Senator CORMANN—Are there process activity outcomes, or are there outcomes in terms of—

Mr McAuslan—There are outcomes in terms of Skilling Australia's Workforce, basically.

Senator CORMANN—So the states and territories have to report back to you in exchange for their \$1.3 billion every year.

Mr McAuslan—They have agreed under the agreement to provide information that goes into an annual national report that we prepare each year on what has been achieved under the agreement.

Senator CORMANN—They have agreed to provide information—so they do not really formally report on performance across a series of indicators, do they?

Mr McAuslan—They certainly have a range of indicators that they have agreed to move towards, and some of those are assessed by the CRC. Some of the information is provided to the department under the agreement, and the agreement now has provision for funding under the agreement to be paid directly between the Commonwealth Treasury and the state and territory treasuries. So there are some accountability requirements under the intergovernmental agreement.

Senator CORMANN—Do you have a national picture of which TAFE performs well and which TAFE performs less well?

Mr McAuslan—At this stage we do not get access to state-level data. That is something that has been an issue under a range of agreements that we have had with the states and territories for some time.

Senator CORMANN—So you have sought that in the past, but it is not that easy.

Mr McAuslan—We have sought that.

Senator CORMANN—It is a matter for ongoing discussion.

Mr McAuslan—It is. We get information about what is achieved at the state level, by AQF level, by industry sector, and so on.

Senator CORMANN—Do you track things like job success rates of various training programs and whether the combination of training programs offered through particular TAFEs are more successful at channelling people into jobs than others? Do you look at how successful various training combinations, TAFE or program offerings are in terms of channelling people into jobs?

Mr McAuslan—We have a survey that is done every year on student outcomes which looks at things like employment outcomes for students who have graduated in the system. That survey is conducted by the NCVER, and it basically is a survey of all students in the publicly funded part of the training system. But certainly we do not go down to the level of detail that you are talking about.

Mr Walters—Senator, NCVER has done some survey work which relates the reasons why people go into the VET system to the outcomes they achieve. Not all of them are looking to do a course to get a job, so you have whole cohorts, like self-employed people, who are looking to upgrade their skills so that they run their own businesses, and you have people who are simply to gain advancement in their own career.

The work that has been done there, and I think we could probably find that for you, shows that if you map the reasons why people go in the system against the objectives that they had, then you get quite high satisfaction rates. But I am not aware that they have done that at the individual provider level. That has been done at—

Senator CORMANN—What you are saying is that people are happy with the course, even though it might not necessarily have led to a job. They just enjoyed the experience of it.

Mr Walters—No, it is a bit more than that. In the case, for example, of somebody who is self-employed, they might want to improve their accountancy skills. Sometimes they will not do a whole course. One of the interesting things about the satisfaction data in the VET system is that we have relatively low course completion statistics internationally. That is because quite a lot of people do not do the whole course; they just do some units because that is what they might need.

Senator CORMANN—Okay, but there is a lot of taxpayers' funding that goes into all of these things. Is that an efficient way of doing it? You mentioned international experience and are quite low. Is that satisfactory?

Mr Walters—It is a matter for debate, Senator. Obviously these are things that will evolve, and doubtless they are things that the national regulator will take a look at when it is

established. But you are asking about the current state of play. I thought we would just refer you to the fact that there is that research.

Senator CORMANN—Presumably that is public?

Mr Walters—Oh, yes.

Senator CORMANN—Thank you. Generally, how do state RTOs compare to the private sector in success rates, specifically leading people into jobs? I know that people might enjoy the experience or have different objectives, but in terms of channelling people into jobs, do you have a handle on that?

Mr McAuslan—I think we would need to take that on notice, Senator. I am not sure that the survey that the NCVET does breaks things down to that level, but we can take that on notice.

Senator CORMANN—This is totally unrelated. How many VET students got the training and learning bonus? Do we know that? Is that something that was managed through your department? Was your department involved?

Ms Paul—Yes, but I think we will have to take it on notice. I have not seen that.

Senator CORMANN—That takes me to the Productivity Places Program, which began in April 2008. That is right, isn't it?

Ms Taylor—Yes, Senator.

Senator CORMANN—Can you remind us: what was it meant to deliver?

Ms Taylor—The Productivity Places Program was meant to deliver training for job seekers and existing workers. It was around a priority occupation list. It was training from certificate II level to higher level skills, and it was to deliver 711,000 places for job seekers and existing workers.

Senator CORMANN—Over five years?

Ms Taylor—Over five years, yes.

Senator CORMANN—From your point of view, how has it been going since April 2008?

Ms Taylor—I will make a clarification here, if I can, Senator. The Commonwealth government initially administered the program directly, and from around June that responsibility passed, with the funding, to the state and territory governments under a national partnership agreement through COAG. So there are two parts to the program.

Senator CORMANN—Sorry, was that June 2008 or June 2009?

Ms Taylor—June 2009. I think some started in May or June, around that time, but I can clarify that for you later, if you like, if it is important. As at 13 January there have been 143,279 qualification commencements for job seekers and 21,440 qualification commencements for existing workers.

Senator CORMANN—Sorry, there have been 143,000 what?

Ms Taylor—It was 143,279.

Senator CORMANN—For what?

Ms Taylor—For job seekers.

Senator CORMANN—I heard the number, but what did you say straight after the number?

Ms Taylor—Qualification commencements—so they have commenced their training. There are 21,440 qualification commencements. Again, these people have commenced the training for existing workers.

Senator CORMANN—Is the 21,000 for existing workers and the 143,279 for job seekers?

Ms Taylor—Yes.

Senator CORMANN—Do you think you are on track in meeting the 711,000 qualification commencements over five years?

Ms Taylor—Yes, Senator. It appears to be on track for meeting those targets. As part of the national partnership agreements of course states and territories have a reporting responsibility. Although we have some information on state and territory performance, the latest data will be available towards the end of this month. A full report on the annual performance against those targets will be done each year.

Senator CORMANN—Why was the administration shifted from the Commonwealth to the states and territories?. What was the reason for that?

Ms Taylor—That was part of a COAG agreement between the states, and it provided a better link into the states' and territories' training programs. The Productivity Places Program is but one program in the training suite of tools, if you like. Of course the majority of those other programs are delivered at the state level.

Senator CORMANN—You might not be able to answer, but is that something that was always intended to be that way from when you started the program? Was it initiated by the Commonwealth or did the states go to the Commonwealth and say, 'Hey, we should be doing this'?

Ms Paul—I think all we can say, really, is that it was a COAG consideration and agreement. I imagine the initiative came from the Commonwealth. We could check.

Senator CORMANN—The Commonwealth set it up and ran it for about a year and a bit.

Ms Paul—Sure.

Senator CORMANN—Presumably, it is contracted out?

Ms Paul—Most of the vocational education and training provision is through the states.

Senator CORMANN—That is right. Have you received complaints about the process by which people become engaged with the Productivity Places Program in terms of paperwork and red tape?

Ms Taylor—Sorry, Senator?

Senator CORMANN—Since April 2008, have you been getting any complaints about red tape or paperwork? How many complaints have you received?

Ms Taylor—There has been nothing as formal as complaints. There are always discussions with the stakeholders, the states and territories, the job services providers and the registered

training organisations about better ways to implement the system and the requirements. Of course, during the transition from the Commonwealth delivery to the delivery by the states and territories there are issues about any differences that may occur. But I would not call them complaints. We have not received any formal complaints. I will check that, Senator.

Senator CORMANN—Would you expect to receive the complaints at a Commonwealth level, or would they be received by the states and territories, given that they are running it?

Ms Taylor—I think it could be either, Senator. It depends on who the complainant is. If I am an individual and I want to get a training place, then I am likely to go to my Job Services Australia place.

Senator CORMANN—I have received complaints, so I should be sending them straight to you. Essentially, that is what I should be doing.

Ms Taylor—No, Senator.

Senator CORMANN—I thought I could try.

Ms Taylor—We will look at it.

Senator CORMANN—The NCVER did a review of the outcomes from the Productivity Places Program which was released towards the end of last year. These figures did not look all that flash, did they?

Ms Paul—Actually, they look pretty good.

Ms Taylor—Yes.

Ms Paul—They found, for example, that 47 per cent of the graduates had moved into employment, which is sensational, given that it is in the middle of a global—

Senator CORMANN—What I am looking at is that 53.4 per cent of productivity placement graduates were not employed after training; only 20 per cent of graduates were employed in the area in which they actually trained; 71 per cent of Indigenous graduates were not employed after training; and 72.3 per cent of telecommunications graduates were not employed after training. That leads to the question: is the training that is made available hitting a genuine demand in the market in terms of the skills that are being trained up? If you see that people are graduating in telecommunications type skills and 72.3 per cent of them are not employed after the training, it seems to me that there is a bit of a disconnect with the needs of the market.

Ms Taylor—There are two points to that question, Senator. The first goes to the occupations in which the training is provided. That list of occupations, which I can provide to you, is based on labour market data about where the vacancies are. The job seekers are streamed through the Job Services Australia providers, who operate at a local level and have connections into the local employment market. When they refer a person to the training they are aware of the sorts of job opportunities that are available in their local market.

Senator CORMANN—It is essentially about the government process deciding what is required rather than it being driven on a demand-for-workers type approach. It is supply driven, isn't it? You train, and then you hope that people can find jobs in what they were trained for. To train people when only one in five actually finds a job in the area in which they

were trained, suggests to me the training is not all that useful for at least four out of the five people.

Ms Taylor—Not necessarily. It is a multifaceted question. It comes to the second part, which are the changes that occurred in the labour market over the period of the program. Over this period of time we have seen the downturn in jobs in the labour market and in some of those particular skill areas.

Senator CORMANN—But this program was set up and started in April 2008. Things were starting to turn. September 2008 was when it really went bad, so this program has essentially been operating throughout that whole period. Wasn't this part of trying to address the problems that came out of the economic downturn?

Ms Taylor—There was shift towards a job seeker focus later in the program. But, as you say, when the program initially started a lot of the economic information was not clear and certainly did not become clear till much later in the program, and then the program shifted to focus on job seekers.

Senator CORMANN—So you think that, even though we are training all these telecommunications graduates—72.3 per cent of whom are not employed after the training—the program is being responsive enough to the needs of the job market?

Ms Taylor—That calls for an opinion.

Senator CORMANN—I did not mean to put you in the position of having to offer an opinion! I deeply apologise for that. You are going to offer an opinion, Ms Paul?

Ms Paul—No, of course not! In terms of the NCVER report, the information I have here—and Ms Taylor might clarify if this is not right—tells me that, of the job seekers NCVER surveyed, 47 per cent moved into employment; 26 per cent continued on with studies and three-quarters of the job seekers were expected to either gain employment or continue with studies, which pretty well adds those figures up—and these are unemployed people. These are people who came in unemployed before the global recession and who have done training and continued into the global recession. To me that actually looks like a pretty good result.

Senator CORMANN—I do not disagree with your statistics, because obviously I have the same statistics in front of me: 47 per cent find a job, which means that 53 per cent are not employed after the training.

Ms Paul—But 26 per cent continue with education.

Senator CORMANN—And only one in five is employed in the area in which they trained. The question arises whether people would have found the job irrespective of the training, if four in five out of those that are employed are employed in an area completely unrelated to the training that they have just received.

Ms Paul—These were people who were unemployed, so they have gone along to Centrelink and Job Services Australia, and then they could have access to all sort of supports through Job Services Australia, or, as it would have been then, Job Network, but they have chosen this pathway. So their Job Network provider has identified at that time that this is a good course of action for them. Seventy-five per cent either have got a job, which is kind of

the No. 1 result that you want—I note the 20 per cent figure you have given in terms of the job in the particular area—or are continuing with education, which is a fabulous result.

Senator CORMANN—I am looking at cause and effect. Are people finding a job because they participated in the Productivity Places Program, or are they finding a job because unemployment figures are coming down and are not quite as bad as what we might have thought in September 2009? If they are finding jobs for other reasons and not because of this program, is this really a good investment? The statistics tell me that four out of five people that went through this program get jobs in areas unrelated to the training they received through this program. This is out of the less than 50 per cent that actually do find a job. Only one in five actually finds a job in the area that they were trained in. It is a very small number. Twenty per cent out of 50 per cent of the total becomes a very small proportion of people that actually find a job in the area that they were trained for.

Ms Paul—These people have gone from being unemployed to having a job. In terms of the causality of whether it was this intervention which caused them to get a job, I cannot say that here. But the odds are towards it, because they have gone into Job Network, as it would have been then, from unemployment. Clearly they had not been able to get a job themselves. They have actually entered a system which was there and they have been assessed as needing support. Otherwise they would not get it because of the way the system is set up.

Senator CORMANN—I think training is hugely important. I am not questioning the importance of training. What I am questioning is whether the way the Productivity Places Program is structured, and the way it makes decisions as to the mix of types of training provided, is properly matched to the needs of the market.

Senator Carr—Given our historic experience of what happens in economic downturns, this program has been highly successful. We actually have 75 per cent of participants either getting a job or continuing on with their education. Contrast that with our previous experience in similar circumstances.

Senator CORMANN—You do not know whether that is related to the program.

Senator Carr—What we do know is that historical circumstances are that, when we have periods of economic downturn and people become disconnected from the education system and from society, it has a huge knock-on effect. These figures that the NCVER has drawn to our attention are actually quite positive, in that they highlight the success of keeping people engaged and producing positive outcomes.

Senator CORMANN—Out of all of the people who went through it, in terms of this evaluation period, more than half are not employed and, out of the less than half that are employed, only one in five actually is employed in the area for which they were trained under the PPP process. That is a very small proportion.

Senator Carr—The nature of the training is such that people are often equipped for a range of occupations. That is the whole point of modern training. It is not about encouraging them to be trained for only one company and one occupation.

Senator CORMANN—Presumably if you have somebody who is unemployed you would want to train them to get the skills to get a job that is out there available in the market.

Senator Carr—But they have skills that make them employable in a range of economic opportunities, and that is the strength of the program. My dealings with the automotive industry are an example. Look at the number of people who have been able to use this program, and they may well be on short time because of the slowdown in the automotive industry. They have been able to participate and actually keep their jobs, on reduced hours—but improve their levels of training through the use of this program. That is quite a significant impact for those people directly. At General Motors at Elizabeth in South Australia, this was particularly important.

There is a range of other companies that enjoyed the benefits of this program. They have maintained their workforce. In terms of what is happening in a number of manufacturing sectors, we have been able to encourage employers to keep people on the payroll. We have talked to unions and workers about how they stay engaged with the workplace and improve their skills at a time of economic downturn. This is a very, very different set of experiences from what workers have experienced in previous downturns. Since the last recession, we have learned a lot: we waited too long. This is part of the whole philosophy about moving quickly in terms of the stimulus package. We understood what the historic lessons were. So I say this program has a lot to commend it.

Senator CORMANN—Welcome back to estimates, Minister. It is really good to have you back.

Senator Carr—You are so tedious. Why do you not just get to the point?

Senator CORMANN—I am pleased that Ms Paul was able to point to those talking points so that you could have a good look at it.

Senator Carr—Unlike you, I have been in this game for a long, long time. You are very new to it and I suggest you learn a bit more before you make those sorts of smart alec comments.

Senator CORMANN—I am still an apprentice, am I? I should get myself into the PPP for senators.

Senator Carr—You should get yourself a bit better educated.

Senator CORMANN—I am quite happy to say that I am not as smart as you, Minister.

Senator Carr—Well, that is bloody clear, isn't it!

Senator CORMANN—That is very clear, I am sure, but I will leave that for others to judge, mind you.

Senator JACINTA COLLINS—He is not as learned as Brett.

Senator CORMANN—There you go.

Senator Carr—Brett actually knows what he is talking about. That is the difference.

Senator CORMANN—There you go.

CHAIR—He just has trouble expressing it.

Senator Carr—Just when he gets more excited.

Senator CORMANN—It is my non-English speaking background, Minister.

Senator Carr—It is not a question of whether or not you can speak English. It is a question of whether or not you have done the work, and you have not done the work, Senator.

Senator CASH—That is the pot calling the kettle black, I would have thought, Minister.

Senator CORMANN—Not that I am a kettle.

Senator CASH—No.

CHAIR—Let us move on.

Senator CORMANN—Let us go back to this, shall we. I gather there is an official review happening. Is that right?

Ms Taylor—Yes. It is part of the national partnership agreement through COAG that there is a review of the operation of the national partnership agreement, which reports to COAG. That has to report by May.

Senator CORMANN—Who is conducting that review?

Ms Taylor—COAG has asked the ministerial council, MCTEE, to conduct that review. There is a steering committee conducting that review which is chaired by the chair of the National Senior Officials Committee.

Senator CORMANN—Who is?

Ms Taylor—At the moment, it is the Commonwealth.

Senator CORMANN—Who, physically, chairs it?

Ms Paul—Me—or, at least, I will be.

Senator CORMANN—You are chairing the review?

Ms Paul—There is a Ministerial Council on Tertiary Education and Employment, and they have commissioned the senior officials group.

Senator CORMANN—But Ms Paul you have just spent the last half hour trying to convince me what a great success the PPP is. That is hardly going to be a very objective and independent review, is it?

Ms Paul—That does not mean that I will do the work personally, though. It will be an objective review; it is not me undertaking it personally. The steering, naturally, is being done by ministers and, therefore, also by their officials.

Senator CORMANN—Who is physically going to be conducting this review? The committees will be looking at it and saying, ‘You can say that’, or ‘You can’t say that’. But who is actually physically going to be conducting the review?

Ms Taylor—I will go through the actual process for the review. There is a steering committee which will oversee it, and which also has representation from the states and territories and Skills Australia. The work will be contracted out to a range of bodies. We are in the process of going through a tender process for that work. That will report, as I say, back to the ministerial council and to COAG by May.

Senator CORMANN—Who is conducting the work? Is there a single person who is actually conducting the review?

Ms Taylor—The responsibility for conducting the review will be with the steering committee, and that will be with the Commonwealth—sorry, that will be my responsibility.

Senator CORMANN—So you are drafting the report?

Ms Taylor—No, the consultants will draft the report.

Senator CORMANN—Who are the consultants who are conducting this?

Ms Taylor—That is what I just said. We are going through a process at the moment—

Senator CORMANN—Of selecting it, okay.

Ms Taylor—For selecting it.

Senator CORMANN—But you have to have it all done by May.

Ms Taylor—Yes.

Senator CORMANN—Now we are in the middle of February. I mean, you are running pretty hard to the wind, are you not?

Ms Taylor—We have already written to all of the states and territories and major stakeholders seeking submissions. The terms of reference have been agreed and gone out for the review.

Senator CORMANN—And we can get a copy of those?

Ms Taylor—Yes, I can get you a copy of those.

Senator CORMANN—That would be fantastic, thank you.

Ms Taylor—As I say, we have already begun the process by seeking submissions from states and territories and major stakeholders.

Senator CORMANN—The Commonwealth will oversee the review, the states and territories will oversee the review—and the states and territories are running the show. Everybody has an interest in that review—for everybody to pat themselves on the back and say how fantastic it is. Is there going to be some industry involvement, where industry can provide some frank and fearless feedback?

Ms Taylor—Absolutely. The industry skills councils are involved in the process. We have written to them to seek a submission.

Senator CORMANN—Sorry—so, the industry skills councils are the extent of the industry involvement in this review?

Ms Taylor—No, there is Skills Australia, of course, which has broad representation from the industry groups.

Senator CORMANN—Does it?

Ms Taylor—Well, it has representation from the industry groups on there. They will be part of the review.

Senator CORMANN—Remind me: the industry skills councils receive quite a bit of funding from the Commonwealth, do they not?

Ms Taylor—They are funded by the Commonwealth.

Senator CORMANN—They are entirely funded by the Commonwealth?

Ms Taylor—Not always, no. They contract out to do other work.

Senator CORMANN—How much funding is involved? Are there 11 or 12 industry skills councils?

Ms Taylor—Yes, there are 11. The majority of their funding comes from the Commonwealth, I would say.

Senator CORMANN—What—90 per cent, 95 per cent, 80 per cent?

Ms Taylor—I will get that, if I can take that on notice.

Senator CORMANN—Roughly.

Ms Taylor—If I can take that on notice, I will get you the figure.

Senator CORMANN—I am not going to hold you to it, but is it in that sort of—

Ms Taylor—It would be in that category.

