



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS  
LEGISLATION COMMITTEE

ESTIMATES

**(Supplementary Budget Estimates)**

THURSDAY, 21 OCTOBER 2010

CANBERRA

BY AUTHORITY OF THE SENATE

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**SENATE EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS**

**LEGISLATION COMMITTEE**

**Thursday, 21 October 2010**

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

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

**Senators in attendance:** Senators Back, Bilyk, Boyce, Carol Brown, Cash, Collins, Evans, Fifield, Fisher, Heffernan, Humphries, Ludlam, Macdonald, Marshall, Mason, Nash, Scullion, Siewert, Trood and Wortley

**Committee met at 9.00 am**

**EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS PORTFOLIO**

Consideration resumed from 20 October 2010.

**In Attendance**

Senator Evans, Minister for Tertiary Education, Skills, Jobs and Workplace Relations

Senator Collins, Parliamentary Secretary for School Education and Workplace Relations

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

Ms Lisa Paul, Secretary

Mr Robert Griew, Associate Secretary, Strategy

Mr Michael Manthorpe, Deputy Secretary, Office of Early Childhood Education and Child Care and Building the Education Revolution

Mr Ewen McDonald, Deputy Secretary, Corporate and Network

Dr Michele Bruniges, Deputy Secretary, Schools

Ms Kathryn Campbell, Deputy Secretary, Tertiary Youth and International

Ms Sandra Parker, Deputy Secretary, Employment

Mr John Kovacic, Deputy Secretary, Workplace Relations

**Corporate and Network**

Ms Lisa Paul, Secretary

Mr Ewen McDonald, Deputy Secretary

Mr Craig Storen, Chief Finance Officer, Finance and Business

Ms Susan Monkley, Group Manager, Finance and Business

Ms Robin Kingston, Chief Internal Auditor, Audit Group

Ms Sue Bird, Acting Chief Lawyer, Legal and Investigations  
Ms Helen Willoughby, Group Manager, Communication and Parliamentary  
Ms Helen Skrzeczek, Group Manager, Technology Solutions  
Ms Susan Smith, Group Manager, Cluster Strategic Team  
Mr Walsh Rodney, Branch Manager, Cluster Strategic Team  
Mr Benjamin Wyers, Acting Group Manager, People Group  
Ms Christine Silk, Branch Manager, People Group  
Ms Sue Saunders, Branch Manager, People Group  
Ms Tina Daisley, Acting Branch Manager, People Group  
Ms Margaret Leggett, Acting Branch Manager, People Group

**Outcome 1, Office of Early Childhood Education and Child Care**

Ms Lisa Paul, Secretary  
Mr Michael Manthorpe, Deputy Secretary  
Ms Vicki Rundle, Group Manager, Early Childhood Quality  
Ms Joan ten Brummelaar, Branch Manager, Early Childhood Quality  
Mr David De Silva, Branch Manager, Early Childhood Development  
Mr Ben Johnson, Group Manager, Child Care Programs and Business Support  
Mr Murray Kimber, Branch Manager, Child Care Programs and Business Support  
Mr Mark Wright, Acting Branch Manager, Child Care Programs and Business Support  
Ms Robyn Shannon, Branch Manager, Child Care Programs and Business Support  
Ms Rose Giumelli, Branch Manager, Child Care Programs and Business Support  
Ms Ngaire Hosking, Group Manager, Indigenous Pathways and Early Learning  
Ms Robyn Priddle, Branch Manager, Indigenous Pathways and Early Learning  
Mr Matthew Hardy, Branch Manager, Indigenous Pathways and Early Learning  
Dr Russell Ayres, Branch Manager, Indigenous Pathways and Early Learning  
Ms Lisa Berry, Acting Branch Manager, Indigenous Pathways and Early Learning