Senator CORMANN—Okay. So here we have the Commonwealth, the states and territories and the industry skills councils—in terms of channelling industry opinion—which are funded to 85-90-95 per cent by the Commonwealth. I just tell you now that the feedback I am getting, talking to business out there, talking to employer organisations and talking to people who look to employ job seekers, is that this program does not do the trick for them because the skills that come out of it do not match their needs. It does not seem to me as if you are talking to the sorts of organisations or businesses that are talking to me, because none of the people you have mentioned so far cover the people who are expressing concerns to me. So I suspect you are not going to get the full picture.

Ms Taylor—Can I also say that we are also doing a range of consultations around this and we will be talking with employer associations as well as a range of—

Senator CORMANN—Like who? Are you going to talk to ACCI?

Ms Taylor—We will talk to ACCI, AiG, BCA, COSBOA, the list of both representatives—

Senator CORMANN—Can you provide us with a list of all the organisations that you intend to involve?

Ms Taylor—Certainly.

Ms Paul—An important point too is that we want the feedback. It is a genuine review and we want to learn from it—there is nothing we want to hide.

Senator CORMANN—I appreciate that—honestly I do—but I guess that I just want to make sure that you get the best possible feedback. Clearly, if your organisation is entirely dependent on Commonwealth funding for its survival, you are going to be less inclined to be frank and fearless than if you are actually out there.

Ms Paul—But we have said that the reviewer will be selected through a competitive process. Those reviewers, I am sure—the people who tender for that—are people whose reputations are staked on doing proper and decent evaluations.

Senator CORMANN—Okay.

Ms Paul—The whole point of the review is for continuous improvement, as we need to.

Senator CORMANN—Will that review be published?

Ms Taylor—It is a review that goes to COAG. It will be up to COAG to make that decision.

Senator CORMANN—So that is a maybe/perhaps, is it?

Ms Paul—It is a matter for COAG.

Ms Taylor—It is a matter for COAG to decide.

Senator CORMANN—So ‘I can’t tell you’. Okay.

Senator Carr—It is the snide remarks.

Senator CORMANN—Can you talk us through the role of the industry skills councils in the Productivity Places Program?

Ms Taylor—Yes. The industry skills councils are running a direct program in relation to the Productivity Places Program, and that is the enterprise-based PPPs. They were announced on 5 November, that \$25 million would be available for a new element of the program called the enterprise-based PPPs. The program is expected to provide up to 11,000 new training places for existing workers at the certificate III to advanced diploma level. The industry skills councils will deliver and broker the program, and they will coordinate the applications from particular industries and employers and monitor the training throughout the program.

Senator CORMANN—They are really like the interface between you, the states that deliver the training and the people who want to access it—they are the ones that are sort of at the coalface, those industries groups?

Ms Taylor—It is direct delivery for this particular program, so they will be brokering the program between the employers and the training providers directly—not going through the states and territories. It does not go through that loop.

Senator CORMANN—If anybody had complaints about lengthy application forms, short deadlines within which to submit applications and burdensome administrative processes, the Industry Skills Councils would be the ones on the receiving end of that, would they?

Ms Taylor—I would imagine so, because the applications come to the Industry Skills Councils, although there are guidelines. Because it is Commonwealth money, there are guidelines which have gone out to the Industry Skills Councils that have been developed around the use of that money. They are the standard procedures that we have in place for the use of Commonwealth money.

Senator CORMANN—You are about to pre-empt my next question. Are these application forms across all 11 Industry Skill Councils standard template application forms and application processes, or are they specifically tailored by each individual council? Are there additional requirements on top of any sort of standard template application form requirements that are included?

Ms Taylor—There is a set of guidelines, but because we are dealing with a number of different industry sectors, they are flexible enough to allow the applicant to give us as much information as is possible about the value of their proposal so long as they meet, if you like,

the basic guidelines that we have put out for the program, which states the use of the money, the sort of program we are looking for, the level of certificate or level of training and how the outcomes will be achieved.

Senator CORMANN—The short answer is that application forms most likely vary from Industry Skill Council to Industry Skill Council, do they?

Ms White—My understanding is that the ISCs were given a template pro forma to complete for the applications for this process, but, as Ms Taylor said, it is likely that there will be different information submitted on those application forms. We now have all the applications from the ISCs and they are going through an actual assessment process within the department.

Senator CORMANN—So the Industry Skills Councils receive the applications, they then hand them over to you, you assess them and those applications could be quite different.

Ms White—That is right. The Industry Skills Councils had to prioritise the applications also within their own industry sector, but they actually did negotiations with individual employers and groups of employers to access this part of the program. So it is being led by industry.

Senator CORMANN—But the reality is—I go back to my original question—that the Industry Skills Councils are quite a shield between you and the employers out there who might want to access it because any complaints would be received by them, and the Industry Skills Councils would not necessarily pass that on to you, would they?

Ms Taylor—We have a very open relationship with the Industry Skills Councils.

Senator CORMANN—But is it in their interest to tell you that they are getting complaints and that people are not happy, or would they want to say everything is hunky-dory, 'It's all good.'

Ms Taylor—No, no, no. From our experience—obviously I cannot speak on every specific circumstance—in dealing with the Industry Skills Councils, they tell us very frankly what the issues are that they are experiencing.

Senator CORMANN—Even if people complain about the quality of their administration?

Ms Taylor—I would expect them to advise us if there were any complaints of that nature.

Senator CORMANN—So you would expect them to say, 'Gee, we've done really badly and all these people are complaining about the way we are administering the program for which you've given us money'?

Ms Taylor—As part of the open dialogue that we have with Industry Skills Councils, I would expect them to say there have been issues around this and alert us to the issues.

Senator CORMANN—Are you aware of any issues of the nature I have just described?

Ms White—No. I have had no issues raised with me from Industry Skills Councils in that regard.

Senator CORMANN—If that is the case, I would suggest to you that the Industry Skills Councils are not passing on open and frank feedback.

Ms Paul—The feedback you are getting may not be from the part of the PPP that—

Senator CORMANN—I am getting feedback from people who wanted to participate—

Ms Paul—About Industry Skills Councils?

Senator CORMANN—Yes.

Ms Paul—Okay.

Senator CORMANN—They are people who were asked with very short notice to lodge applications, who found it very difficult to deal with their particular Industry Skills Council, who were messed around quite a bit and who, quite frankly, got so frustrated they walked away from it. It is not a scientific survey, but I have had half-a-dozen people relate that sort of experience to me. They are not troublemakers. They are people who, in the end, have other things to deal with, and they just walk away.

Mr Walters—If you have some instances, we would be very glad to look at them.

Senator CORMANN—I do not want to embarrass them.

Mr Walters—You are welcome to pass them on anonymously. Any feedback is good feedback and helps us to improve the programs.

Senator CORMANN—Sure. In all sincerity, I am not trying to be funny here. Just talking about the skills councils, they are part of your portfolio. What are their overall specific duties these days?

Ms Taylor—The Industry Skills Councils are responsible for the development of training packages for their particular industry sector. They also are responsible for assisting in workforce development, so they will do an environmental scan looking at where the demand for skills will be in their industry sector and issues about alerting to what is happening in the industry in terms of skills and training.

Senator CORMANN—From your point of view, they are adequately performing their responsibilities.

Ms Taylor—Yes, they are.

Senator CORMANN—All 11 of them?

Ms Taylor—Yes.

Senator CORMANN—What is the current level of funding to all Industry Skills Councils? What is the overall Commonwealth funding allocation?

Ms White—Senator, \$118.9 million, excluding GST, is the total funding for ISCs under the current funding agreement, which goes from 2008 to 2011.

Senator CORMANN—That is per annum or over the two years?

Ms White—That is over three years, from 2008 to 2011. The average annual amount of funding is around \$3.3 million to each ISC.

Senator CORMANN—So each ISC gets exactly the same amount?

Ms White—No, they do not, because it depends on how many training packages they are looking after, and things like that. But the average annual amount is around \$3.3 million.

Senator CORMANN—Can you give us a breakdown of how much each individual ISC gets?

Ms White—Yes, I can.

Senator CORMANN—Do not worry about it now. Just take that on notice.

Ms Paul—We will take that on notice, Senator.

Senator CORMANN—How has that funding changed over time? The role of the ISCs changed after the change of government, didn't it?

Ms White—I do not have data with me on previous funding to ISCs. I assume we can get that.

Senator CORMANN—I hope you can get that.

Mr Walters—The system was revamped under the previous government.

Senator CORMANN—Under the previous government, including boost in funding. When did the boost in funding happen to the Industry Skills Councils?

Mr Walters—I think we would have to go back into the history.

Senator CORMANN—Is it two years ago? Is it five years ago?

Ms Paul—I think Mr Walters is referring to when the numbers were reduced. They used to come under the old Australian National Training Authority, if you remember, which was abolished by the previous government.

Senator CORMANN—I understand. I remember when it was all changed, but the role of the Industry Skills Councils, as I understand it, changed quite a bit over the last two years.

Ms Paul—The essence of the role remains the same, which is that they are the very, very important body in the overall vocational education and training system that produces the training packages, which, in our terms, is the curriculum, if you like, for vocational education and training. That role is the centre of their role, and that stays the same.

Senator CORMANN—So their funding and their responsibilities have not changed over the last two years at all.

Ms Paul—We would have to take that on notice.

Senator CORMANN—What would be the average staffing level of each Industry Skills Council?

Ms Taylor—That would differ between Industry Skills Councils.

Ms White—We would have to take that on notice.

Senator CORMANN—What is their status from a public sector management point of view?

Ms Paul—They would be constituted as companies, I think, on the whole.

Ms White—They are private organisations.

Ms Taylor—Yes, they are private organisations.

Senator CORMANN—They are private companies, and they are just funded by the Commonwealth.

Ms Paul—And other sources, depending on what their activities.

Senator CORMANN—Other sources, but not significantly so; like, that is at the margins.

Ms Paul—It varies. We can probably get that for you too.

Senator CORMANN—We have discussed it before.

Ms Paul—Yes, and I said I would take that on notice.

Senator CORMANN—One of the things that has been put to me as I am finding my way around this new portfolio area—and, Minister, I know I am still learning; I readily admit that—is that there is quite a variation in terms of the proportion of the workforce that is represented by each individual Industry Skills Council. Is that something that has been put to you before?

Mr Walters—I think the point is that in the past there has been a lot of debate about the right shape for these Industry Skills Councils and which industries belong with each other, and that to some extent this has been a political, small ‘p’, process in the past it is a question of where the affinities lie. They have ended up having a disparity of size, simply because you try to produce the most appropriate fit which works for all the industry participants.

Senator CORMANN—It works for ‘all the industry participants’?

Mr Walters—You never produce a perfect solution.

Senator CORMANN—I will just give you an example: service skills, which includes obviously tourism and hospitality as well as retail and other bits and pieces, and represents about 24 per cent of the workforce, as I understand it; electrical, at the other extreme, represents approximately 0.24 per cent of the workforce and has a separate council.

Ms Paul—I am sorry, I did not mean to cut you off.

Senator CORMANN—No, but you know what I am getting at.

Ms Paul—I do.

Senator CORMANN—The argument has been put to me by the tourism and hospitality industries—an area where in Western Australia certainly there is a significant skills shortage emerging yet again—that there is an insufficient focus on their training needs as part of that particular Industry Skills Council because it is swamped.

Ms Paul—I understand.

Senator CORMANN—It is in the middle like a big chunk, whereas a lot of the other skills councils are involved in things like mining, which has 1.56 per cent; forest works, 0.64 per cent; electrical, as I mentioned, 0.24 per cent.

Ms Paul—There is no particular mystery to the fact that some Industry Skills Councils produce training packages for a larger number of workers or people training to go into industries with larger numbers of workers than other Industry Skills Councils. It just reflects the size of industries in Australia. The form of what any one Industry Skills Council covers is not determined by numbers of employees; that would not work. It is determined by the type of

training products that are needed by those industries. So retail, for example, has a massive number of workers in Australia and therefore the training products would touch on a much larger number of people in Australia than, say, training for electricians.

Senator CORMANN—Sure. I have taken the extremes to make the point. I totally take your point. You are never going to have a 10 per cent, 10 per cent, 10 per cent. I totally accept that. But the question is whether the spread at the moment is the most appropriate spread.

Ms Paul—Yes, that is right, and that is what Mr Walters is referring to. That is absolutely characteristic of an ongoing robust debate in Industry Skills Councils and their industry constituents. When I came into the education portfolio in 2003 there was a massive amount of debate about the shape, size and constitution of Industry Skills Councils, and there were about 29 of them at the time, or even more. There are now 11. That has been settled for some time.

One of the reasons why it is useful to aggregate to a smaller number of skills councils covering a broader range of industries is that as modern industries emerge and technology changes and the nature of work changes, what we have found in the VET system is that there are more and more generic skills. One of the things that used to be a complaint when it was more atomised was that the Industry Skills Councils would create training packages, which kind of reinvented the wheel.

I will give you an example, which is a kind of classic in our system: communication skills. Almost every profession needs communication skills—retail, hospitality, et cetera. There is a lot of work done on trying to get skills more generic across training packages. I am sorry that is such a long dissertation, but it kind of gives you a sense, a background or a contextual sense, of why industry partners care about it, and they do. I am not surprised that the WA people care about it.

Senator CORMANN—Okay. It is not just the WA people. I am just talking about the skills shortage that is emerging again in the hospitality sector in Western Australia.

Ms Paul—Sure.

Senator CORMANN—Service Skills Australia are saying that the current skills councils are looking after retail, tourism, hospitality, sport and recreation, which is quite a broad mix. Bringing it back to the PPP, one of the reasons that some people would argue it is not matching the needs of the market is because these Industry Skills Councils do have a very different role because they have a role in terms of the allocation of training places in the Productivity Places Program. All of a sudden, if you have one Industry Skills Council that represents 24 per cent of the workforce across a broad spread, and others that are representing 0.24 per cent or 0.64 per cent, then suddenly the tourism and hospitality industry would argue that they have underperformed in the allocation of training places in the Productivity Places Program, compared to the needs in the market. The Productivity Places Program perhaps could have been more successful if it had been more aligned with what the workforce proportions were. I ask you to comment on that as an observation.

Ms Taylor—To start with, Senator, the proportion of PPP places that are going to the ISCs is small in the overall scheme, if you like. It is \$25 million out of a \$2.1 billion program.

Senator CORMANN—Out of a \$2.1 billion program, did you say?

Ms Taylor—Yes, \$2.1 billion over five years.

Senator CORMANN—And over five years, \$25 million.

Ms Taylor—No, \$25 million in one year.

Senator CORMANN—Okay. Over five years, that is what? That is \$75 million.

Ms Taylor—No, it is for one year, Senator. This is a one-off program.

Senator CORMANN—No, I am just trying to make sure we are matching the same figures.

Ms Taylor—Yes. This is a one-off program of \$25 million for the enterprise based Productivity Places Program that is being delivered through ISCs this year.

Senator CORMANN—And that is it.

Ms Taylor—That is right.

Senator CORMANN—And your overall program is over \$2.5 billion over five years.

Ms Taylor—Yes.

Senator CORMANN—So at the end of this year, the role of the ISCs in terms of the PPP is over; that is it.

Ms Taylor—I imagine that issues about delivery and brokering will be addressed as part of the review of the national partnership agreements. I would expect that the issue of the role of ISCs, as with the role of Job Services Australia or other brokers, will be raised in that.

Senator CORMANN—Okay. The \$25 million is in terms of delivering actual training, but didn't the Industry Skills Councils play a role in terms of determining the make-up of the Productivity Places Program in terms of the training mix, as much as it is delivered by the states and territories? You said earlier that that was your consultation with industry.

Ms Taylor—The establishment of the priority occupations was based largely on labour market data and labour market analysis about the skills in demand. That includes looking at vacancies, looking at projections for growth in the industry; that was the main basis—

Senator CORMANN—Somebody got it wrong about there being a high demand for telecommunications graduates, I guess.

Ms Taylor—Again, that would be an opinion, Senator.

Ms Paul—The ISCs are well placed because of the make-up of them, which is industry based, so they have all these experts from all the industries that they represent on them, so they are very well placed to run this very, very targeted time limited program because it links directly people who need training into particular enterprises. That is why it makes sense to put this targeted program with the ISCs.

Senator CORMANN—So you put the—I cannot remember the figure now—\$118.9 million over three years into the Industry Skills Councils. Do you have some key performance indicators around what it is that you are looking for there? You are nodding, so I assume that is a yes.

Ms White—Yes. The Industry Skills Councils are under a funding agreement with the Commonwealth, which includes KPIs. They are slightly different for each ISC, depending on their industry.

Senator CORMANN—So they are outcomes that you are looking at, or activity?

Ms White—I am not sure. I might need to take that on notice. I suspect that it may be both—that they have to show us their inputs as well as their outcomes. A lot of what they do, of course, is around putting forward changes to training packages and so on, and sending those through to the National Quality Council. They have deliverables to meet in terms of consulting and that sort of thing to meet what they need to do under those processes with training packages.

Senator CORMANN—How often do they report on their KPIs to you?

Ms White—I understand ISCs report to us at least annually and they also have to publish reports annually.

Senator CORMANN—So those reports are public-public, are they?

Ms White—Yes, that is my understanding, Senator.

Senator CORMANN—And the reports to the department are public?

Ms White—Possibly not, Senator. I could check that for you.

Senator CORMANN—Is there a big difference between the reports that are published and the reports that are provided to the department?

Ms White—They have to put forward an annual report. They also put forward business plans in which they have to report on their progress against their business plan, which goes in their annual report. My understanding is that they are public, Senator. I may need to correct the record if that is wrong, but my understanding is that that is public.

Senator CORMANN—Mr Walters, you mentioned earlier that there was a major shake-up some time ago. When was the last review of the Industry Skills Councils' structure and effectiveness?

Mr Walters—I do not think there has been one under this government. It was around about five years ago. I will have to give you the exact date.

Senator CORMANN—Sure. Currently there is no review of the Industry Skills Councils planned?

Ms White—Not that I am aware of.

Senator CORMANN—None of the states are reviewing the Industry Skills Councils' structure, as far as you are aware?

Ms Paul—It would be the Commonwealth's role to review.

Senator CORMANN—Is it possible to have a list of members of the Industry Skills Councils and their current employment so that we get an idea of the balance of participation? I am looking at the make-up, demographically, of the councils. I am not looking for inappropriately private information; I am just looking at getting a sense of the mix.

Ms White—The mix?

Ms Taylor—You mean, the board and who is on it and who is on the Industry Skills Councils?

Senator CORMANN—Yes, that is right—sorry, yes.

Ms White—Yes, we can get that for you, Senator.

Ms Paul—It may be on our website too. I am not sure.

Ms White—It will be on the ISC website, so it would be public

Ms Taylor—It would be on their individual websites and in their annual reports.

Senator Carr—Will that do for you, Senator?

Senator CORMANN—That will do for me, Minister. I know you are from the government and are here to help, but I would not want to press you.

Senator Carr—No, Senator. There is a long history involved here. There was a review, as Mr Walters has indicated to you, under your government. It was highly controversial. These are matters that have evolved over a very long period of time. The ITABs, in my judgment, used to be highly successful, but your government chose to abolish ANTA, and it brought with it some consequences. It is all very well for you to complain about it now, but you should read what your government did to these institutions.

CHAIR—Are we ready for the dinner break?

Senator CORMANN—No. I am still going. I did not want to interrupt the minister as he was going through his political advertorial.

CHAIR—Very wise.

Senator CORMANN—I was very interested to hear what the minister had to say.

Senator CASH—You are very polite.

Senator CORMANN—Can we look at the Construction Skills Council specifically? Who is represented on that?

Ms Taylor—We will just see if we have that information.

Ms White—Senator, I do not have who is represented on the board there, but it is certainly to do with the construction and property services industry. So it will be various parts of the construction industry as well as property services, which are things like real estate, cleaning, asset services, and those sorts of industries.

Senator CORMANN—How do the skills council members get selected? Who picks them?

Ms Taylor—That would be the board.

Senator CORMANN—Okay, but how do they get selected? Who appoints the board?

Ms Taylor—Presumably it is part of their constitution who appoints—

Senator CORMANN—Who owns the companies? You said they are companies that you contract.

Mr Walters—To the extent that they are ordinary companies, as we said earlier, then the board of the company would be elected in the same way as the board of any other company.

Senator CORMANN—Is this at arm's length? The Commonwealth does not have any direct involvement.

Ms White—Yes.

Senator CORMANN—So the industries themselves are the ones. That means that people who are currently there can be there for as long as they want to be, even if they are no longer really representative of a particular industry?

Ms Taylor—Senator, as in any company, the board would have rules in their constitution about how all of that is done.

Senator CORMANN—Sure. I might be a bit clumsy in the way I am putting it. You know, I am getting myself on top of the history, Minister.

Senator Carr—Why do you not begin with the website of the department, and the annual report? Then there are a few other basic documents you could read.

Senator CORMANN—I am going to start with officers of the department, if that is okay with you, Minister. You have 11 skills councils. They have a significant role, and we have gone through it from the Commonwealth's point of view. You are putting quite a bit of money into it. It looks to me as if they have a significant role towards their industry, but as a private company, they really have to capture market, do they not? That is right, is it not?

Mr Walters—I suppose if you took a step back and said, 'Why do we have this element in the process', Senator, it would go something like this: in some countries in the world, you have centrally dictated systems where a government ministry says: 'Right, we're going to have this hundred or thousand training courses. They will be designed in the ministry and they will be put out there', or you can have completely unregulated systems where there is no attempt to control providers and the courses that they put out.

The system that we have evolved is one where we have industry ownership of the kind of training qualifications that are being offered around the training package system. That has evolved around competencies. The Industry Skills Councils and the ITABs that existed before them are devices to bring together the industry players, including both employers and the unions, to try to agree on an evolving system of training packages, which moves with the times and also is connected to industry. There is no perfect way of doing it, but that is really what distinguishes the system that we have evolved in Australia from the ones that you will find in other parts of the world.

Senator CORMANN—Sure. Bottom up and industry participation are all good, but how do you ensure that the people you are dealing with are still representative of current trends, current views, current aspirations and current needs in a particular industry if there is no structural linkage that is required from the Commonwealth's point of view.

Ms Paul—Senator, it is through the performance indicators on the training packages and so on—through our performance monitoring of their activities, as Ms White was describing earlier. There is a whole series. The ISCs and the products they produce, the training packages, are just one component of an overall system. Those training packages are then considered and quality assured by the National Quality Council and so on. Basically, if an ISC

were producing product which was not up to scratch, it would be revealed in fairly short order.

Senator CORMANN—But the way you were talking about the skills councils earlier in the context of the official review for COAG of the Productivity Places Program was as if they were quasi peak bodies for the individual 11 industry areas covered by that Industry Skills Council. But the reality is that they are private companies whom you contract to provide a particular service in a training sense.

Ms Paul—I would not call them peak bodies. I would call them expert bodies. That is the nature of their existence. They are comprised of experts from both their industry and their industry's training fields, and the value that they offer is expertise, which then is built into the training products which in turn are then vetted in different ways by different people, and which then, finally, are released in the national system for people to train with.

CHAIR—I think we might leave it there.

Proceedings suspended from 6.29 pm to 7.29 pm

CHAIR—We will now reconvene these estimates hearings. We are in outcome 3, and I believe Senator Abetz has questions for Skills Australia.

Senator ABETZ—Is there somebody here who can assist me in relation to the manufacturing skills centre that we had a discussion about last time? Without going through all the history and my concerns et cetera—that is all on the *Hansard*—I think we left it last time, in October, on the basis that there was going to be this Remembrance Day meeting on 11 November with Mr Bracks. Could somebody give us an update as to whether that meeting did occur; if so, what occurred; and whether we have a way forward?

Ms Paul—This is for the department.

Senator ABETZ—Sorry?

Ms Paul—I thought your questions were to Skills Australia, but the department should take these questions.

Senator ABETZ—Yes, thank you, Ms Paul. I will be guided by you.

Ms Taylor—In relation to the Manufacturing Industry Skills Council issue, particularly around automotive, there was a meeting of stakeholders on 11 November in Melbourne, chaired by Mr Bracks, who the minister had asked to review this issue for her. Following that meeting Mr Bracks held meetings individually with all of the stakeholders. He provided a report with his recommendation to the minister and to all of the stakeholders.

The minister considered that report and agreed to accept Mr Bracks's recommendation. The minister then wrote to the Manufacturing Industry Skills Council to advise them of that and seek advice from them as to how to implement the recommendation, and she has written to all of the other stakeholders to tell them of the decision and the process.

Senator ABETZ—Is that report of Mr Bracks publicly available? Has it been put on a website? You told us that it has gone to the stakeholders, which is good. What about the public at large?

Ms Taylor—I understand it has not been made public, but I can check whether—

Senator ABETZ—Can you take on notice whether it is possible for the committee to have that made available to it.

Ms Taylor—Certainly.

Senator ABETZ—The minister has now provided that report to the stakeholders.

Ms Taylor—Mr Bracks has, yes.

Senator ABETZ—Mr Bracks did that?

Ms Taylor—Yes.

Senator ABETZ—Just so I get the chain right, Mr Bracks provided a draft report to the stakeholders before providing it to the minister?

Ms Taylor—No, he wrote to the minister to provide the report to him and then he wrote to the stakeholders saying, ‘Here is the recommendation that I have put forward to the minister.’

Senator ABETZ—Was that at the same time or was it with the minister’s concurrence? I would have thought he was duty-bound to report to the minister.

Ms Taylor—Yes. I am not sure of the sequence of events. I will take that on notice to get the exact details.

Senator ABETZ—Could you take that on notice? Not much revolves on it.

Ms Taylor—I understand he sent the report to the minister first and then to the stakeholders afterwards, but I will check that.

Senator ABETZ—If you could, Ms Taylor, I would be obliged to you. I suppose the proof in the pudding in relation to how satisfied people may or may not be with the outcome will be the industry contribution, financially in particular, to this council. There had been, without being too provocative, what I would describe as a boycotting or a reluctance to make contributions in the past. Have they opened their purses again?

Ms Taylor—The recommendations that were adopted by the minister called for the establishment of a wholly owned subsidiary of MSA. That will require—

Senator ABETZ—So you can tell me some of the recommendations?

Ms Taylor—I can tell you, yes, sorry.

Senator ABETZ—Right. I had not canvassed that because—

Ms Taylor—You did not ask, so I assumed you knew.

Senator ABETZ—No, I have not been told. I was not sure whether you could tell us. If it is going to be a subsidiary, chances are that is, by any other name, that which the stakeholders sought and that I had been advocating for on their behalf. So chances are that is a good result, and if they have got a subsidiary they may well make a contribution. When did Mr Bracks deliver his report?

Ms Taylor—Mr Bracks delivered his report, as I understand it, on 23 December.

Senator ABETZ—So it is still relatively early days. If he delivered the report to the minister on the 23rd, it would stand to reason then that the report to the stakeholders would have been delivered in the new year.

Ms Taylor—As I said, I will check—

Senator ABETZ—What, did he put it in Santa Claus's sack for all the stakeholders?

Ms Taylor—He may have. I will check those details rather than go with a guess. I have a fair idea but I really do want to be accurate on that.

Senator ABETZ—All right. What have the stakeholders said to the minister in response, or haven't we got to that stage yet?

Ms Taylor—No, we have not got to that stage yet. The first letter the minister sent was to MSA—

Senator ABETZ—When was that dated?

Ms Taylor—Again, I will check that for you, but I understand it was towards the end of January.

Senator ABETZ—So it is very recently, yes.

Ms Taylor—Very recently—to say, 'Here is the recommendation of Mr Bracks and this is what I have accepted. You need to advise me on how this will be implemented.'

Senator ABETZ—In that letter did she have a closing date for further submissions or recommendations?

Ms Taylor—No, I do not believe she has put any date on that. She is waiting for advice. I understand it is a matter that has to go to their board for consideration.

Senator ABETZ—Of course, yes.

Ms Taylor—The next board meeting is sometime in February. She did not put a date on there in case there were some issues with that. As I understand it, they are going to get back to her as soon as the board has made a decision.

Senator ABETZ—All right, Ms Taylor. Thank you very much for that update.

Ms Taylor—A pleasure.

Senator ABETZ—I look forward, hopefully, to being able to get a copy of that report.

Ms Taylor—Certainly.

Senator ABETZ—I thank the committee.

CHAIR—I have a process issue. Only members of the coalition have advised the committee that they have questions in outcome 3, so what I propose to do, with the concurrence of the deputy chair, is that as we deal with different areas we can then release those officers. I suspect there are no further questions for Skills Australia.

Senator CORMANN—Sorry, Skills Australia?

CHAIR—Yes.

Senator CORMANN—Yes, there might well be, sorry.

CHAIR—We will go through this process as we deal with each one and, if people do not suggest to me that there are questions, we will let the officers go. Are you able to deal with Skills Australia now?

Senator CORMANN—I just have to finish off the industry skills councils.

CHAIR—I think that is linked anyway, isn't it?

Senator CORMANN—That is right.

CHAIR—We will now return to Senator Cormann and he will finish that line of questioning that he was conducting just prior to the dinner break.

Senator CORMANN—Going back to the funding of the industry skills councils, you said before the break that they do not all get the same funding.

Ms Taylor—No.

Senator CORMANN—How significant are the variations? Are some of them getting double what others get?

Ms White—Just one moment. I will find the information—

Ms Taylor—We have the information on exactly what industry skills councils receive, so we will find that for you in one minute.

Senator CORMANN—Beautiful! Dinner breaks are pretty useful things, aren't they?

Ms White—Did you want it by industry skills councils?

Senator CORMANN—I am just trying to get a flavour, but if you want to read it in that way you do not have to worry about it.

Ms White—Okay. I have the allocations here for this current contract round, which is from 2008 to 2011. They range from \$8 million—

Senator CORMANN—That is the lowest?

Ms White—Yes.

Senator CORMANN—Who is that for?

Ms White—That is ForestWorks.

Senator CORMANN—ForestWorks gets \$8 million, yes.

Ms White—The highest one appears to be Innovation and Business Skills, \$13.8 million, and the others are in the middle of that.

Senator CORMANN—How much do Service Skills get?

Ms White—Service Skills Australia, \$12.3 million.

Senator CORMANN—It is not proportionate really to the market share of the workforce. It is slightly different but it is in the same general bracket. So it is between \$8 million and \$13 million.

Ms White—That is correct.

Senator CORMANN—The rationale for that is that essentially, whether you have got 24 per cent of the workforce or whether you have got 0.2 per cent of the workforce, the workload of the Industry Skills Council is seen to be pretty similar.

Ms White—It depends on how many training packages they are actually managing. That is part of—

Senator CORMANN—So the more training packages you generate, the more funding you get?

Ms White—That is my understanding, yes. So the more business you have in terms of looking after the training packages, the greater your funding amount.

Senator CORMANN—But isn't the overall budget cut somewhere? If I am a skills council now and I generate some more training packages, do I get more funding?

Ms Taylor—No. The funding rounds are for a certain period of time.

Senator CORMANN—Okay. So you apply for the three years and then you get—

Ms Taylor—Three years. Then the funding is renegotiated. We have about 18 months left to go in this round and we would expect then to start talking to the ISCs probably in 12 months time. But our experience has been that there has not been a huge growth in training packages. It is not something that has grown hugely. Certainly they are the issues that the ISCs would raise with us in the funding negotiation discussions.

Senator CORMANN—But what is the rationale for the funding to be allocated the way it is?

Ms Paul—It is generally based on their level of activity, as the officials have described.

Senator CORMANN—Can you talk to me about the skills councils' role in workforce development?

Ms Taylor—They have a limited role in workforce development under our funding agreements. They may be contracted by other agencies to have a workforce development role and that has happened in the case of a couple of ISCs. The names escape me at the moment but I will get those for you. They do an environmental scan of their industries and of course that is funded as part of their contract. They are looking at the workforce needs, but workforce development in its broader sense. Skills are part of that, but workforce development is a broader issue.

Senator CORMANN—Did the government make a grant to skills councils for workforce development?

Ms Taylor—The part of workforce development that they do as part of their contract with us is for, I would say, a smaller part of that. However, I do know that some other government agencies—I will stand to be corrected, but I think it was Health—contracted separately with the ISC to do a broader workforce development project, but that is a separate contract and so they would be funded separately for that.

Senator CORMANN—So you are talking specifically for your department, but there is no whole-of-government approach in terms of the workforce development role of skills councils as such, is there? So each department portfolio takes a one-on-one sort of view on this, do they?

Mr Walters—The industry skills councils are a resource really. They are there, they bring together a lot of expertise, and from time to time different parties might seek to contract them to do particular pieces of work about workforce development. But it is not something where there is

a continuous standard stream of activity, because obviously the workforce development issues arising in different industries will come up at different times in different ways.

Ms White—Part of the contract is to provide advice on workforce development rather than actually undertake workforce development or planning on behalf of enterprises.

Senator CORMANN—And there has been a recent agreement, of course, between the Commonwealth, states and industry where a lot of that workforce development role has been taken over by the states. Is that right? That is the perception that has been put to me by industry council representatives. Has there been some agreement?

Mr Walters—I suspect what you are talking about probably applies to one particular sector. If you were able to supply us with the details, we can have a look at that particular issue and let you know what has happened.

Senator CORMANN—I might do that. In the meantime, I will move off the skills councils.

[7.45 pm]

Skills Australia

Senator CORMANN—Which outcome is Skills Australia in?

Ms Paul—It is in this outcome.

Senator CORMANN—Just remind me who is currently represented on Skills Australia.

Mr Shreeve—Our chair is Philip Bullock, who was until recently the president of IBM in Australia and South-East Asia; Keith Spence, who was with a major resource company in Western Australia; Dr Michael Keating, who was previously a senior public servant and also an academic; Professor Gerald Burke, an academic; Heather Ridout, who is the President of the Australian Industry Group; and Sharan Burrow, who is the General Secretary of the Australian Council of Trade Unions.

Senator CORMANN—Can you just remind me: the appointments to the Skills Australia board are government appointments, aren't they?

Mr Shreeve—They are.

Senator CORMANN—So they are made by cabinet?

Mr Shreeve—Yes.

Senator CORMANN—So cabinet sort of hand-picks the people that are on the Skills Australia board. That is a fair way of—

Mr Shreeve—Yes, that is my understanding.

Senator CORMANN—So they are not chosen because of who they represent as such; they are chosen because of the contribution that individual board members can make as individuals.

Mr Shreeve—Yes, they are not representative of particular sectors of industry; they are chosen because of their skills and background.

Mr Walters—In fact, the appointments are made under the Skills Australia Act of 2008, an act of the parliament, and part 3, section 9 stipulates:

- (1) Members (including the Chair) are to be appointed by the Minister ...
- (2) In making appointments, the Minister must ensure that the members of Skills Australia have, between them, experience in:
 - (a) academia; and
 - (b) the provision of education or training; and
 - (c) economics; and
 - (d) industry.

Senator CORMANN—I guess the members of the board that are employers' representatives, or that have a background as employers, out of—are you a member of the board as CEO?

Mr Shreeve—I am not a member of the board but I attend.

Senator CORMANN—So you ex officio attend—

Mr Shreeve—Yes.

Senator CORMANN—So we have got Sharan Burrow from the ACTU; we have got Professor Burke from Monash University; Michael Keating, South Australian Training and Skills Commission; Marie Perrson from TAFE. So the people with employer experience are Heather Ridout from the Australian Industry Group and that is it, is it?

Mr Shreeve—Keith Spence.

Senator CORMANN—And he is from the—

Mr Shreeve—His background is senior—

Senator CORMANN—Chair of the WA State Training Board.

Mr Shreeve—But his professional background was as the senior vice-president in the personnel section of a major resource company.

Senator CORMANN—If I would relay to you that I attended a meeting of employers from right across Australia earlier this week who told me that they felt that Skills Australia was out of touch and insufficiently across the needs of employers across Australia, then you would think that is an unreasonable proposition, would you?

Mr Shreeve—Yes, because we have a strategic industry forum where we meet regularly with employers and all industry groups, and we meet with other people from industry on a regular basis. We do a lot of consultation with industry. We meet with the ISCs. We meet with individual employers.

Senator CORMANN—I guess you have got on here Sharan Burrow as somebody with well-publicised experience in the union movement, and the representative for employers is Heater Ridout, who is obviously the contact of choice among employers for this current government. If you were not part of that select group, how would you make sure that your views, aspirations, needs, background, experience, things that you can put into the system to add value to the work that Skills Australia is doing—

Mr Shreeve—As I said, we have a large number of consultation meetings and we also have put out a number of discussion papers. We have been very pleased with the response we have got, including people from industry. The chair, because of his private sector background, because Philip is from IBM, has made extensive efforts to talk to people from industry.

Senator CORMANN—How often do you conduct those consultation rounds?

Mr Shreeve—We are currently working on a workforce development strategy.

So we have had a very intensive series of consultations in every state and we have also had specific consultations. For example, we did a special, stand-alone consultation with ACCI. That is fairly typical of what we have been doing with various industry groups and individual employers. I have attended a number of those consultations in all the states and we have had a good turnout from a wide range of industry stakeholders, unions and education providers.

Senator CORMANN—Would you be able to provide us with a copy of the consultations that have occurred over the last—

Mr Shreeve—Yes, certainly. We can give you a list of all the consultations that have happened.

Senator CORMANN—And the organisations that you have met with, that have been part of it?

Mr Shreeve—If people recorded on their attendance, we could certainly give you a list of where they are from.

Senator CORMANN—Obviously you have a national role and clearly the skills challenges and opportunities are somewhat differentiated from state to state. How do you cater for that? Do you take a state specific approach to the workforce development work you are doing?

Mr Shreeve—We consult with the states and we look very closely at the state plans in terms of their workforce development needs. For example, we have looked very closely at the South Australian and Queensland ones and we have worked closely with Tasmania. We have been talking to all states about their plans, to make sure that we incorporate their ideas.

Senator CORMANN—When you say you consult with the states, you are saying you consult with state governments?

Mr Shreeve—We consult with state governments and with our advisory boards, but we also consult directly with industry in the states.

Senator CORMANN—Advisory boards are part of the system and state governments are governments.

Mr Shreeve—Yes.

Senator CORMANN—So you are dealing with industry bodies and employers?

Mr Shreeve—Absolutely. As I said, we had a special consultation with ACCI.

Senator CORMANN—Yes, but ACCI is national. Would you have special consultations with CCIWA?

Mr Shreeve—Certainly. I attended a consultation in Melbourne and VECCI came along.

Senator CORMANN—Came along? That is like, you have 20 people in a room and you make a presentation.

Mr Shreeve—Yes, we have a process whereby we make presentations.

Senator CORMANN—How many people at a time?

Mr Shreeve—It varies. I think up to 80.

Senator CORMANN—I have a background in health insurance. I used to attend those Commonwealth consultations. That is not really meaningful exchange. That is like briefing people.

Mr Shreeve—If I could—

Senator CORMANN—Yes, talk us through how it works.

Mr Shreeve—If you take the workforce development strategy, what we did there was to do a brief presentation. Then we split into groups and we sought feedback from the groups and we had a facilitator on every table. That was first. We then came back and had another brief presentation then another facilitated discussion because we were very keen, for example, to get the views of a wide range of industries.

Senator CORMANN—So out of those 80 people that would come to your consultation, what is the make-up? How many of them are unions, employer reps, state government officials?

Mr Shreeve—I could give you full details on that, but we have representatives of employers, unions and stakeholders. It was a very cosmopolitan group but it varied from state to state and from consultation to consultation.

Senator CORMANN—One of the issues that has been put to me is that there is a great deal of overlap and inconsistency in terms of workforce development programs; dare I say, like a lack of a cohesive strategy. Is what you are doing trying to create that more cohesive strategy?

Mr Shreeve—We have put a number of consultation papers out and are in the process of finalising a national workforce development strategy.

Senator CORMANN—When will that be finalised?

Mr Shreeve—It will certainly be very shortly.

Senator CORMANN—In the fullness of time?

Mr Shreeve—I would anticipate within the next three months it will be public.

Senator CORMANN—So that is before the budget?

Mr Shreeve—Yes, that would be before the budget.

Senator CORMANN—How often does your board meet?

Mr Shreeve—It meets 11 times a year and we have teleconferences and subcommittees.

Senator CORMANN—So that is once a month except over Christmas, sort of thing?

Mr Shreeve—Yes, but we did meet this January.

Senator CORMANN—How many staff have you got at Skills Australia?

Mr Shreeve—At the moment we have 17.

Senator CORMANN—When you say ‘at the moment’, are you on a recruitment drive?

Mr Shreeve—We are finalising some appointments but we do not anticipate that we will have many more staff. We have secondees.

Senator CORMANN—So the 17 employees are your full-time, fully contracted Skills Australia employees?

Mr Shreeve—Yes.