**Outcome 2, Schools**

Ms Lisa Paul, Secretary  
Dr Michelle Bruniges, Deputy Secretary  
Dr Evan Arthur, Group Manager, National Schools and Youth Partnerships  
Ms Louise Hanlon, Branch Manager, National Schools and Youth Partnerships  
Ms Rhyan Bloor, Branch Manager, National Schools and Youth Partnerships  
Ms Viv Johnson, Acting Branch Manager, National Schools and Youth Partnerships  
Mr Patrick Burford, Acting Branch Manager, National Schools and Youth Partnerships  
Ms Gabrielle Phillips, Branch Manager, National Schools and Youth Partnerships  
Ms Catherine Wall, Group Manager, Engagement and Wellbeing  
Mr Stephen Goodwin, Branch Manager, Engagement and Wellbeing  
Ms Janet Davy, Group Manager, Curriculum, Assessment and Teaching  
Mr Tony Zanderigo, Branch Manager, Curriculum, Assessment and Teaching  
Ms Margaret Banks, Branch Manager, Curriculum, Assessment and Teaching  
Mr Craig Robertson, Group Manager, Infrastructure and Funding  
Ms Chris Woodgate, Branch Manager, Infrastructure and Funding  
Ms Leonie Horrocks, Branch Manager, Infrastructure and Funding  
Ms Karen Sandercock, Acting Branch Manager, Infrastructure and Funding

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Ms Kylie Emery, Branch Manager, Infrastructure and Funding

Mr Atul Sehgal, Director, Infrastructure and Funding

**Outcome 2, Building the Education Revolution**

Mr Michael Manthorpe, Deputy Secretary

Mr Anthony Parsons, Group Manager, Building the Education Revolution Program Management

Ms Gillian Mitchell, Branch Manager, Building the Education Revolution Program Management

Mr Stewart Thomas, Branch Manager, Building the Education Revolution Program Management

**Outcome 3, Tertiary, Youth and International**

Ms Lisa Paul, Secretary

Ms Kathryn Campbell, Deputy Secretary

Mr Michael Maynard, Group Manager, Youth and Industry Skills Group

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

Ms Jan Febey, Branch Manager, Youth and Industry Skills Group

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

Ms Kathryn Shugg, Branch Manager, Youth and Industry Skills Group

Ms Donna Griffin, Branch Manager, Youth and Industry Skills Group

Mr Neil McAuslan, Branch Manager, Youth and Industry Skills Group

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

Ms Maryanne Quagliata, Branch Manager, Tertiary Skills and Productivity Group

Mr Linda White, Branch Manager, Tertiary Skills and Productivity Group

Mr Patrick Cremen, Branch Manager, Tertiary Skills and Productivity Group

Mr David Hazlehurst, Group Manager, Higher Education Group

Ms Julie Randall, Branch Manager, Higher Education Group

Ms Jenny Chadwick, Branch Manager, Higher Education Group

Ms Susan Bennett, Branch Manager, Higher Education Group

Ms Claire Atkinson, Branch Manager, Higher Education Group

Mr James Hart, Branch Manager, Higher Education Group

Ms Lisa Schofield, Branch Manager, Higher Education Group

Mr Colin Walters, Group Manager, International

Ms Tulip Chaudhury, Branch Manager, International

Mr Jason Coutts, Branch Manager, International,

Mr Vipin Mahajan, Branch Manager, International

Ms Di Weddell, Branch Manager, International,

Mr Robin Shreeve, Chief Executive Officer - Skills Australia, Skills Australia

Ms Sue Beitz, Head - Skills Australia Secretariat, Skills Australia

**Outcome 4, Strategy**

Ms Lisa Paul, Secretary

Mr Robert Griew, Associate Secretary

Ms Margaret Kidd, Group Manager, Labour Market Strategy

Dr Alison Morehead, Group Manager, Social Policy and Economic Strategy

Ms Jo Wood, Group Manager, Indigenous Economic Strategy

Ms Helen McCormack, Branch Manager,

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Mr Mark Roddam, Branch Manager, Social Policy and Economic Strategy  
Mr Anthony Fernando, Branch Manager, Social Policy and Economic Strategy  
Ms Debbie Mitchell, Branch Manager, Social Policy and Economic Strategy