Ms Bietz—Yes. In fact, 16 full-time, one part-time staff member.

Senator CORMANN—So there are 17 bodies, so to speak?

Ms Bietz—Yes. One of those is a secondee, so not permanently with us.

Senator CORMANN—Out of those 17, at present one is a secondee. How many more secondees are you looking for? Just the one?

Ms Bietz—Yes, just one.

Senator CORMANN—Just one more? So that will be 18. That is it?

Mr Shreeve—Yes. Some of the staff are temporary, some are seconded from DEEWR internally within the department, because we are all departmental employees. The one external secondee comes from another organisation.

Senator CORMANN—How long have you been going?

Mr Shreeve—The act was established in 2008.

Senator CORMANN—In 2008, was it, 20 March? When did you start off? First meeting, 28 May. I have it here. 2008. Is that right?

Mr Shreeve—Yes.

Ms Bietz—That is correct.

Senator CORMANN—All right, that is it in terms of Skills Australia, Mr Chairman.

CHAIR—Mr Shreeve, if someone thought they had something important to add and had not gone through your normal consultation process, would they be able to still input into your organisation or not?

Mr Shreeve—We are finalising the workforce development strategy. We are completing it as we speak.

CHAIR—All right, but I mean apart from the time in question..

Mr Shreeve—Absolutely.

CHAIR—Through that process, if someone felt that in the normal consultation process they were not getting their message across—

Mr Shreeve—Our chair is very clear. He wants to be open and facilitative.

CHAIR—Has anyone complained to you as a consequence of those consultative processes that they were not consultative enough?

Mr Shreeve—Not that I am aware of.

Ms Bietz—No.

Senator CORMANN—But would you expect somebody to complain to you about the lack of representativeness of your board? If somebody felt that they were outside the tent and think they should be inside the tent, would you expect them to complain to you?

Mr Shreeve—I would not be surprised if people made representations to me or the minister.

Senator CORMANN—I am sure they would make representations to the minister; absolutely sure. But they would hardly be approaching you to complain. Has anybody ever approached you to say, ‘We should really be more formally included as part of the structure of Skills Australia’?

Mr Shreeve—Not directly, no.

Senator CORMANN—Not directly? So has somebody ever raised it with you indirectly?

Mr Shreeve—When I first joined Skills Australia, people did make comment about the composition.

Senator CORMANN—But since then they have given up? They are no longer looking at—

Mr Shreeve—It is an open question. We are happy to hear anybody’s comments about anything.

Senator CORMANN—Sure, but the board has a particular authority about it in terms of setting the strategic direction of Skills Australia.

Mr Shreeve—Yes.

Senator CORMANN—So if you are sitting around the boardroom table and you are able to drive the strategic direction of Skills Australia, that is a significant bit more meaningful than if you are one of the 80 or 90 people that are attending one of your briefing sessions where you can ask questions and provide input around tables.

Mr Shreeve—I would agree, but we do have a strategic industry forum and we do have a number of shadow groups where we do make sure that our papers and other pieces of information and potential strategies are consulted as widely as possible.

Senator CORMANN—But it is not quite the same as Sharan Burrow and Heather Ridout sitting around the boardroom table.

Mr Shreeve—No, I would agree.

Senator CORMANN—Thank you. As I said, that is it in terms of Skills Australia.

CHAIR—There seem to be all these mysterious complainants that appear, so I just want to know whether anyone has actually complained to you.

Mr Shreeve—I am not aware.

Senator CORMANN—I do not think they are that mysterious.

CHAIR—There does seem to be a theme in this estimates about all these complainants.

Senator CORMANN—Yes, I know. I am testing things.

CHAIR—None of this ever actually gets tested.

Senator CORMANN—It all gets tested, Mr Chair; ultimately, come election time.

CHAIR—If they are real.

Senator CORMANN—Indeed. Do you think I am making it up, Mr Chair?

CHAIR—It does occur to me, I must say, Senator Cormann. It does occur to me.

Senator CORMANN—I can assure you that I do not.

CHAIR—I think we are now finished with Skills Australia so we will not need you again this evening.

[7.59 pm]

CHAIR—We will now move on to VET FEE-HELP.

Senator CORMANN— VET FEE-HELP. Is that you?

Ms Taylor—It is, Senator.

Senator CORMANN—That is great.

Ms Taylor—I do not know that I would agree, but it is me.

Senator CORMANN—I think we have a good thing going here, surely. It is not too bad.

Ms Taylor—If you say so, Senator.

Senator CORMANN—I think Ms Taylor is providing very good answers.

Senator MASON—No-one ever says that about me, Senator Cormann.

Senator CORMANN—Well, there you go. Ms Taylor, can you just give us a quick high-level description of what VET's HELP funding is all about—how you qualify for it and what you get for it?

Ms Taylor—VET FEE-HELP is a system similar to the higher education FEE-HELP, where students who are undertaking higher level qualifications of diploma and advanced diploma can offset their fees through a loan arrangement with the Commonwealth government.

Senator CORMANN—So for an RTO to be able to be part of that, is it correct that they must be recognised by an existing tertiary institute such as a university. Is that right?

Ms Taylor—Yes. Part of the requirements to qualify for VET FEE-HELP, from a provider's point of view, is that they must offer credit transfers with a higher education institution, and this is because the qualifications are looking at encouraging those pathways as well, between the vocational education and training sector and the higher education sector. But it is about the value of the qualifications—

Senator CORMANN—Is that a recent change? Has that changed recently?

Ms Taylor—No.

Senator CORMANN—So this is not part of new regulations where VET have—

Ms Taylor—No, that has always been one of the criteria that—

Senator CORMANN—Has it been more stringently enforced as of late?

Ms Taylor—No.

Senator CORMANN—There is somebody who has written to the Deputy Prime Minister, relating to a therapeutic massage training centre in Dubbo. Are you aware of the circumstance?

Ms Taylor—I am.

Senator CORMANN—The way it has been explained to me—and, Mr Chairman, I am sorry, it is not that anonymous—is that the teaching material used by registered training organisations is compiled and regulated by the Australian Quality Training Framework. That is right, isn't it?

Ms Taylor—Yes, we were talking about that earlier.

Senator CORMANN—We were indeed, yes.

Ms Taylor—Yes.

Senator CORMANN—These are the national standards. That is right?

Ms Taylor—Exactly.

Senator CORMANN—The challenge that this particular institution faces—and I would assume others, if that is truly a problem—is that they cannot technically gain the number of points that is required of them in order to be recognised by a university because the two do not match. That is the story that has been put to me.

Ms Taylor—I cannot go into the individual details of applications before us, but if I could speak in general—

Senator CORMANN—No, I am not asking about specifics. I am asking about the generality.

Ms Taylor—Yes, in generalities. No, we are talking about two things there. One is accredited training, which is not linked to FEE-HELP and credits with higher education institutions, so you can still deliver accredited training. The issue is: can you be accredited to offer the loan service to your students? Students who come to your college to do this particular course can apply for the loan, because it is this course, it has met these requirements and the organisation that is offering that training has met a certain set of requirements. There are a whole range of checklists which I can provide.

Senator CORMANN—I do not want to put you in a position where you are commenting on a specific case. I was really, I guess, responding or reacting to the Chair's imputation that I was making these things up.

Ms Taylor—Okay.

Senator CORMANN—The way it has been put to me is that, if the RTO makes up its own teaching material to comply with university regulations to be eligible for the VET HELP funding, they will then end up violating Australian Quality Training Framework standards and, therefore, they cannot be accredited. So they find themselves in a bit of a bind between two competing regulatory requirements. If that was the case, that would be—

Ms Taylor—If that was the case, that would be an issue. But can I say that in this industry sector there are four other colleges who offer similar courses that have the credit transfer arrangements with a university.

Senator CORMANN—So you are saying: it can be done.

Ms Taylor—Yes.

Senator CORMANN—But, again, at risk of individualising it to a specific provider, the way it has been put to me is that this has never been a problem up until very recently, because they have been in this circumstance for a long time, where they have been able to access VET FEE-HELP as well and recently—I see you nod at the back.

Ms Taylor—No, sorry, I was not nodding.

Senator CORMANN—No, not you. I was talking about your colleague.

Ms Taylor—Hilary Riggs.

Ms Riggs—No, sorry.

Senator CORMANN—So you were nodding ‘no’, okay.

Ms Taylor—She was asking me whether I needed further information. No, there has been no change in the application of the testing or the checking of the validity of the information that is supplied. There is a process that we go through. It is quite detailed, because we want to ensure that the students are fully aware of what they are getting into, that the organisation is financially viable, that it is offering a certain level of training and that it meets the credit arrangements. So all of that has been applied in the same manner as always. There has been no change of policy about that. There has been no change—I will check with Ms Riggs—to the criteria. So I would not agree with that statement.

Senator CORMANN—So, as far as you are concerned, there is nothing that would prevent a registered training organisation from being compliant with the AQTF requirements as well as being able to be recognised appropriately under university regulations?

Ms Taylor—No. In fact, there are 50 approved VET providers currently under the scheme and, as I say, in a similar situation there are a number in that industry.

Senator CORMANN—Okay.

CHAIR—This RTO, or whoever it is, that is complaining, would they have been able to get this information from the department—

Senator CORMANN—They tried.

Ms Taylor—Yes.

CHAIR—or is there a problem?

Senator CORMANN—They tried. They wrote to the Deputy Prime Minister, who did not get back to them, which is why I am airing these things.

CHAIR—But you could go to the department. You would think if they were an RTO they would actually have some understanding of some of these organisations that actually make these rules, make the process.

Senator CORMANN—You may want to reflect on them, Senator Marshall. I take them at face value.

CHAIR—You would assume that, if they had a problem and thought something had changed about FEE-HELP, they would actually know where to go and ask whether that was the case or not.

Senator CORMANN—Senator Marshall, you may want to reflect on them. I am making myself their voice because I thought there was a genuine issue and they were not able to get any answers out of the Deputy Prime Minister's office.

CHAIR—I am concerned—

Senator CORMANN—That is part of what we are here for.

CHAIR—that maybe there is a problem with the communication with the department.

Senator CORMANN—There could well be—

CHAIR—There could well be, but we should—

Senator CORMANN—about the level of communication.

CHAIR—Let's explore that.

Senator CORMANN—But I was told they did not want to comment on individual cases.

CHAIR—Let's explore that.

Ms Paul—We can add some more information to your queries.

Senator CORMANN—Okay, thank you.

Ms Taylor—If it is the same RTO, we have had several discussions with them about the requirements.

Senator CORMANN—So you know who I am talking about. You know I am not making it up.

Ms Taylor—I think I know—yes, I can confirm that. I understand that they have also met with the Deputy Prime Minister's office.

Senator CORMANN—Have they now?

Ms Taylor—They have.

Senator CORMANN—They had not when I last heard about it.

Ms Taylor—I do not have a date for that, but—

Senator CORMANN—She must have taken heed of my press release then. That is good.

Ms Taylor—I am not sure if that was the case.

Senator CORMANN—No, I did not ask you to—that was a rhetorical comment.

Ms Taylor—Thank you. It would have been an opinion.

Senator CORMANN—Sorry, keep going.

Ms Taylor—So there has been opportunity to give feedback in this process.

Senator CORMANN—So this particular RTO now understands more clearly what the problem was? Do you think it is resolved, do you?

Ms Taylor—I cannot speak for whether the—

Senator CORMANN—No.

Ms Taylor—RTO thinks it has been resolved clearly or not. We have not had any further communication with them since that time, so I am expecting that they will come back to us if they wish to clarify something.

Senator CORMANN—So what is the problem? I am asking because I am indulging the Chair.

Ms Taylor—That goes to the detail of the application, but can I say in general—I will not go into the specifics of the application—there was a range of issues, which covered the topics that we have talked about.

Senator CORMANN—Okay, thank you for that. I am running through these. VET national support: is that still you?

Ms Taylor—No.

Senator CORMANN—I am disappointed that you are so relieved.

Ms Taylor—Thank you.

Senator CORMANN—The number of apprentices declined for the first time since 2003 in 2008-09, and of course there was the global economic downturn so we all understand that. But from your point of view, have you analysed whether the global economic downturn was the only thing that was to blame or were there other factors?

Ms Paul—We would be pretty certain that that is the main factor. The reason why we can be confident is that we know what has happened in previous recessions.

Senator CORMANN—But you did put a lot of money into various programs to boost incentives and to improve training support. A lot of money was put in to make sure there would not be a decline as a result.

Senator Carr—Imagine if we had not put the money in!

Ms Paul—The decline has not been as deep as it was in previous recessions.

Senator CORMANN—The decline in apprenticeships has not been as deep?

Ms Paul—That is my understanding, but we will check that for you.

Senator CORMANN—That would be really good, if you could provide us with some data on that. Sometimes when there are big things happening, you might miss other things that are happening that might have been contributing. Sometimes when things are going well, you do not really focus on some niggly little problems and sometimes when things are going bad, you

blame it all on that one thing. But you have not made a specific attempt to assess whether there were other—

Ms Paul—I do not think I can comment further here. I take your question seriously.

Senator CORMANN—It is meant that way.

Ms Paul—Of course I do. It is a good question because it is the sort of thing which the National Centre for Vocational and Education Research does go to when it analyses the trends and so on in apprenticeships.

Senator CORMANN—They are here today, aren't they?

Ms Paul—No, they are not. I do not have data in front of me to suggest particular other trends in detail, but it is the sort of question which I am happy to take on. I imagine our overall global analysis is that current trends are to do with the global recession.

Senator Carr—The figures are pretty straightforward as I read them. You have got a decline of six—

Senator CORMANN—Is that your QTB, your question time brief, Minister?

Senator Carr—Just imagine: you might one day get the chance to actually find out. The apprenticeship and trainee commencements decrease was 6.2 per cent. The traditional trades commencements decrease was actually 20 per cent. The areas in which the commencements have occurred have been: construction, down 30 per cent; automotive and engineering, down 38 per cent; electrotechnologies and communications, down 34 per cent; and wood, 39 per cent. It strikes me that it does parallel the dramatic drop in manufacturing. What we have seen with a number of major firms in this country is that there has been an attempt to hoard labour, to keep skilled people on the payroll a short time, but not necessarily put new people on. So there have been all sorts of reductions in the actual day-by-day costs as companies have been bled of cash. That has been one of the direct consequences of the economic downturn.

Senator CORMANN—Ms Paul, can I clarify, because we had a little discussion about trade centres in schools and ATCs before, in terms of outcome 2.

Ms Paul—Yes.

Senator CORMANN—Are you absolutely confident that the National Centre for Vocational Education Research is not coming? It is on my list that was provided, as I understood, by the department.

Ms Paul—They are not in the portfolio in terms of them appearing, which I thought was your question.

Senator CORMANN—Yes, it is on my list of—

Ms Paul—But if it is on the program, what that is about is if you want to ask us questions on what their research program is like and so on, they would be questions directed to us.

Senator CORMANN—I would have liked to have asked them some questions about their research on things.

Ms Paul—They are not part of the portfolio. They are set up by all the ministers, so it is one of those whole-of-Australia—

Senator CORMANN—I assumed when I saw it here that there was like a structural link in terms of public sector accountability into the portfolio.

Mr Walters—They are a ministerial company, so they are not part of the portfolio.

Senator CORMANN—They are a ministerial company, are they?

Mr Walters—The CEO would be delighted to call on you.

Senator CORMANN—I would love to meet him, yes. So they are a ministerial company. How does that work?

Mr Walters—They are supported by the Commonwealth and the states and territories.

Senator CORMANN—So they are set up as a corporation under the Australian Corporations Act?

Ms McKinnon—I think that is correct.

Senator CORMANN—And the shareholders are the Commonwealth and all the states.

Ms McKinnon—Yes.

Senator CORMANN—So it is not a public sector agency in any way, shape or form. It is a private sector company.

Ms McKinnon—There is a Commonwealth public servant on the board, I would suggest, but probably also representation from some state public servants, as well as industry and academics.

Senator CORMANN—But, essentially, they are accountable to the shareholders. They are not accountable to the Australian taxpayer as such.

Mr Walters—The shareholders are the ministers, the state ministers, and the state ministers have an annual meeting—

Senator CORMANN—Yes, but there are a few tiers in between there, aren't there? I cannot question them directly. Other than the ministers, other than governments, who can ask them questions directly?

Mr Walters—You can. I am sure they would be delighted to answer—

Senator CORMANN—Yes, in a private setting, but not as part of the public scrutiny in terms of the work that they are doing.

Mr Walters—I am sure that at Senate inquiries in the past—and I am reaching back into dim and distant memory—they would have appeared and given evidence and put submissions into Senate inquiries.

Senator CORMANN—That might be a good idea.

CHAIR—I think it is something that the committee should have a look at and see whether it is. I am not quite sure of the relationship. Obviously, from what has been said, the Commonwealth is part-owner. They are not here tonight and we are not going to get them here.

Senator CORMANN—No.

CHAIR—But what I undertake to do, on behalf of the committee, is that we will actually look into this and resolve this for the next estimates.

Senator MASON—Do they spend Commonwealth money, Chair? I do not know.

CHAIR—They may not. But we will find out.

Senator CORMANN—I have a whole series of other questions around apprenticeship numbers but, in the interests of time, I will put them on notice. Tell me about the Tools For Your Trade program: how is it developed? What does it do? How does it work? I am talking about the \$3,800 payments that apprentices are eligible for.

Ms McKinnon—In the budget, the new Tools For Your Trade payment was announced. It streamlined a range of measures, and it was \$3,800 to apprentices. Part of the thinking about that was changing three forms into one and reducing the red tape and obviously having a greater and more immediate impact on Australian apprentices.

Senator CORMANN—How is that money paid to apprentices these days?

Ms McKinnon—The money goes to selected trade occupations, agricultural Australian apprentices and, if in rural and regional Australia, horticultural Australian apprentices. It is paid through the same mechanisms as other incentives and personal benefits for apprentices and employers—that is, through the Australian apprentice centres, usually directly into a bank account of the apprentice.

Senator CORMANN—It goes directly into a bank account of the apprentice, does it?

Ms McKinnon—Yes.

Senator CORMANN—Whereas in the past the Tools For Your Trade program was essentially a voucher that would enable apprentices to go and buy tools. That is right, isn't it?

Ms McKinnon—Yes.

Senator CORMANN—Is there a requirement for apprentices to demonstrate that they have used the money for tools?

Ms McKinnon—It did combine three lots of payments. It allows the Australian apprentices to choose how to spend their payments to best support them to undertake and complete their training. So it does combine a Commonwealth trade learning scholarship, the tools voucher and one other payment. Part of the government decision was to ensure flexibility because—

Senator CORMANN—So the answer is no. You are giving me a longwinded answer to say, 'No, it doesn't compel them.'

Ms McKinnon—But the issue also was that many of the industrial arrangements provided tool allowances and the employers were often required to provide tools for their apprentice use. So it allows that, to enable them to choose to use the money any other way.

Senator CORMANN—So, essentially, there is just a payment from the Commonwealth to the apprentice. It is not actually a Tools For Your Trade program. It is an additional income to the apprentice program now, isn't it?

Ms McKinnon—It can be used for tools. But, yes, because it is paid to—

Senator CORMANN—It can be used for tools?

Ms McKinnon—Yes, and because it is paid into the bank account—

Senator CORMANN—But it can be used to go out and party and it can be used to go and buy clothes; it can be used to buy alcopops; it can be used to pay for anything.

Ms McKinnon—Our indication is that it is often discussed between the employer and the apprentice but, because it is now intended to be more flexible, it is paid into the apprentice's bank account to support them during their apprenticeship.

Senator CORMANN—Is that an anecdotal indication or do you have data to substantiate that?

Ms McKinnon—It is from feedback, particularly from the Australian Apprenticeships Centres, who are our contracted service delivery agents to apprentices and employers.

Senator CORMANN—I have met with quite a few Australian Apprenticeships Centres—and, no, Mr Chairman, I am not going to mention their names, because I do not want to embarrass them as contracted organisations to the Commonwealth—and every single one of them has expressed concerns about the money going into apprentices' bank accounts as cash, without any requirement whatsoever as to what that money is going to be spent on. In the past they would take their vouchers, go to a tool shop and get their tools, and the employer would know they have got the tools they need, of the quality they need, and all was hunky-dory. That is no longer guaranteed with the way the system works now, is it?

Ms McKinnon—No.

Ms Paul—It is a recognition by government of the costs of an apprenticeship to the apprentice.

Senator CORMANN—Okay, I take that point. Why would you then continue to call it the Tools For Your Trade program? That is just spin, isn't it? That is a branding name that is trying to create an impression that it does something which it does not do.

CHAIR—Do the tools magically appear then?

Mr Walters—The original concept for the program was that apprentices did not have the resources to buy their own tools, and now they do.

Senator CORMANN—I take the chairman's interjection.

CHAIR—I had to turn up with tools during my apprenticeship, and let me tell you, you had to pay for them with cash. They did not magically appear.

Senator CORMANN—That is right.

CHAIR—Whether it is actually specified that they spend it on tools, they need to spend money on tools. Whether it is that particular dollar that went from there into that account or that dollar, the money gets spent on tools, let me tell you.

Senator CORMANN—Except that what happens now is that apprentices arrive at jobs without the required set of tools, borrow a colleague's tools or the boss's tools, and the whole thing is becoming much messier than it used to be because the money has been spent on

something else. Apprentices do not earn much money, so they are left without any money to buy the tools that you quite rightly tell us they need.

CHAIR—Apprentices do not earn much money. What did you do about that for 12 years?

Senator CORMANN—I am just trying to understand why this program is still being called Tools For Your Trade when really all it is is additional income paid by the Commonwealth to apprentices. I am not arguing that they should not get it, or that it is not a sensible thing to do, but the name of the program surely is very misleading because it does not do—

CHAIR—It's the name of the program?

Ms Paul—I think Senator Marshall explained it quite well. It is a recognition that tools are expensive and it is a recognition that apprentices should be supported in buying those tools.

Senator CORMANN—But you do not know whether these apprentices are going to buy tools.

Ms Paul—I think Senator Marshall explained it very well.

Senator CORMANN—I do not think he has.

Ms Paul—They have to buy them somehow.

Senator CORMANN—How do you know whether apprentices are using that money for tools?

Ms Paul—I think we have answered the question. Apprentices have to buy their tools.

CHAIR—If they do not turn up with their tools, they get sent home without pay. That is what happens. They cannot work without them.

Senator CORMANN—Do you collect data to make sure that that taxpayers' money is used for what it is supposedly designed to be used for?

Ms Paul—I think we have answered the question.

Senator CORMANN—The answer is no?

Ms Paul—No, I did not say that. It is a recognition of the cost of tools.

Senator CORMANN—But you actually do not know whether it is being spent on tools or work related safety clothing.

Senator JACINTA COLLINS—Whatever you do, don't get the Families portfolio!

Senator CORMANN—When was this change made?

Ms Griffin—On 1 January this year.

Senator CORMANN—Are you going to make an assessment at some point as to what the outcome of that is going to be in terms of the level of tools that new apprentices turn up to work with? Is there a time frame for evaluation?

Mr Walters—I do not think there has been a decision to conduct an evaluation; it is quite a recent change—but, in my experience, all programs get evaluated in the fullness of time.

Senator CORMANN—In modern awards, of course, they have now included requirements where employers have to pay training costs, and some awards, as you suggested—I assume this is what you were referring to—make provision for tools to be provided. You are saying that having a voucher is irrelevant because they will not need to buy any extra tools. If it is for tools, why would the Commonwealth have to expend further money if an apprentice has already been able to obtain those tools through other means, if it is by a requirement through an industrial instrument?

Ms McKinnon—It was an amalgamation of three different programs, and the feedback we had from AACs and others was that the three different forms and processes were cumbersome for employers and apprentices and administratively expensive. The other two, which are also now part of this new streamlined process, were the Commonwealth Trade Learning Scholarship, which provided assistance with fees and others things, and the Apprenticeship Wage Top-Up payment. So the three are now amalgamated into one single payment.

Senator CORMANN—How do you describe the whole thing?

Ms McKinnon—The name of it is Tools For Your Trade payment.

Senator CORMANN—I suggest that you reconsider the name moving forward, because I do not think it is an accurate reflection of what it is. I will move on.

The Australian Apprenticeships Access Program provides vulnerable job seekers who experience barriers to entering skilled employment with nationally recognised pre-vocational training, support and assistance. There are quite a lot of programs in this area. I do not know how you keep track of them all. What constitutes a ‘vulnerable job seeker’ in the context of this particular program?

Ms Priddle—To be eligible for the access program you need to be registered as a job seeker with Centrelink.

Senator CORMANN—So as soon as you are registered as a job seeker with Centrelink, that qualifies you to be a vulnerable job seeker?

Ms Priddle—There are a number of different parts to the eligibility. Being a registered job seeker is one, but there are a range of other criteria that you must meet, which relate to you having a barrier to achieving skilled employment—for example, if you are an Indigenous person or a school leaver at risk or a person with a disability. There are a range of different criteria.

Senator CORMANN—If you are classified and eligible as a vulnerable job seeker, and you get into the Australian Apprenticeships Access Program, what do you get?

Ms Priddle—There is quite a unique suite of services which are provided to participants in the access program. There are three main components. The first part is that you receive prevocational training, and that prevocational training is recognised under the Australian Quality Training Framework. It is based on local labour market needs. It is at least 150 hours in duration and it is linked to an Australian apprenticeship pathway. That is the first component of the services.

The participant then is eligible for intensive Job Search assistance for up to 13 weeks, and the aim of that is to try and assist the job seeker into a placement and, hopefully, towards an

Australian apprenticeship outcome. Assuming they have successfully got into a placement, they receive up to 13 weeks of post-placement support, and that is worked usually with their host employer. If they have not managed to get a placement in an apprenticeship—they have, say, gone into education and training—then there would be further support provided to them through their host employer.

Senator CORMANN—Do you have an average cost per apprentice?

Ms Priddle—It is around \$3,000 per participant.

Senator CORMANN—What is the total funding allocation on an annual basis?

Ms Priddle—On a normal base period, we would have 9,500 participants in the program, but in this financial year the government has provided funding for an additional 5,500 places. So the funding in this financial year is \$44.725 million. That is for 2009-10. But in 2010-11 the program will go back to its base level of 9,500 participants and the funding for 2010-11 is \$30.886 million.

Senator CORMANN—That is great. In terms of the information, that is excellent. Thank you. So 9,500 in a normal year, with 5,500 thousand as a top-up.

Ms Priddle—That is correct.

Senator CORMANN—Do you fill all of those places?

Ms Priddle—Generally, yes, we do. To 1 February this year we have 7,905 commencements, so that is tracking very well for achieving the 15,000 commencements we are hoping to get this financial year. If we look at last year, in 2008-09 the number of commencements was 9,468.

Senator CORMANN—So that is quite close to the target.

Ms Priddle—It was very close indeed.

Senator CORMANN—It is close to the target, but there are no people who are out there waiting who would be eligible but cannot get in because it is capped?

Ms Priddle—It is a capped appropriation.

Senator CORMANN—It is capped; I understand that. But so far you have not been in the circumstance where there were people that, for all intents and purposes, were eligible but were not able to make it in. That has not happened, has it, so far?

Ms Priddle—We have procedures in place which ensure that we—

Senator CORMANN—Prioritise eligibility.

Ms Priddle—Yes, that ensure that we do not actually go over the appropriation or the number of—

Senator CORMANN—How do you do that? If you have objective criteria, presumably either you match them or you do not. Do you narrow the—

Ms Priddle—If I could perhaps go back a step. The way in which participants get access to the access program is through referral agencies. These are Centrelink and usually Job Services Australia. We negotiate with Centrelink and Job Services Australia about the number of referrals that they would normally make to the program.

Senator CORMANN—So if you get close to your cap you will say, ‘Stop; no more.’

Ms Priddle—They have a target. Once they get into the program, some of our brokers have certain levels of commencements that they are allocated. They can put other people into that but they will not get paid for that.

Senator CORMANN—So there could be people out there who, for all intents and purposes would be eligible, but as far as managing the program is concerned you do not capture that—

Ms Priddle—That is correct.

Senator CORMANN—because your feeder organisations help you manage how many people present themselves.

Ms Priddle—They do help us manage that, yes.

Senator CORMANN—So does anybody know how many people out there—

Ms Priddle—I think that would be a difficult question to answer. I would not be able to answer that.

Senator CORMANN—It is an interesting way of doing it, in terms of making sure that there is no waiting list, I guess. Fascinating. Out of those 9½ thousand in a normal year, and 5½ thousand additional in this current financial year, what percentage of job seekers ultimately get placed into apprenticeships through this program?

Ms Priddle—In this program we typically get very strong, positive outcomes for over 40 per cent of the participants, and a positive outcome in this case would be that they get into either an apprenticeship, further education and training or a job. Of those 40 per cent of participants that do achieve a positive outcome, on average 57 per cent achieve an Australian apprenticeship.

Senator CORMANN—So 57 per cent of 40 per cent end up with an apprenticeship?

Ms Priddle—Yes, that is correct.

Senator CORMANN—I wish Senator Mason still had his calculator and I would run the ruler over the 9,500 to get—

Ms Priddle—It is a bit under 25 per cent, I think you will find.

Senator MASON—People often want that calculator.

Senator CORMANN—Thank you. It gets too complicated. Trust me. Anyway, it is okay, I take your word for it.

Ms Priddle—It is of that order.

Senator Carr—I am just getting a figure done on it.

Senator CORMANN—Minister, we are doing very well, so I suggest we do not sidetrack, because otherwise we all will have to stay longer than we have to.

Senator Carr—It might help your understanding of this. There is about \$3.7 billion provided by the Commonwealth for employer incentives.

Senator CORMANN—I understand that.

Senator Carr—I think that is the context in which you should look at this. There are a range of incentives to get people to take apprentices on and for apprentices to stay on the job as apprentices. That is essentially the philosophy. That number has grown dramatically over recent years.

Senator CORMANN—Thank you, Minister. That is great. What are the retention rates? How do the retention rates in this program, which is described as for the more vulnerable job seekers, compare to the non- or less-vulnerable job seekers? Do you compare?

Ms Priddle—I think I have already answered that question. As I said, something like 40 per cent of participants achieve those positive outcomes.

Senator CORMANN—Sorry, bear with me. I am probably not explaining myself properly. So 40 per cent achieve positive outcomes of the people that participate in this program?

Ms Priddle—That is correct.

Senator CORMANN—And 57 per cent of those get an apprenticeship. This program is tailored for more challenged young people.

Ms Priddle—That is correct.

Senator CORMANN—So how does this percentage compare with what would be the more mainstream?

Mr Walters—There is not anything quite comparative.

Ms Paul—Yes, because this is a pre-apprenticeship program.

Senator CORMANN—I am talking about retention rates as apprentices. Sorry, we are talking at cross-purposes here a bit, aren't we?

Ms Priddle—Yes, I think we are. I think the answer to your question is that we do not collect that information.

Senator CORMANN—So they go through the program, 57 per cent of 40 per cent go into an apprenticeship, but you do not know whether they make it all the way to the end of that apprenticeship?

Ms Priddle—That is correct. And in fact you only get a positive outcome from this program as an apprenticeship if you have actually remained in the apprenticeship for at least 13 weeks. So that is actually a very good start.

Senator CORMANN—Three months.

Ms Priddle—That is a very good start when it comes to trying to ensure that someone will actually stay in an apprenticeship.

Senator CORMANN—I accept that. But essentially the short answer to my question is that we do not know.

Ms Priddle—Yes.

Senator CORMANN—What sort of feedback are you getting from employers about apprentices that come to them through the access program compared to apprentices that they would take on more generally? Does it take a particular type of employer or do you place them across the board?

Ms Priddle—In terms of the breadth of areas in which you get apprenticeship placements through this program, one of the key things we require under the program for our brokers, who are the ones that actually deliver these services, is that they ensure that they adapt their training and where they are focusing their training to meet local market needs. Certainly the feedback we get is that the program is very successful in relation to that.

Senator CORMANN—Moving right along: what do Australian Apprenticeships Centres do? I have a broad idea, obviously.

Ms McKinnon—Australian Apprenticeships Centres work in regions and they are contracted to the department. I guess they take the role of the shopfront that both apprentices and employers can come to: they facilitate the actual contractual sign-up of the apprentice and the employer; they work with that to go to the state training body that actually registers the contract and is responsible for the apprenticeship arrangements; and they assess eligibility and pay the range of programs. Each apprenticeship centre has a slightly different business model, but often they source apprentices for employers, or the other way around—source employers for apprentices. They also have a role in marketing Australian apprenticeships.

Senator CORMANN—Yes, but when you say they sign them up, the states have their own apprenticeship centres of sorts, where they go through all of the signing up, registration and other requirements from a state point of view, don't they? When you say they facilitate the state process, that is not the case across the board, is it?

Ms Griffin—The Australian apprenticeship centre is actually in the field and present at the sign-up with the employer, the apprentice and, if the apprentice is young, the parent. Once the training contract is signed, it is passed to the state training authority, which does its part of the process.

Senator CORMANN—So there are two separate processes?

Ms Griffin—There are, yes.

Senator CORMANN—There is a Commonwealth process and there is a state process.

Ms Griffin—That is right.

Senator CORMANN—Are you saying that they have to come to the Commonwealth first and then go to the state?

Ms Griffin—No. The sign-up happens in the field and the paperwork passes to the state for processing.

Senator CORMANN—Some people out there might not quite know where they have to start. Do people start at the state level and then get sent over your way? There is no set process which says, 'You shall start with an Australian apprenticeship centre,' is there?

Ms Griffin—As Ms McKinnon explained, Australian apprenticeship centres are contracted to market Australian apprenticeships and part of their job is to establish a presence in the community. There are 350 sites around the country. They connect with Job Services Australia et cetera. So they have a presence in their local community.

Senator CORMANN—I know quite a few of them and I know they have a presence, but people come to an apprenticeship in many different ways. Some people might spontaneously

want to become an apprentice without an apprenticeships centre nudging them, and there is a state process and there is a federal sort of process, and they are quite separate, aren't they?

Ms Paul—The point we are trying to make is that the state process is a backroom process. The apprentice, their parents or whoever do not have to concern themselves with the state process. The paperwork goes through the state process.

Senator CORMANN—Backroom to some degree.

Ms Paul—It is a paper based process.

Senator CORMANN—It is not a backroom process, for example, for the people that employ or take on apprentices. When you say a backroom role, what are you suggesting? That there is no interface with—

Mr Walters—If you go back to when these were started by the previous government the concept was—and it was started at the same time as the Job Network was set up—to take on devolved responsibilities from the old Commonwealth Employment Service as one stream of that. The idea was to create a one-stop shop. The process of signing up an apprentice was a complex one at the time. The idea was that you could go to one place and get the Commonwealth incentive fixed up, and it would also facilitate sorting out the state payments. That does not mean that the apprenticeships do not come from various different directions in the first place. Some are initiated by the employer and sometimes young people seeking an apprentice are referred along to the apprenticeship centre, but the idea was to have a one-stop centre where all these things came together, and basically that concept has not changed a lot since the original setting up of them.

Senator CORMANN—Okay, it has not changed a lot so far. Are the apprenticeship centres all contracted out? There are how many apprenticeships centres? You said about three hundred and something, did you?

Ms Griffin—There are 350 sites.

Senator CORMANN—Three hundred physical sites, but there are fewer organisations.

Ms Griffin—That is right. There are 71 contracts with 28 Australian apprenticeships centres providers in 22 regions through 350 sites.

Senator CORMANN—When do those contracts run out?

Ms Griffin—On 30 September 2011.

Senator CORMANN—Is there currently a review underway looking at the whole concept—structure, contracting arrangements—to do with apprenticeships centres?

Ms McKinnon—Not currently.

Senator CORMANN—Is there a review planned? The word on the street is that there is going to be a review.

Ms McKinnon—It is a significant contract, so probably 12 or 18 months out we will start to look at the contract. We would build on the employer and apprenticeship satisfaction surveys that we do and look at the business model and what has changed in the apprenticeship landscape and that would inform our tender documents.

Senator CORMANN—But we are 18 months out now, so are you suggesting that over the next couple of months you will be starting a process of—

Ms McKinnon—It has crept up on me, but yes.

Senator CORMANN—Sorry about that! The way you are describing it, what I am hearing you say is that it is pretty well business as usual, or it is expected to be business as usual, in terms of the contracting model. But it is just a matter of whether, based on the experiences so far, you can improve the way the contracts are put together.

Mr Walters—That would be a policy matter for the government, but that is the current track we are on.

Senator CORMANN—Where are we at with the Apprenticeships Taskforce report?

Ms Griffin—This is from the COAG Apprentices Taskforce that operated through last year. It is in the final drafting stages and is up for approval by the co-chairs for publication in the next couple of weeks.

Senator CORMANN—It is going to be finalised in the next couple of weeks?

Ms Griffin—Yes.

Senator CORMANN—So this is going to COAG when?

Ms Griffin—The recommendations of the task force went to COAG for consideration on 7 December. I thought you were referring to publication of the report arising.

Senator CORMANN—I am referring to publication of the report.

Ms Griffin—A couple of weeks.

Senator CORMANN—That concludes the work of the Apprenticeships Taskforce, does it?

Ms Griffin—It concludes their work as the task force, but their recommendations, which were accepted by COAG, will be given effect through a MCTEE action group, which was part of the decision as well.

Senator CORMANN—Do I take it from what you are saying that the task force recommended that there be an ongoing role for them in some way, shape or another?

Ms Griffin—Not for the task force per se, no.

Senator CORMANN—It is set up like an apprenticeship agency or something, is it?

Ms McKinnon—No. To progress some of the recommendations would require state and territory officials to work with the Commonwealth and industry to actually do the detail of an implementation plan.

Senator CORMANN—So there would be an apprenticeship steering committee?

Ms McKinnon—In our case, it would be officers such as myself and Ms Griffin, who are responsible for putting recommendations to the minister.

Senator CORMANN—Who was on the task force?

Ms McKinnon—It was co-chaired by Simone Wetzlar, with two industry representatives and a union representative, a deputy chair from the Queensland department of education, a

range of state and territory public servants and some other industry reps. I think it was about eight people in total. Do you want to run through them, Ms Griffin?

Ms Griffin—I do not have their names in front of me.

Senator CORMANN—Do not worry. I get the gist. The task force is going to be finished, but I am reading between the lines. They might sort of re-emerge in a—

Ms Griffin—No.

Senator CORMANN—I am reading too much into it?

Ms Paul—Yes, I think so. The implementation steps are coming next.

Senator CORMANN—When the report is released in two weeks, is that going to be released with a government response or is it just going to be the report of the task force?

Ms McKinnon—It is the report of the task force and I think the recommendations have been accepted by COAG. The implementation group, which now gets down to business on it, must report back to COAG by December this year.

Senator CORMANN—But, essentially, in two weeks we will get a fair idea as to what the general strategic direction is going to be?

Ms McKinnon—Yes.

Senator CORMANN—I have a little case study here. Again, it is a real case study and I am not going to mention any names, but it illustrates an issue, and I am interested to hear what your thoughts are. It is around the structure of incentive payments for apprentices. A small business has an apprentice on their books for 2½ years and in the last six months the apprentice shifts to another business. That other business can collect the final incentive payment without having incurred all of the costs as a result of higher wages, because they get the benefit of the higher incentive payment. Is that something that gets raised with you as an issue around how the incentive payment is currently structured, with that large final payment at the end?

Ms McKinnon—It does not get raised with us often. In fact, there was a facility under the last government to, in exactly that case, split the final completion payment and give three-quarters to the first employer, but the take-up of that was very low.

Senator CORMANN—So it has been raised with you in the past. You tried to come up with a workaround, but the workaround was not really all that popular?

Ms McKinnon—I would actually say there was a mechanism to address that, but very few employers accessed it.

Senator CORMANN—I am just testing it—and I take your word for it—but were people sufficiently aware that there was a workaround?

Ms Paul—I am sure they were. They are very aware of our incentive structure. I think it is probably a bit of a swings and roundabouts situation, I should imagine.

Senator CORMANN—People have raised it with me; again, it is just half-a-dozen people and it is anecdotal, it is not scientific. So that is why I am asking whether you get many complaints around this. But you can understand why somebody would be annoyed if they put

in the effort, like do the hard yards training them up from when they know nothing, so to speak, and then when they become useful they leave and take the incentive payment with them. You can understand why somebody—

Ms Paul—But it is interesting that it just was not accessed.

Senator CORMANN—Yes, it is interesting.

Ms Paul—I can understand where whoever contacted—

Senator CORMANN—I am thinking about it conceptually.

Ms Paul—I can understand your story, but I think what is happening on the kind of global basis is that one company loses someone but then they gain someone from somewhere else, and so it just sort of sorts itself out. It was interesting that we actually did test it and it did not seem popular.