**Outcome 4, Employment**

Ms Lisa Paul, Secretary  
Ms Sandra Parker, Deputy Secretary  
Ms Dianne Fletcher, Group Manager, Procurement and Business Partnerships  
Ms Margaret McKinnon, Group Manager, Job Services Australia  
Ms Fiona Buffinton, Group Manager, Specialist Employment Services  
Mr Stephen Moore, Group Manager, Employment Systems and Relationships  
Ms Marsha Milliken, Group Manager, Income Support  
Mr Justin Griffin, Branch Manager, Employment Monitoring and Evaluation  
Ms Alison Durbin, Branch Manager, Disability Employment Services  
Ms Natalie James, State Manager, Victoria State Office, State Offices

**Outcome 5, Workplace Relations**

Ms Lisa Paul, Secretary  
Mr John Kovacic, Deputy Secretary  
Ms Michelle Baxter, Group Manager, Workplace Relations Implementation and Safety  
Mr Jeff Willing, Federal Safety Commissioner, Workplace Relations Implementation and Safety  
Mr Peter Cully, Branch Manager, Workplace Relations Implementation and Safety  
Ms Flora Carapellucci, Branch Manager, Workplace Relations Implementation and Safety  
Ms Colette Shelley, Acting Group Manager, Workplace Relations Policy  
Ms Susan Devereux, Branch Manager, Workplace Relations Policy  
Ms Fiona O'Brien, Director, Workplace Relations Policy  
Ms Jody Anderson, Branch Manager, Workplace Relations Policy  
Ms Louise McDonough, Branch Manager, Workplace Relations Policy  
Ms Barbara Turnbull, Director, Workplace Relations Policy  
Ms Jacinta Galluzzo, Director, Workplace Relations Policy  
Mr Jeremy O'Sullivan, Group Manager, Workplace Relations Legal  
Mr David Bohn, Branch Manager, Workplace Relations Legal  
Ms Elen Perdikogiannis, Branch Manager, Workplace Relations Legal  
Ms Kellie Hoffmeister, Director, Workplace Relations Legal

**Australian Curriculum, Assessment and Reporting Authority**

Prof Barry McGaw, Chair, ACARA  
Dr Peter Hill, Chief Executive Officer, ACARA  
Mr Peter Adams, General Manager, ACARA  
Mr Robert Randall, General Manager, Curriculum ACARA

**Australian Building and Construction Commission**

Mr Leigh Johns, Commissioner, Australian Building and Construction Commission  
Mr John Casey, Chief Financial Officer, Australian Building and Construction Commission

**Comcare**

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



**Fair Work Australia**

The Hon Geoff Giudice, President, Fair Work Australia

Mr Terry Nassios, Acting General Manager, Fair Work Australia

Ms Bernadette O'Neill, Director, Fair Work Australia

Mr Brendan Hower, Director, Fair Work Australia

Mr Dennis Mihelyi, Director, Fair Work Australia

**Fair Work Ombudsman**

Mr Nicholas Wilson, Fair Work Ombudsman, Fair Work Ombudsman, Agencies

Mr Michael Campbell, Executive Director WR Policy and Education, Fair Work Ombudsman, Agencies

Mr Alfred Bongi, Customer Service GM, Fair Work Ombudsman, Agencies

Mr Bill Loizides, Field Operations GM, Fair Work Ombudsman, Agencies

Mr Karsten Lehn, Executive Director Complex Investigations and Innovation, Fair Work Ombudsman, Agencies

Mr Steven Ronson, Executive Director Regional Services and Targeting, Fair Work Ombudsman, Agencies

Ms Janine Webster, Executive Director Legal and FWO Strategic Development, Fair Work Ombudsman, Agencies