Senator CORMANN—Yes, I am interested in that.

Ms McKinnon—I would have to say that, of the hundred letters about incentives in the last month none of them have been about that. I cannot recall the last one I saw about that.

Senator CORMANN—Fair enough. I have got to test what is a genuine issue and what is not, so I hear you.

Ms McKinnon—Sure.

[8.53 pm]

CHAIR—We will now move to International students.

Senator CORMANN—I tried to get an answer to this from the minister in the chamber: how much money is left in the Education Services for Overseas Students Assurance Fund, the ESOS Assurance Fund?

Mr Walters—We can answer that. It is worth bearing in mind that the contributions to the fund are collected on an annual basis and we are just about to enter the point in the year when we make the contributions, so the fund is about to be replenished. But Ms Chaudhury can explain that a bit more.

Senator CORMANN—We have got a briefing from the minister. No coaching of witnesses, Minister, please!

CHAIR—I am not sure that that is what is happening, but if you would like to discuss coaching of witnesses, I think we could—

Senator JACINTA COLLINS—Senator Abetz might come back.

CHAIR—talk about that for some time.

Senator CORMANN—I am just surprised that there is a need to agree on the line.

CHAIR—Again, you should not be putting those inappropriate things on the record.

Mr Walters—Officials receive a bit of policy direction. The answer is that the fund is still positive. It is about to be replenished because the annual contributions are about to be collected—

Senator CORMANN—How much is in it?

Mr Walters—and beyond that point perhaps we can take that question on notice.

Senator CORMANN—No, but hang on. Has the minister just given you an instruction not to—

Senator Carr—What I said to them is the same answer I gave you in the chamber—and we will take the question on notice. The government has made an undertaking that the fund will remain solvent; the officers have indicated to you that the fund is about to be replenished and is currently cash-positive.

Senator CORMANN—Minister, have you just given an instruction to the officer—

Senator Carr—I have just given you a straight answer. As to what the answer—

Senator CORMANN—No, you are not. The officer's opening statement was that he was able to tell me how much money was in the assurance fund. You went over to talk to him and then I get a weasel-word answer of it is positive and about to be replenished.

Senator Carr—I have just given you the answer.

Senator CORMANN—Why don't you want to reveal? Why do you want to keep that number secret, Minister?

Senator Carr—I have given you the answer and it is the same answer I gave you in the chamber, and we will take any further advice from the minister concerned.

Senator CORMANN—Why is it so important for you to keep that number secret, Minister?

Senator Carr—We will take the question on notice as to what the current balance is. I have indicated to you that the government is committed to ensure the fund remains solvent.

Senator CORMANN—No, hang on. What is the status of the assurance fund, as far as the public sector management lines? Are you the accountable officer, Ms Paul? Who is accountable, ultimately, for the assurance fund? I know it gets replenished with fees from providers et cetera. Who is the accountable officer for the assurance fund?

Ms Chaudhury—The ESOS Assurance Fund is an industry based fund.

Senator CORMANN—But it is established under the act, so is there—

Ms Chaudhury—It is established under the act, but there is a fund manager, and the money for the fund is collected based on criteria that is established by the contributions review panel, and the contributions review panel is made up of industry representatives, and the fund manager manages the fund.

Senator CORMANN—The most recent publicly available information goes to 31 December 2008, and I gather it was released in the middle of 2009. There was a \$1.3 million loss, from memory, in 2008; 2009 was an even more challenging year for the international education sector. So, given there was only \$1.8 million left in the fund at the end of 2008, it is fair to assume that the fund is close to dry, if not in serious financial trouble.

Ms Paul—And I think we have taken it on notice.

Senator CORMANN—No. Sorry, we are here at Senate estimates to assess the performance—

Senator Carr—Senator, you were given an assurance by me, as you were in the chamber, that the fund is not in serious financial trouble.

Senator CORMANN—Why wouldn't you tell us how much is in it?

Senator Carr—The government is committed to make sure the fund remains—

Senator CORMANN—‘Trust us, we are from the government.’

Senator Carr—No, I have just indicated to you what the answer is—

Senator CORMANN—Do you know how much is in the fund, Minister.

Senator Carr—and you have explicitly said exactly the opposite to the evidence I have just given.

Senator CORMANN—Minister, do you know how much is in the fund today?

Senator Carr—I have given you my answer.

Senator CORMANN—No, Minister, do you know how much is in the fund today?

Senator Carr—I have given you my answer.

Senator CORMANN—So, essentially, you are not prepared to share it. Taking questions on notice as if you do not know the answer, Minister. That is the intention between questions on notice. You do not want to provide the answer, for whatever reason. You do not want to be accountable to this committee.

Senator JACINTA COLLINS—Well, make up your mind: either he does not want to or he does not know. You cannot have it both ways.

Senator CORMANN—This is a fund that was set up to protect overseas students across Australia. There are colleges that are collapsing left, right and centre. There are students stranded around Australia that are entitled to protections out of this fund and you are not prepared to say how much money is left in this assurance fund that was set up under the ESOS Act.

Senator MASON—The minister and the officers know how much money is left.

Senator CORMANN—And you actually know the answer.

CHAIR—Order! The question has been taken on notice, so it will be answered.

Senator CORMANN—No. This is just totally against what these estimates are all about.

CHAIR—It is not.

Senator CORMANN—It is quite reasonable to take questions on notice if you do not know the answer, or if it takes too long to get the answer—

CHAIR—Or you need to check the answer.

Senator CORMANN—because it is so detailed.

CHAIR—Or you need to ensure that the answer is correct.

Senator CORMANN—The minister knows what the answer is and the minister should tell the Australian people as to how much money is left in the ESOS Assurance Fund. The Australian people are entitled to know.

CHAIR—The minister has answered your question. He has answered the same question you have asked on several occasions. That is the answer you are getting. In terms of the exact amount, the minister has agreed to take that element of the question on notice.

Senator CORMANN—No, sorry, Mr Chairman, I am asking on a point of order. In your opening statement this morning, as you did yesterday morning, you referred to an order of the Senate passed on 13 May 2009, and if the officials at the table and the minister refuses to provide an answer to the question—

Senator JACINTA COLLINS—He has not done that.

Senator CORMANN—I ask for a ruling on whether or not he has to point to an appropriate public interest immunity ground—

Senator JACINTA COLLINS—No, he does not.

Senator CORMANN—and whether he has to give me a statement of reasons as to why he is not prepared to answer the question and provide the information that was properly asked for by a senator at a Senate estimates committee.

CHAIR—You have asked me to rule on that point of order and I will. In accordance with that order, which you should be rather familiar with, the minister has not refused to answer the question—

Senator CORMANN—Absolutely he has refused to answer the question.

CHAIR—the minister has taken the question on notice.

Senator CORMANN—The minister knows the information. The intention of—

Senator JACINTA COLLINS—This is all just your conjecture and assertion.

Senator CORMANN—The minister knows the information. I invite the minister to tell us that he does not know what the information is.

CHAIR—You have raised a point of order and you have asked me to rule on it. Just hold on for one second and I will check with the secretary of the committee whether I need to take any further advice on my ruling.

Senator CORMANN—Does anybody—

CHAIR—Do not jump in, please. I have said I will take some further advice. I have now got that advice and I am confident that the ruling I have just made is the correct ruling and it is consistent with the order of the Senate. If you want to just keep asking that question I will ask you to move on.

Senator CORMANN—I will query that with the Senate.

CHAIR—If you have other questions to ask in this outcome—

Senator CORMANN—I have got a whole heap of other questions. I am not asking for you to give me the answer right now. I have already asked that and you were saying that you would take it on notice—

Senator Carr—Senator, you have been given your answer.

Senator CORMANN—but I want to know whether anybody at the table knows the answer to the question I have asked.

Ms Paul—I think the question has been answered.

Senator MASON—Ms Paul, it has not.

Ms Paul—Yes it has.

Senator MASON—Come on! This is ridiculous.

CHAIR—The question has been taken on notice and the part of the question that has not been taken on notice has been answered.

Senator CORMANN—Minister, you are compromising professional public servants. You are compromising them, because every single person around this table knows the answer and you are taking it on notice just to avoid having to reveal it on the record here tonight. That leads us to no other conclusion than that you are hiding something. I smell a rat. If there is no problem, why would you not be prepared to just share the information with us?

CHAIR—Again, all I can say, Senator Cormann, is that that has been a common theme of yours for the last two days.

Senator JACINTA COLLINS—The previous three years.

CHAIR—On several occasions you have smelt a rat. On several occasions you have made the same sort of political statement.

Senator CORMANN—And yesterday Ms Paul said, ‘I wish I had answered the question, because we could have avoided this.’

CHAIR—I think the political stunt wears a bit thin after we have been putting up with it for a couple of days.

Senator CORMANN—There is no political stunt. We have got 2,300 overseas students stranded across Australia because of the latest collapse of a college. We want to know whether there is enough money in that fund.

CHAIR—If you have a concern about my ruling and wish to discuss it further at a private meeting, I am happy to have a private meeting, if that is what you want.

Senator CORMANN—I will.

CHAIR—If you do not want to dispute my ruling, move on with other questions.

Senator CORMANN—I will seek a ruling from the Clerk of the Senate at the appropriate time. I understand what the numbers are on this committee and I understand that you will be shutting up proper questions on something that you know as well as I do everybody at this table knows the answer to.

Senator JACINTA COLLINS—Point of order, Chair. Will you please make him move on.

Senator CORMANN—They are taking it on notice to avoid answering a properly asked question by a senator of this committee. It is highly inappropriate.

Senator MASON—It is a bad precedent, Chair.

CHAIR—I think the contrived outrage and the political stunt should end now. Why don't we get on with asking some questions?

Senator JACINTA COLLINS—Senator Mason, it is not a precedent, as you well know. It happened on several occasions under the previous government.

Senator CORMANN—There is a high level of public concern out there about collapses of private colleges.

Senator Carr—Why don't you pass the bill? If there is such a high level of concern, as you express it, why have you held up the bill now for six months?

Senator CORMANN—Minister, you know as well as I do that you never brought it on for six months—

Senator Carr—That is rubbish.

Senator CORMANN—and you just passed the amendment last week. You have just passed the amendment in the House of Representatives.

Senator Carr—You sought to control the Senate legislative agenda. You refused to debate the bill. You refused to consider the bill.

Senator CORMANN—That is just total rubbish.

Senator Carr—You put up a set of bills last year and said, 'These are the only bills the opposition will entertain.' I sought to have that bill put on the non-controversial list and you refused. So do not come in here and say you are worried about international students. You then sought to move amendments which you knew would not be accepted by the government.

Senator CORMANN—And you have just passed amendments in the House of Representatives that last week were going to end the world, Minister.

Senator Carr—You are undermining our international reputation by carrying on the way you are.

Senator CORMANN—Minister, you should tell the Australian people how much money is left in the insurance fund.

Senator Carr—What is more, you have added substantially to your own party's costs, which we will find out a great deal more about. That is what happens when you vote for amendments which have enormous costs for the Commonwealth.

Senator CORMANN—You have just passed the amendment we initiated in the House of Representatives this morning. You should check your facts. You spent hours explaining how the world would fall apart, the sky would fall in if these amendments were passed, and this morning you just passed them. I mean, come on. How many international students are currently studying at registered training organisations across Australia?

Mr Walters—We had 629,618 enrolments at the end of November.

Senator CORMANN—How many of them are in private training colleges as opposed to TAFEs or universities et cetera?

Senator Carr—Senator, you have misinformed the committee. The House of Representatives has not accepted your amendment—

Senator CORMANN—Yes, it has.

Senator Carr—which would blow out the costs of this bill dramatically. I think you should get your information a bit more accurate.

Senator CORMANN—The House of Representatives has accepted the coalition amendment to ensure that risk management principles are enshrined in the legislation.

Senator Carr—No, that is not the amendment.

Senator CORMANN—It has not accepted the Greens and Xenophon—

Senator Carr—You know it is not the amendment.

Senator JACINTA COLLINS—You know that is not the one.

Senator Carr—Do not play fast and loose in here; you are not in court now, you know.

Senator CORMANN—The House of Representatives has accepted the coalition amendment which you spent hours rejecting.

Senator Carr—Cut it out.

Mr Walters—Senator, on your question about the breakdown of the enrolments, this is for the year to the end of November: 629,618 enrolments overall; in the vocational education and training sector, 231,452; in higher education, 203,955; in ELICOS, which is the English language training sector, 133,840. I have got down ‘others’ as 32,726 and schools as 27,645.

Senator CORMANN—That is not a breakdown of whether they are private providers or government based providers.

Mr Walters—We will have to take that on notice, but I can tell you that for VET the great majority would be private providers. The TAFE sector is a relatively small part of that. Similarly, for higher education the vast majority would be in universities rather than private providers.

Senator CORMANN—Thank you. The primary responsibility for quality control in these institutions would be with the states; is that right?

Mr Walters—The states and territories are responsible for quality control. The universities accredit themselves and are responsible for their own quality control, basically. The private higher education providers are quality controlled by the states against the higher education protocols. The vocational education and training providers are quality controlled against the vocational education and training framework, the AQTF, by the states.

Senator CORMANN—So all of the training providers in the VET sector across Australia who provide training to overseas students have to comply with the AQTF, the international standard?

Mr Walters—Yes, they are all registered against the AQTF and they are audited against the AQTF.

Senator CORMANN—Which is essentially, until there is national registration, a state-by-state proposition in terms of the way that is—

Mr Walters—That is correct, except for some providers which cross state boundaries, which are now registered by TVET.

Senator CORMANN—At a departmental level, do you have regular interaction with providers about issues around international education? Do you have some sort of structured process of regular interaction? Is there a committee and an advisory board or something?

Mr Walters—We have interactions with them constantly.

Senator CORMANN—So the sort of interaction you would have is more of an ad hoc nature, is it? People would ring you and talk to you or you would ring people. It is not like you have a meeting once a month or once every six months. You do not have a set—

Mr Walters—There are 1,300.

Senator CORMANN—Yes, but they have got a peak body.

Mr Walters—We talk.

Senator CORMANN—There are millions of employers and that does not mean you meet with millions of employers. You do not meet with all of them at the same time.

Mr Walters—We have a structured meeting with the peak bodies which occurs twice a year.

Senator CORMANN—With all peak bodies or specifically around international education?

Mr Walters—Specifically around international education.

Senator CORMANN—Have you had any communication with the peak body or others about the impact of changes that have been announced to skilled migration laws?

Mr Walters—I do not believe I have had any direct communication certainly since the announcement was made. I am looking at my colleagues. It is perfectly possible that people have had phone calls somewhere in the department.

Senator CORMANN—Can you take on notice whether you had any communications and what the nature of those communications was. The context of my questions is the announcement that the government has abolished, as of immediate effect, the Migration Occupations in Demand List, to replace it with a Skills Australia List at the end of April. I am sure that you will not say that it is just made up, Mr Chairman. There is a serious level of concern about what that will mean to the viability of a whole series of private providers operating in the international education market. I am sure you are aware of that.

Mr Walters—I will take it on notice. I do not recall having seen any direct communication. Of course, people communicate with us via the media and there have been various media releases.

Senator CORMANN—The peak body has put out a press release—

Mr Walters—Universities Australia put out a press release broadly supportive, I think, of the reforms.

Senator CORMANN—Sorry?

Mr Walters—Broadly supportive of the changes.

Senator CORMANN—Who was broadly supportive?

Mr Walters—Universities Australia.

Senator CORMANN—We are not talking about the universities. We are talking about the VET sector and we are talking about private providers in the VET sector that are providing services to international students. I do not think universities have got anything to worry about because they are not the ones that are going to be financially falling over. But people who have built a business around providing international education, many of them solid and sound businesses—some bad but most of them are good organisations—have a serious level of concern.

Mr Walters—The question is whether we have had a direct communication from members of the private VET sector?

Senator CORMANN—The question is whether you have a degree of concern about what would happen to the insurance fund. Essentially, ACPET, which is the peak body, has come out and said that people will be under serious stress. Colleges are already collapsing. It is not that hypothetical that, if the market of international students in the VET sector is going to collapse as a result of these changes, there will be more colleges collapsing and there will be more demand on the insurance fund. You will not tell us how much is in there and you keep telling us it is going to be topped up.

CHAIR—That is not true. It is not a refusal to answer the question. The question has been taken on notice and I would rather you not misrepresent the position.

Senator CORMANN—It is not a misrepresentation. They know the answer. If they do not know the answer, they should tell us that they do not know the answer.

Senator JACINTA COLLINS—You do not know that, either.

Senator BILYK—I am getting a bit tired of hearing your—

Ms Paul—We were asked what sort of communications we have had with the VET sector.

Senator CORMANN—Are you making any particular provision around additional impositions on the insurance fund as a result of the changes to the skilled migration laws?

Ms Paul—We have not yet made any particular changes, but of course we will need to monitor it. It is very early days obviously; the announcement has only just been made.

Senator CORMANN—It is very early days. It was announced last week, but there was an immediate effect in terms of abolishing the Migration Occupations in Demand List.

Ms Paul—Sure. I am happy to take on notice a monitoring—we can come back mid-estimates, if you like.

Senator CORMANN—How long is this going to take you to get back to us because—

Ms Paul—We will take it on notice and we will answer you with a general—

Senator CORMANN—this is going to be a fast-moving—

Ms Paul—Sure.

Senator CORMANN—If you could get back to us by April, the situation would have moved on because by April there will be a change again.

Ms Paul—Nonetheless, we need to do the analysis, so we need to come back to you.

Senator CORMANN—So you do not know how many current students across the VET sector will be impacted by that?

Ms Paul—No.

Senator CORMANN—So there is a change that has happened in the migration portfolio in total isolation of considerations in the education portfolio?

Ms Paul—No. We have been working with them.

Senator CORMANN—So you were involved?

Ms Paul—But it is actually quite hard to estimate the precise impact. That is something we need to monitor.

Senator CORMANN—Can you describe your involvement in putting together the changes to the skilled migration laws.

Ms Paul—The changes are for the Minister for Immigration and Citizenship, but certainly we have been aware of the changes as they have been developed, so we are familiar with what they mean.

Senator CORMANN—Have you been aware or have you been part of interdepartmental committees that looked at—

Ms Paul—I do not know if we were part of formal committees—we may have been—but certainly we have had some contact.

Senator CORMANN—Has anybody at the table been part of interdepartmental committees to do with skilled migration laws?

Mr Walters—We have certainly been to meetings on the subject.

Senator CORMANN—But they were not interdepartmental committees, were they?

Mr Walters—They might have been. I am never quite sure what is or is not a formal interdepartmental committee. But we have been to committees with people from different departments.

Senator CORMANN—You do not give me much confidence about what goes on behind the closed doors of government. So you have been part of meetings to discuss the proposed changes to the skilled migration laws?

Mr Walters—Yes.

Senator CORMANN—And I take it that you would have provided input in terms of the possible implications for the international education sector?

Mr Walters—The department has provided input on a range of issues because the review was conducted with us and the department is responsible for various aspects to do with skills and—

Senator CORMANN—I am sure that you would have provided input on a range of issues, but specifically did you provide input about the impact then of the proposed skilled migration laws on the international education sector?

Ms Paul—I think our advice really has largely been around the impact on policy settings and in terms of monitoring the impact. We will do some analysis now that the decisions are known and we will be analysing what the impact is on the sector.

Senator CORMANN—Now that the announcement has been made you will be analysing, but you did not conduct any assessment modelling beforehand as to the actual forecast—what the likely impact would be?

Mr Walters—We have conducted a number of bits of analysis in connection with the cabinet consideration of all of this and then provided advice to the minister. It is worth bearing in mind, though, just to give you the context, that there are a number of things happening at the moment in the industry. So analysing one thing on its own is really quite hard—for example, the value of the dollar, which is affecting a lot of different things.

Senator CORMANN—Yes, sure. So you are now going to tell me it is going to be hard to establish the cause and effect.

Ms Paul—It will be, because we have got some countervailing forces or exacerbating forces happening.

Senator CORMANN—But Treasury and others have always told me that Commonwealth officials only ever assess first round effect and they do not look at second round and other effects.

Ms Paul—This is an industry, so we are always interested in a range of effects, and of course at the moment the value of the dollar is a key one.

Senator CORMANN—Did you assess the impacts of the value of the dollar on the international education sector?

Ms Paul—I am not sure.

Senator CORMANN—No, I am asking a question now.

Ms Paul—I would need to take that on notice. We probably cannot go too much further before we get into what would have been potentially input to advice to cabinet and I am probably reaching the end of questions about content.

Senator CORMANN—Okay. I take it from that that you would have provided advice to cabinet. I am not asking you about the content: I am asking about the existence of the advice. You would have provided advice to cabinet about the likely impact these changes would have on international education.

Ms Paul—We will have provided advice on a range of issues which would have been part of input to deliberations by cabinet.

Senator CORMANN—Which means of course that you are now referring to a recognised public interest immunity ground, which is a very appropriate way to explain why you are not in a position to answer the question, unlike the way you approached the question about the ESOS Assurance Fund.

CHAIR—Well, again—

Senator JACINTA COLLINS—Your logic is so flawed.

Senator Carr—Do not play that immunity ground routine here. That is just a total distortion of what is going on here. Senator, you may think you are very clever—

Senator CORMANN—That is your view, Minister.

Senator Carr—but the officers have given you a clear indication of their response to you. They do not have to respond to you in the way that you want them to. They have taken the question on notice. We will get back to you with further advice.

CHAIR—And I am surprised that you do not understand the difference between taking a question on notice and the refusal to answer a question.

Senator CORMANN—Believe me, I understand that very clearly. I do understand that very clearly.

Senator MASON—Questions are taken on notice, Senator, when they do not have the answer with them.

CHAIR—Well, it seems you do not understand—

Senator MASON—The minister stood up and gave an instruction to the officers—

CHAIR—because on a number of occasions you have now said that people have refused to answer the question when the question has been taken on notice, and you ought not misrepresent the position.

Senator CORMANN—There is no misrepresentation.

Senator JACINTA COLLINS—Yes, there is.

Senator CORMANN—We all saw the minister get up, walk over to the officer who told us he could answer the question, and he gave him an instruction not to provide the answer.

CHAIR—The question has been taken on notice and will be answered.

Senator JACINTA COLLINS—Do you seriously believe that you can read minds and that you heard what occurred there? Do you believe that?

Senator CORMANN—It is very rare that a minister actually bothers to get up out of his chair—

Senator JACINTA COLLINS—You are so irrational.

Senator CORMANN—walk all the way over to the other side of the table—

Senator JACINTA COLLINS—You are so irrational.

Senator CORMANN—to give an instruction to an officer of the Commonwealth to instruct him not to answer a question.

CHAIR—Then you have not been around long, because there is often discussion between officers at the table and ministers.

Senator MASON—No-one has denied the fact that they do not have the information. That is the problem. There has been no denial of that—none—and that is—

CHAIR—And that is because the questions have been taken on notice—

Senator MASON—None.

CHAIR—and the information will be provided.

Senator MASON—Arguments are never taken on notice when the answer is known at the table. And this is a new precedent and, I tell you what, it is not a good one.

CHAIR—No, it is not a precedent at all, Senator Mason, and you ought to know that.

Senator MASON—When the answer is known at the table and it is taken on notice, that is totally—

CHAIR—Well, there is no suggestion that it is known at the table anyway.

Senator MASON—No-one has denied that, Chair.

Senator JACINTA COLLINS—Yes, but you do not know that.

Senator MASON—If someone wants to deny that, I will listen.

CHAIR—We have had this out. All I want you to do is stop misrepresenting the position.

Senator MASON—Chair, if someone wants to deny that, that is fine.

CHAIR—If you want to keep arguing with me—

Senator MASON—No. Senator Cormann asked the question and it has not been denied.

CHAIR—I have been asking you to stop misrepresenting the position.

Senator MASON—I am not misrepresenting it, Chair.

CHAIR—You know very well that taking a question on notice is not the refusal to answer a question.

Senator MASON—That is not what we are saying.

CHAIR—And you ought not be saying that.

Senator MASON—You cannot use it to take a question on notice when the answer is known at the table.

CHAIR—It is what Senator Cormann has been saying and that is what I have been asking him to stop saying.

Senator JACINTA COLLINS—You do not know that.

Senator MASON—That has always been the case in my 10 years in parliament.

Senator JACINTA COLLINS—No, it has not.

CHAIR—If you want to keep arguing about this all night, I will, but you will not keep misrepresenting the position.

Senator MASON—It would totally distort parliamentary oversight of executive expenditure.

CHAIR—All right. We will now suspend—

Senator MASON—So if that is the precedent, Chair—

CHAIR—and have a private meeting. We will suspend the proceedings.

Proceedings suspended from 9.20 pm to 9.27 pm

CHAIR—We will now reconvene. Senator Cormann.

Senator CORMANN—Thank you, Mr Chairman. I wish to place on record the opposition's severe disappointment that the government is not prepared to answer a question, through the mechanism of taking it on notice, as a means of avoiding providing information to a committee of the Senate which is essentially assessing the performance of executive government. This is not in the spirit of what Senate estimates is all about. We are very disappointed about the way the minister at the table in particular has handled this. We do not think that that is in the spirit of the order that was passed by the Senate on 13 May 2009 and we will be reporting on this to the Senate to seek a resolution from the Senate as to these sorts of circumstances: when clearly information is known by the minister and officers at the table but a decision made, for whatever reason, to take it on notice to avoid answering the question.

Senator Carr—If I might respond, there has been no attempt to refuse to answer the question. Senator, if you were a little bit honest about what you were being told by the Clerk on 24 March 2009—I have not actually yet claimed public interest immunity—you would be aware that under the terms of that resolution that you speak of, we, the executive, are able to claim that any material would be damaging to commercial interests. All I do is suggest that you go back and check your correspondence.

Senator CORMANN—You did not claim that. That is my point.

Senator Carr—I am indicating to you that I have not claimed public interest immunity because I have not refused to answer the question. I am indicating to you that your claim that the executive is seeking to avoid scrutiny is wrong and that you are misrepresenting the resolutions of the Senate in these matters in any event. The government guides for official witnesses, from back as far as 1989, have made it very clear that witnesses are entitled to seek advice from superior officers should they have any doubt about any matters. I am saying that we have given you an assurance that the fund is cash positive, that the government will ensure that it remains sovereign, and that I am taking your question in regard to the specific balance at this point on notice.

CHAIR—Both positions are now put clearly on the record. The committee is not interested at this point in pursuing this particular matter further. I invite Senator Cormann now to proceed with questions in this area, but the committee will not be revisiting this issue.

Senator CORMANN—How many jobs does the government expect to be lost in the vocational education and training sector as a result of the changes to the skilled migration laws?

Mr Walters—We are not in a position to provide an estimate of that sort.

Ms Paul—I would note that the possibility of losing jobs in the sector is extremely remote, because the sector has been growing at an enormous pace. I would still expect the sector to continue to grow. We have had 100 new providers come on stream over the last year or so, and the growth in the sector has been over 20 per cent, I think, year on year on year.

Senator CORMANN—Have you assessed it or is that your expectation?

Ms Paul—Those are just historical numbers. The growth has been so high that, even though we cannot be precise about an estimate, which we have just said, it is unlikely that any job losses will occur. If anything is impacted, it is the rate of growth. We still expect growth.

Senator CORMANN—It will grow at a slower rate, so there will be fewer jobs than there otherwise would have been, but there will not be fewer jobs overall. Is that what you are saying?

Ms Paul—Yes. With the really very high rate of growth that we have seen in recent years, you would expect that it would be the rate of growth, if anything, that is impacted. It is almost impossible to conceive that there would not be growth.

Senator CORMANN—Was your department involved in any consultations around this with private international training providers?

Ms Paul—Around what, I'm sorry?

Senator CORMANN—Around the changes to skilled migration.

Ms Paul—I do not think there have been any, have there?

Senator CORMANN—So there has been no consultation?

Ms Paul—It is a very recent announcement.

Senator CORMANN—There were no consultations in the lead-up to all of this?

Ms Paul—Not that I am aware of. As we said before, we are very happy to talk with providers and so on now about any concerns or any plans they may want to share with us.

Senator CORMANN—Is your department playing a role in formulating the new Skilled Occupations List?

Mr Walters—Yes, we shall be involved. We will be supplying information to Skills Australia, who will be looked to for advice to provide the basis for the new list.

Senator CORMANN—So you are feeding into Skills Australia and Skills Australia will make the ultimate decision?

Mr Walters—Skills Australia have been given the job of providing advice to ministers.

Senator CORMANN—And the minister makes the decision. So you provide advice to Skills Australia and Skills Australia provides advice to the minister.

Mr Walters—We will provide input, because our department collects all the data on current skills shortages and is able to feed in, for example, data about trends over the years. What Skills Australia is being asked to do is provide advice on what should be the new list, which will provide the basis for immigration arrangements. So we have a lot of the data within the department and we have a lot of the information and we will work with Skills Australia to produce that.

Senator CORMANN—Is there a reason why the work to develop the Skilled Occupation List was not completed before abolishing the Migration Occupations in Demand List?

Mr Walters—That is a question which you would need to direct to the department of immigration.

Senator CORMANN—So that is not something that you had any involvement with at all?

Ms Paul—The changes were at their instigation, so it is probably a question for them.

Senator CORMANN—Looking at the impact on the international education sector, it seems that the transition could have been quite a bit smoother if, at the time of abolishing one, you had announced the replacement rather than have a three-month lapse.

Ms Paul—It is not really possible for us to comment on something which has not happened. This is what has happened, and so this is the journey we are now on.

Mr Walters—I think it is worth making the point that included in the package which was announced by Senator Evans were a number of transitional arrangements.

Senator CORMANN—I am aware of that. But you cannot, of course, talk about things that are related to the migration portfolio, can you?

Mr Walters—No. They should be directed to DIAC. But I just note that there were transitional arrangements there, since you referred to them.

Senator CORMANN—There were transitional arrangements. As you are now talking about it, I will ask a question of you then. The area where transitional arrangements fall down is where one list—the Migration Occupations in Demand List—is abolished and not replaced with anything until the end of April at the earliest. What is the rationale for that?

Mr Walters—Again, you would have to ask the immigration department for the detail, but it is not the case that that list is being abolished and not replaced. There is underlying the Migration Occupations in Demand List the Skilled Occupation List, which continues in force until that is replaced, and it is that list which is going to be replaced later this year.

Ms Paul—Can I add something to my answer on consultation?

Senator CORMANN—Yes.

Ms Paul—You asked whether we had been involved with the consultation, and I am advised that we certainly were involved with consultation during the review of MODL and it was quite broad consultation. I had interpreted your question probably too narrowly to be: did we consult on these particular changes? Of course, we could not have, but we certainly were part of broad consultations on the MODL review itself.

Senator CORMANN—How much do we compete in terms of the national education market with a country like Canada?

Mr Walters—A lot of the international education market is around the English-speaking countries, because quite a lot of it is about learning in English. That is one reason why countries like Germany are competing a bit more, because they are expanding English language provision. Probably our main competitors are the UK and New Zealand—to a certain extent Canada—and it is quite interesting in that context that the UK themselves have been looking at significant changes to their migration regime as it affects students too, and those changes have been announced in the last few days.

Senator CORMANN—We are clearly between education and immigration here and to some degree there is a bit of overlap. Do you assess, in terms of looking at the strategic

direction of international education services from an Australian point of view, what some of the competitive—

Ms Paul—Absolutely.

Senator CORMANN—You do? This is an immigration issue, but Canada has recently relaxed its waiting period for skilled migrants to access permanent residency from five years to one year.

Mr Walters—We do keep an eye on what the others do, and we are in regular contact with them because sometimes we are facing similar issues.

Senator CORMANN—Sure.

Mr Walters—As well as competition, there are opportunities for collaboration. Canada might have moved in one direction, but it is significant that the UK has significantly tightened their immigration regime in respect of students in recent times. They have suspended visa applications for students from North India and, I think, Bangladesh recently. They have also announced a package where they have restricted students' working rights and restricted their ability to bring independence. That is within the last week.

Senator CORMANN—That is in the UK?

Mr Walters—Yes.

Senator CORMANN—Following up on the point that Ms Paul made earlier—that she expects the growth that has been happening in recent years to continue—a lot of the concern is centred around students coming from overseas to achieve migration outcomes rather than education outcomes. If that is easier to achieve in a country like Canada, would you be concerned that that growth could quite quickly, in the context of us tightening things up, turn into—

Ms Paul—We would definitely want to watch that. We know, though, that our markets tend to be a bit different, and it is probably fair to say—although someone can correct me—that we have had fast-growing markets, particularly in Asia. We have had very fast-growing markets obviously in India but certainly Korea and some of the other Asian countries too.

So while Canada would draw on some of our key markets, it would not be a complete overlap. It is reasonably complex. Yes, we would absolutely want to monitor what they are doing and what impact it is having. For example, after 9-11 we did, we think, receive some students who probably would have gone to the US, because it got much harder to get into the US.

Mr Walters—I saw representatives of all the main countries when I was in Delhi in the latter part of last year, and they are all sharing our concern about some of the activity which is being seen around some of the subcontinental countries, where agents, in particular, are pushing migration outcomes. So we are not alone at all.

Ms Paul—No.

Senator CORMANN—Sure.

Mr Walters—That is partly what has driven, I believe, some of the changes which have been announced in the UK in the last week.

Senator CORMANN—It seems that Canada is going in a totally different direction. It will be interesting to watch that.

Mr Walters—People are at different stages in the cycle, but I have talked to the Canadians and they do share our concerns to some extent.

Senator CORMANN—Thank you very much for that.

CHAIR—Senator Cash has a couple of questions.

Senator CASH—I have two very brief questions on the ESOS fund. In terms of students who have paid their education provider for accommodation up-front, if they are no longer able to use that accommodation, is that reimbursed out of the Tuition Assurance Scheme or are they out of pocket? Is that part of their reimbursement?

Ms Chaudhury—Can I have the last bit of that again?

Senator CASH—In terms of accommodation, if they have paid the provider and the provider closes and they are no longer able to use that accommodation, are they reimbursed for the accommodation costs or is that an expense that unfortunately they will have to bear themselves?

Ms Chaudhury—The ESOS fund basically covers course moneys.

Senator CASH—Course moneys?

Ms Chaudhury—Yes. So course moneys would not regularly cover accommodation costs.

Senator CASH—Thank you. You were kind enough at the last estimates hearing to take on notice for me a question in relation to the number of registered providers who have a ministerial exemption, and the number came back as 14. Is that a current figure? Has the number been updated since that figure was provided?

Ms Chaudhury—It is the same figure since the question.

Senator CASH—Thank you very much.

Ms Chaudhury—Perhaps I should correct that. It is the same figure, but one of the providers was covered only for one course and that course is not being provided any more. So you could count that provider as being taken off.

Senator CASH—Thank you very much.

CHAIR—I think that ends our area in international education, so those officers will not be required to hang around unless they hope that there might be some further entertainment between now and when we finish. We will now take a 10-minute break, and resume where, Senator Mason?

Senator MASON—University compacts, the Education Investment Fund and funding to support low-SES student participation.

CHAIR—So any officers not involved in those three areas could leave as well?

Senator MASON—Yes.

CHAIR—Maybe you could repeat them for everybody.

Senator MASON—Sure: university compacts, the Education Investment Fund and funding to support low-SES student participation.

Senator Carr—So, Senator Mason, all other officers can go?

Senator MASON—Yes. I only have one administration question, again about the principal autonomy report. Have we got any report-back about that?

Ms Paul—No, I have not, so I am taking it on notice.

Senator MASON—That is all.

CHAIR—On that basis, we will now suspend.

Proceedings suspended from 9.43 pm to 9.50 pm

CHAIR—We will resume these estimates hearings. We are still in outcome 3 and Senator Mason has the call.

Senator MASON—Turning to university compacts first: in this statement of 2 February about the higher education revolution, both Ms Gillard and Senator Carr mentioned university compacts. They say:

A summary of the issues raised during negotiations will be published soon.

Will the actual interim agreements for 2010, as well as the actual compacts for 2011 and onwards, be publicly available?

Ms Buffington—When we went out and discussed the interim agreement with the university, we made it quite plain that the concept was that they would be made public. At this stage, the intention is that the compacts will be. There is an element that if there were something that was considered a very small element that was of such a commercial-in-confidence nature—and certainly this has not come up in the interim agreements, but going forward we have not had the negotiation on the compacts; but otherwise the intention is that both the interim agreements and the compacts will be publicly available.

Senator MASON—Would that be shortly after they are negotiated and agreed to by both parties?

Ms Buffington—Yes. As of today, we have now signed 35 of those interim agreements. I expect in about the next 10 days that we will complete that round. There are two aspects in the whole idea of transparency for the sector. One is that those interim agreements will shortly thereafter be published, but in talking to the full university system over a 10-week period against the background of the changes in the budget last year and how universities are reacting—that it is a very interesting and uplifting story—we undertook that we would report back to the sector. So it was not just a case of us collecting information that was useful in terms of policy making, but it is also useful for the sector to be able to judge on some of the unique things they are deciding or some of the things that everybody is making a very similar decision about, so we are trying to work this in a fairly transparent manner.

Senator MASON—What form will the compacts take? Is it like a contract?

Ms Buffington—It is not a contract. There are going to be two aspects. One is the research side, which Minister Carr will be looking after. The other is the teaching and learning side, and Minister Gillard will be looking after that. They are mission based compacts, so there will

be a clear outline of the university's mission, where it is trying to go forward. The fact that the university is outlining that mission on us signing a compact does not mean that we necessarily agree that we are going to fund all that ambition, but we acknowledge and note the mission of the university. Against the background, on the teaching and learning side we will have a range of performance funding attached, so we will be outlining some performance measures covering participation, attainment and engagement with students. So student engagement and the quality of teaching will be aspects that will be in that compact from the teaching and learning side.

Senator MASON—So funding will not be tied to the compacts per se but there will be aspects—it might be participation of certain groups of students and quality teaching—that could have funding tied to it. Is that right?

Ms Buffington—At the moment there are separate funding agreements to the universities. This is a bit of a debate between the universities and ourselves as to whether, over time, compacts become the overall funding agreement with the universities. Part of the interim agreement discussions was listening to universities' views. Some had views that they would like it in one location; others were fairly relaxed.

Senator MASON—So the compact can become the basis for funding?

Ms Buffington—It has potential.

Senator MASON—Yes.

Ms Buffington—But the definition at the moment from the teaching and learning side is first and foremost to understand the mission of the university in order to set some performance targets and measures with performance funding attached to that.

Senator Carr—Senator, you and I spoke at the same conference—the ATN conference—where I made some remarks about these questions. You may find that of interest. The officers here can talk particularly about the teaching and learning program, essentially the undergraduate program. But in the research program, we will be pursuing negotiation. This is about trying to get universities to take more responsibility for their own direction. We cannot have a situation whereby the status quo is maintained. What we have provided is the very substantial increase in public support for the university system, the biggest increase in terms of the innovation side of the program in 25 years.

In return for that increased support, we are saying we want to change the status quo. We want to see substantial changes in the way in which universities manage themselves. We do not want—I certainly do not want, in terms of the research program—to be second-guessing them in terms of micromanagement. We are trying to step back from that. We are saying to them that we expect universities to aspire to excellence. We want to see a concentration in terms of research effort. We want to concentrate on things that the universities are good at. We cannot be all things to all people.

Senator MASON—Sure.

Senator Carr—So the argument will go that, in terms of our international competitiveness, we want to see Australian universities lift their performance. So from my argument, it is about cultural change, structural reform and international competitiveness. All of those things can be

talked through in terms of the compact negotiations. The interim agreements virtually get it going. There is the provision there for the sea changes which are occurring already. In terms of our approach on hubs and spokes, we are now talking to universities about the sorts of alliances they want to form as they transform themselves to meet the new challenges of our time. These compacts are a really important instrument to achieve those changes, but it is a process of dialogue.

Senator MASON—Yes, sure. Minister, I like what you said. You said that this compact will assist in challenging the status quo.

Senator Carr—Yes, it is seriously challenging the status quo.

Senator MASON—That is important, because some people have said—you will have to trust me that some people have said this, Chair; some people are worried, anyway—that compact could entrench the status quo.

Senator Carr—I know the point you are making.

Senator MASON—But you have heard the argument, I am sure.

Senator Carr—I did a speech in Darwin at Charles Darwin University on this very topic. Some people were saying, ‘The beauty of these arrangements is that there is so little change in it that we can just skate by. It’s an under-the-counter thing.’ We have had this long tradition in the university system that, no matter how much the Commonwealth puts in, someone will turn around and say it is not enough. We are going to hear that again and again. And we will hear this other argument that says, ‘It doesn’t matter what they say. We can keep doing what we like.’ The fact is that we have to change to meet the challenges that we currently are confronting as a country.

Senator MASON—And the compacts will assist in doing that? That is your point?

Senator Carr—We are saying it does that. We are saying that people are not necessarily locked into the current arrangements insofar as they are placed within the system. If they are aspiring to excellence then there has to be a capacity to move up the scale.

Senator MASON—That is exactly my point.

Senator Carr—By definition through ERA, which we are running in terms of the research program, we will be able to verify people’s claims.

Senator MASON—But they are moving up the league tables?

Senator Carr—Vice-chancellors, who we know are some of the most double-jointed figures in the public education system—you know their capacity to pat themselves on the back—will tell you that they are doing wonderful things. Invariably they will tell you that. I think we have to have a mechanism to objectively test that.

Senator MASON—I accept that.

Senator Carr—That is the process that we are engaged in. We want to have a dialogue with the university system about how we lift performance. I know that the Deputy Prime Minister has argued the same case in terms of the teaching program. It is critical that we change participation rates.

Senator MASON—I might get to that in a minute.

Senator Carr—We will get to it, but I am just saying the objectives are different but complementary.

Senator MASON—Yes, all right. What about the terms of these compacts? Are they for a specific length of time?

Senator Carr—There are a couple of policy questions, I think if I might, in this matter.

Senator MASON—In effect, Minister, how long do they last for?

Senator Carr—The thing is, we have yet to resolve some matters that go to these machinery questions, because it is a genuine dialogue. I am of the view that the compacts have to be of sufficient length in time to allow people to actually implement what they are claiming to do. We have indicated to you that these compacts will be tied to money.

Senator MASON—So they will be tied to money?

Senator Carr—Absolutely. They will be tied to money. Senator, you and I have been around long enough to know that, unless you are serious about money, people are not going to take you seriously.

Senator MASON—They will not listen either, will they?

Senator Carr—That is exactly right. But you need time for people to implement their claims as to what they are going to do. People want stability. They want a surety or they want security that the policy position is not going to flip-flop about, so there has to be a discussion about how long these arrangements will be, and we are in the process of resolving those questions. We are talking to universities in a genuine spirit of negotiation. This is not an ultimatum because, if it were, then it would not be negotiation. Negotiation means that we can challenge what people say to us as well, and that is the point. You cannot just expect people to come and say, 'We're going to do this,' and the Commonwealth will sign up to it. We want a process where we can say, 'Yes, we have these policy objectives.' We are setting those policy objectives. That is what we were elected to do. We are answerable to the parliament to do that. But we are also saying that the universities are entitled to be challenged. They challenge each other, and we are entitled to challenge them as to whether or not they are meeting their claims as to their directions.

Senator MASON—And, as you say, they set their claims in the compacts.

Senator Carr—Yes. This is not a top-down approach. It is actually saying to the university system, individually, 'Where do you think you're going to go?'

Senator MASON—Sure. I follow that.

Senator Carr—'We think you've got these issues to deal with. How are you going to respond to it? We're here to assist you to respond to it.'

Senator MASON—With the Bradley review's approach to a student demand-driven approach, which the opposition, as you know, agrees with, how does that fit into the system of university compacts?

Ms Paul—It fits in with their mission, in particular, and we are starting to see this playing out already. I am sure Ms Buffington can go into more detail. This year, for example, was the first year of transition to the open system which will be finalised in 2012, so this year we saw

a 7½ per cent overenrolment, because the cap was lifted from five per cent to 10 per cent. What we will see is universities choosing their own way forward on that. We know some universities do not seek to grow, particularly.

Senator MASON—Sure. Some do not want to grow anymore, do they?

Ms Paul—Some do not want to grow anymore: they are really very large now and they take a particular approach to their mission. Others are growing apace, and it is great—drawing from a broad regional base or whatever. So those aspirations become a real core part of the mission, and we want to know about it because we want to know with as much advance notice as possible in the planning how Australia is placed to meet those aspirations of the targets, the 40 per cent and the 20 per cent.

Senator MASON—Thank you, Minister and Ms Paul. I will be very interested to see the compacts when they are publicly released, to see how the system works. Do not take this as a hard criticism, but the compacts have been, to me, a little bit airy-fairy for a while. It will be good to see how they work in practice and to actually see them.

Senator Carr—I think that, in general terms, the process has been very positive. The reports coming to me from officers in the department of innovation have been very positive. In the list of issues that we are to publish you will see there are significant questions, but they are nothing that anyone should be concerned about in terms of being able to address the need for fundamental change in the system. My sense of it is that there is widespread support in the system for change; there is a real culture developing there for change. The great advantage that the government has been able to have is: because we have had additional resources to put to universities, we can say to them, ‘There is a way to attract additional support if you change.’

Senator MASON—Yes, I understand. Fair enough. Thank you. Can we move on then, Chair, to the Education Investment Fund?

CHAIR—Yes.

Senator MASON—How much money is there at the moment in the Education Investment Fund?

Ms Randall—The balance of the fund at the end of December was \$5.998 billion.

Senator MASON—As at the end of December 2009. Does that include \$500 million for round 3 and a special \$650 million sustainability round? I think it was announced in the last budget but not yet distributed.

Ms Randall—That balance would include those funds.

Senator MASON—It does include the \$500 million from round 3 and the \$650 million from the sustainability round in the last budget—is that right?

Ms Randall—Round 3 and the Clean Energy Initiative sustainability round have not been announced and the funds have not been drawn down.

Ms Buffington—They remain in the balance.

Senator MASON—So they are still there in that \$5.998 billion?

Ms Randall—Correct.

Senator MASON—When will the projects under these two rounds be announced?

Ms Randall—The government has indicated in the guidelines it released that the announcements would be in early 2010.

Senator MASON—It is early 2010 now, isn't it?

Ms Randall—It is.

Senator MASON—So it could be any time soon?

Ms Randall—The board is going to finalise its assessment next week.

Senator MASON—Do you know when the projects will be announced? You finalise the assessments next week, but when will the announcements be made? Do you know?

Ms Randall—That will be up to government.

Senator MASON—Sure. When was the last contribution to the capital of the fund made by the government?

Ms Randall—The last contribution to the capital would have been—

Senator MASON—The \$650 million?

Ms Randall—No. The \$650 million is part of the funds that were—

Senator MASON—Sorry. When was the last contribution to the capital?

Ms Randall—I might have to take that on notice.

Senator MASON—You do not know that?

Ms Randall—I do not know the exact date.

Senator MASON—You do not know when it was. Do you know how much it was?

Ms Randall—The last deposit to the fund was \$3 billion.

Senator MASON—Do you know roughly when it was?

Ms Randall—I do not. There have been two deposits to the fund, each of \$3 billion.

Senator MASON—When is the next contribution planned?

Ms Randall—The government has not indicated when it will make the next contribution.

Senator MASON—I do not suppose we know how much it will be, either?

Ms Randall—No, we do not.

Senator MASON—That makes sense. What is the total of new funds over and above the \$6 billion that there was in the higher education fund to start with which the government has put into the EIF since being elected?

Ms Randall—There have been no additional deposits to the fund in that period.

Senator MASON—What is the total of moneys distributed, including allocated for distribution out of the fund since the government came into office?

Ms Randall—The government has announced \$3.9 billion in funding from the fund. To date only \$595.831 million has been drawn down.

Senator MASON—So \$595.83 million has been drawn down and \$3.9 billion—sorry?

Ms Randall—The grants announced from the fund to date total \$3.9 billion.

Senator MASON—That is the amount of the grants announced. Is that right?

Ms Randall—Correct. That would include round 3 and the sustainability round. I am sorry, I should say commitment, Senator.

Senator MASON—Including round 3?

Ms Randall—Indeed.

Senator MASON—Thank you very much for that. My final topic, Chair, is one that interests me very much, but I do not suppose I should expand too much on it this evening, because it is getting a bit late. It is a very interesting topic, I am sure you would agree, Chair—the funding to support low SES participation. The increase in participation is obviously one of the key recommendations of the Bradley review, and it is certainly accepted by the government and endorsed by the opposition. In the past we have had this discussion. We agree on the end but we disagree on the means, I think. The government has announced that increasing participation by students of low SES background is one aspect of increasing participation, and last year the government promised, I think, \$433 million towards that goal. Ms Gillard in a press release from 19 December last year said:

The new Higher Education Participation and Partnerships Program (HEPPP) will assist students from low socio-economic backgrounds by allocating more than \$433 million over four years, including \$56 million to universities in 2010, up from \$11 million in 2010 under the former program.

I will get to the question in a minute. I just want to give this background so that we are on the same page. The highlight of the program seems to be on the supply side. It is rewarding universities for attracting low SES students. My concern is this: is there any empirical evidence to suggest that providing universities with incentives to attract low SES students—giving them money per student attracted, which I think is \$540 per low SES student in 2010, rising to about \$1,400 in 2013; so it is going to vary, apparently—will actually increase the number of young people from low SES backgrounds who are interested in pursuing higher education?

It is fairly complicated. The question is this: is there any empirical evidence to suggest that, if we give incentives to universities to attract students from low SES backgrounds, that will actually increase the total number of low SES students going to university rather than just simply universities fighting over the same number? Does everyone follow the question?

Ms Paul—Yes, it makes sense. There are a couple of answers there, and then I will hand over to my colleagues. That was one of the things that was looked at in the Bradley review. There are a couple of components to the new funding. One is the per student loading, which you have referred to, and the other is for outreach type programs. We have never had the outreach before, not with such an investment. The Bradley review looked at performance in other countries and so on and looked at the evidence and saw that both of those components can be seen to make a difference—also to absolute numbers. That is right.

Senator MASON—So you increase the size of the pie.

Ms Paul—You increase the size of the pie. In short, we know that people from low SES backgrounds are underrepresented, so we know that there is scope to increase the pie. The outreach programs, which are things like reaching down into schools and into local communities as well as support to low SES students in their first year, do make a difference. There is a whole range of different evidence, but we know that support to low SES students in their first year at university makes a huge difference in terms of study skills and pastoral care and that sort of support. So all that can go towards that.

Your question is really: can we increase the big pie—that is, the overall student numbers—to reach the 40 per cent target and attempt to increase the little pie, which is the proportion of low SES students, to 20 per cent from the 15 per cent it has been at for the last 20 years or are we going to get stuck on 15 per cent? Even though the absolute numbers grow, it remains at 15 per cent. Our view is that the investment in the equity funding has been so significant that not only will the absolute numbers of low SES grow but proportionality it will change to that 20 per cent. But it means that a lot of the growth to achieve the 40 per cent must be from low SES.

Senator MASON—You have heard me on this before, Ms Paul and Minister, I know. While I applaud the aim, I think the outreach programs and more money spent earlier are absolutely critical. I will refer to an article by Guy Healy in the minister's favourite newspaper, the *Australian*, early this week in the higher education supplement. I do not know if you saw the article, Ms Paul, but on page 23 it says—

Senator Carr—I must say the higher education supplement is of better quality than their discussion on schools.

Senator MASON—Guy Healy I think is a fairly fair commentator. He is referring to a report and he says:

Efforts to attract more disadvantaged young people to participate in university studies are too limited and targeted too late in schooling—

which is really my point—

according to a new report commissioned by the government.

... ..

The survey, carried out for the federal Education Department, also found the 59 programs run by the 26 universities were mainly focused on Year 10 students. “[But] all the patterns of behaviour and decision-making about achievement and aspiration would have been formed well before Year 10,” he said.

You see my point.

Ms Paul—Yes.

Senator MASON—I know we have had this discussion before, but I am just not convinced that the big change to increasing access to low SES students will come from these measures or that it will be sufficient. I might be wrong, Ms Paul—I hope I am—but I just want you to know I am not convinced.

Ms Paul—Do you want us to comment on that report?

Senator MASON—If you wish to.

Ms Paul—We might as well.

Ms Buffington—Before we talk about that report, going out into interim agreement discussions, I would say that one of the absolutely massive changes for every single university that we spoke about and the engagement within the university right through the university was this issue of low SES—that genuinely it really has hit the right point with universities, which innately, as Australians, feel that it has not been a fair go for low SES. I think you would be uplifted by the level of engagement.

We are also having bilateral discussions with the states on how we can work with them to create that aspiration in a much earlier part of schooling. As Ms Paul said, regarding the whole idea of that \$433 million, there is a very large chunk to genuinely increase from \$100 a student up to \$1,500 a student, a loading for much better mentoring, but how do you get the students in? With this whole use of \$108 million going forward for these partnership programs, it is not only that universities are looking at how they can work with schools but that this is probably one of the most positive benefits of universities working with other universities either in a metropolitan area or within a state. It has been a really positive move.

Also, in order to make sure that we hit the right marks, we are engaging with some of the best researchers in Australia—people like Trevor Gale—as part of our reference panel. So rather than we in government thinking that we have got this right, it is really engaging with a range of absolute experts in this field to try and position these new policies.

Senator MASON—I think the issue really is, and I have said this before, I know, that we have to have initiatives that will create demand from these groups. That is really my point in a nutshell. How much of that \$433 million package is spent on those creating demand initiatives?

Ms Buffington—\$108 million.

Senator MASON—I am wondering whether the balance is right—universities would not want to hear me say that—and whether it is better to spend the money earlier rather than later. I know this is a policy decision for government but I think it is fair to say that I have expressed my reservations in the past about this, and I do it this evening. A more concrete question: what is the government's estimation of the increased infrastructure costs required to meet these increased participation targets that have been set for universities?

Ms Buffington—I do not think that there is a firm infrastructure cost. One obvious thing, because we have gone around and talked with universities about this growth, is that universities are looking to go in very different ways in the future. Another is how higher education students are learning and interacting with universities. The assumption that it is a bricks-and-mortar solution is not where the universities are beginning, and nor are we. The government has already announced \$3.8 billion in new infrastructure since May 2008 through both EIF funding and general revenue. At this stage we are probably for the first time really getting a good understanding for the infrastructure state of universities and so forth.

Senator MASON—Sure, but I think it is fair to say, as Ms Paul rightly said, that the government is committed to seeing 20 per cent of higher education enrolments at the undergraduate level filled by people from low socioeconomic backgrounds by 2020 and the government has a target of having 40 per cent of 25- to 34-year-olds with bachelor level

qualifications or above by 2025. That is surely going to have an impact on infrastructure. It has to. Has the government planned for it?

Mr Walters—It is worth bearing in mind that, up until a number of years ago—and I have forgotten exactly how many; it was about 15—all the money was separate and then it was rolled into the base funding per student. So, in effect, as the universities recruit more students, they are getting more of that component. That was a number of years ago and I have forgotten precisely what the amount was. It was about 20 per cent. But because the universities are being paid more per student, they will attract that notional capital element, so it does not all come through the EIF funding.

Senator MASON—No, I understand that, but the question is: will it be sufficient? I know the minister addressed this at the conference of the Australian Technology Network, and it was mentioned again in Andrew Trounson's article in the *Higher Education Supplement* on Wednesday, but the university sector faces an infrastructure funding gap, according to the network. This is what they say: 'The university sector faces an infrastructure funding gap of \$10 billion to \$15 billion to meet the Rudd government's participation targets in the next 15 years.'

Ms Paul—The response here is that the value of the higher education reforms over four years was more than \$5 million. So the announcement in the last budget of the government's response to the Bradley reforms—the higher education reforms—was of a value of more than \$5 billion investment in universities over four years. Some of that investment is groundbreaking—in particular indexation. Indexation for universities had not changed, so the per student level of funding for universities will now be indexed at a higher level from 2012.

Senator MASON—I accept that.

Ms Paul—All that funding is able to be applied to the university's mission: infrastructure, recurrent spending and so on. There is a lot of flexibility in funding.

Senator MASON—I accept that.

Ms Paul—It is a major injection across the board.

Senator MASON—It is a fair argument that there is going to be some gap, though. We are going to have a massive increase in students.

Ms Paul—We do not know that.

Senator Carr—Senator, it is fair to assert that that is a claim.

Senator MASON—Yes, it is, but it is not a totally unfair claim. There is a certain logic behind it.

Senator Carr—There is always going to be a discussion about the adequacy of funding. There is always going to be that conversation. The Commonwealth has expanded its spending for universities. In fact, it has doubled it from what it was under the previous government. That is in 2½ years. We have built into the system substantial improvements in the funding base. As Ms Paul has indicated in regard to indexation, the full cost of research—

Senator MASON—I understand that.

Senator Carr—There are a whole range of measures. A very substantial expansion in infrastructure spending is built into the programs which I referred to earlier. What we are arguing is that we are not necessarily going to accept any particular figure that a lobby group will put up at any time. However, we understand the importance of the issue. We think the government has provided sufficient money to cover it, and that will be part of the ongoing discussion.

Senator MASON—Sure, but the government's own forecasts are for a massive increase of undergraduate students, and that will necessitate—let us be honest—infrastructure development. I do not think there is anything particularly controversial about that.

Senator Carr—The funding profiles are on a per capita basis and, as the officer already indicated, built into those are assumptions about support for capital as well. So there are a range of support measures the government is already undertaking—

Senator MASON—I accept that.

Senator Carr—and I think we could go around in circles about whether or not it is adequate. As I say, there will always be that discussion, and I have no doubt you and I will have conversations in our respective positions for many years to come.

Senator MASON—No doubt.

CHAIR—I am wondering, Senator Mason, how long you think you might be.

Senator MASON—I will be finished very shortly, Chair.

CHAIR—I hope the minister heard that and will respond accordingly.

Senator MASON—Other than the current funding arrangements that you have mentioned, is there any no particular estimate of future infrastructure payments?

Ms Paul—We have not done such an estimate.

Senator MASON—You have not done that? So there is no provision for it.

Ms Paul—We have not done an estimate.

Senator MASON—Out of interest, what information do you have on the current levels of unmet demand? How many students have missed out on a place at university that might otherwise be qualified? There is a little bit of debate about this at the moment.

Ms Buffington—At this point, for the year 2010 it will not be until about May when we can make a comment on unmet demand, but the one thing that is quite clear is that there is both an increase in demand and in increase in supply this year. So we are aware, just on some of the early tertiary admission centre figures at the end of last year, that there had been a clear upswing. There had been a smaller upswing in year 12 leavers but a gratifying upswing of around 14 per cent in later stage students applying—in all, an average of about 8.1 per cent.

Senator MASON—How many was that, Ms Buffington?

Ms Buffington—That is 8.1 per cent. We have to work on the basis that this was a very preliminary—

Senator MASON—Sure, but you may well have better figures?

Ms Buffington—Yes. This was at the end of last year.

Ms Paul—That is applications data, not people. One of the reasons why we do not know the actual unmet demand until May is that people apply to multiple institutions.

Ms Buffington—You have to de-duplicate.

Ms Paul—So that increase is on applications, not people. The number of people would be fewer.

Ms Buffington—But we know, therefore, that there is increased demand. Equally, there is increased supply.

Senator MASON—Is that because of the global financial crisis?

Ms Paul—We would expect so, yes.

Ms Buffington—There are two aspects. One is the global financial crisis and the other is that students are aware that there are increased places. We have to remember that the overenrolment in years 2010 and 2011 can shift from five per cent up to 10 per cent.

Ms Paul—And we think it is going to be at 7½ per cent.

Ms Buffington—In overenrolment. At this stage the headline is ‘Increased demand, increased supply’. The degree of unmet demand in 2009 was 18,500. What is it going to be this year? We will tell you in May.

Senator MASON—Again, that ties in, of course, Minister, with the provision of extra places for low socioeconomic students. You know the argument, Ms Paul. Is there any unmet demand? If there is not, the argument then becomes: we have to in fact increase demand.

Ms Paul—Absolutely.

Senator MASON—So all the arguments in fact tie back to a similar proposition.

Ms Paul—Yes, they do.

Senator MASON—That is all I have, Mr Chairman.

Senator Carr—I am very pleased to hear that.

CHAIR—I think that brings us to a conclusion. It was probably remiss of me at the beginning of these estimates that I did not acknowledge Dr Shona Batge, who is a new secretary of the committee. It may be even more appropriate now that we have completed the estimates to congratulate her on coming through relatively unscathed. Well done. Thanks to the rest of the committee staff. Thank you, Ms Paul and all your officers, for what I think has been a relatively smooth estimates, and thank you, Minister. Thank you senators for again what I think was mostly a well-conducted estimates. Thanks Hansard and other Senate staff who participated. We will now adjourn these proceedings until May.

Committee adjourned at 10.31 pm