Mr Mark Scully, Chief Financial Officer, Fair Work Ombudsman, Agencies

**Safe Work Australia**

Mr Rex Hoy, Chief Executive Officer, Safe Work Australia, Agencies

Ms Amanda Grey, Branch Manager, Safe Work Australia, Agencies

Ms Justine Ross, Branch Manager, Safe Work Australia, Agencies

Mr Wayne Creaser, Branch Manager, Safe Work Australia, Agencies

Mr Drew Wagner, Branch Manager, Safe Work Australia, Agencies

Mr Andrew Craig, Director, Safe Work Australia, Agencies

Ms Julia Collins, Director, Safe Work Australia, Agencies

**Skills Australia**

Mr Robin Shreeve, Chief Executive Officer, Skills Australia, Skills Australia

Ms Sue Beitz, Branch Manager, Skills Australia Secretariat, Skills Australia

**CHAIR (Senator Marshall)**—I declare open this public hearing of the Senate Education, Employment and Workplace Relations Legislation Committee. The Senate has referred to the committee the particulars of proposed expenditure for 2010-11 and related documents for the Education, Employment and Workplace Relations portfolio. The committee has set Friday 10 December as the date by which answers to questions on notice are to be returned. Under standing order 26, the committee must take all evidence in public—this includes answers to question on notice. Officers and senators are familiar with the rules of the Senate governing estimates hearings and if anyone needs assistance the secretariat has copies of the 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—*

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**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)

[9.01 am]

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

**CHAIR**—I welcome Ms Lisa Paul. Do you have an opening statement?

**Ms Paul**—No.

**CHAIR**—We will move straight to questions then.

**Senator MASON**—I was not sure I was going to be back, Ms Paul, but it is good to see you and the minister again.

**CHAIR**—You told us you would not be back.

**Senator MASON**—I was not too sure myself. I will start with a broad issue. Could the department provide a list of all statutory and non-statutory appointments to portfolio agencies or any other bodies for which the minister has sole or joint responsibility?

**Ms Paul**—Sure.

**Senator MASON**—Please include the appointment and expiration dates, appointments by the minister or his delegate, whether or not each appointment was approved by cabinet and if so, when.

**Ms Paul**—Yes.

**Senator Chris Evans**—You want all ministers in the portfolio?

**Senator MASON**—Oh yes, that is right—there were three or four. Yes, thank you, Minister.

**Senator NASH**—Congratulations on your new role, Minister.

**Senator Chris Evans**—I am not sure that is the right thing, but I thank you. Although when I look at Chris Bowen I think that is probably the right thing.

**Senator MASON**—I will move to questions on notice, Ms Paul. I think I asked 47 questions on notice during the budget estimates and two days before these estimates I think there were still a couple of questions outstanding, but I think they have all been answered now.

**Ms Paul**—They have been.

**Senator MASON**—I think it is true to say that 26, or over 60 per cent, were answered in just the last 10 days. Is that right?

**Ms Paul**—I am not sure if that is correct. We certainly answered all of them before the hearings and the bulk of them were answered by the due date, but I would need to check.

**Senator MASON**—Not the bulk of mine.

**Senator Chris Evans**—Your questions are very complex and difficult. Let's be clear: it is straight discrimination.

**Senator MASON**—I am not necessarily suggesting that, but I just wanted to raise it.

**Senator Chris Evans**—I am just making clear that it is. They were stuck in my office and I said, 'None for Senator Mason.'

**Senator MASON**—Why did I suspect that? I did suspect that. I always like to put that on the record, if that is all right.

**Ms Paul**—Sure.

**Senator MASON**—I am not sure why this is, but the table of estimates questions and answers has been removed from the Senate committee's website. Is that right?

**CHAIR**—We will take that on notice.

**Senator MASON**—I could not find it; maybe it is just me. I understand that Dr Lomax-Smith, who recently lost her state seat of Adelaide, is now employed by the department. How did she come to be employed in the department? Was she headhunted? What was the process?

**Ms Paul**—She is not employed by the department.

**Senator MASON**—Is she any relation to the department at all?

**Ms Paul**—The former minister appointed her to head some sort of inquiry. She is certainly not connected to the department. I will take that on notice for you.

**Senator Chris Evans**—I think she would be formally appointed by the full committee but not formally announced. That is with me now and will be answered in the next couple of days. She will be doing a role for us chairing a committee. She is not employed by the department but she will be on a committee. That appointment was made by the former minister but it was not announced.

**Senator MASON**—By Ms Gillard?

**Ms Paul**—No, Mr Crean.

**Senator Chris Evans**—No, Mr Crean, I think. I will take it on notice. I think it was Mr Crean. Then the election and the caretaker period occurred. It has come to me. I have sent the brief back to the department on other matters, but it will be announced in the next little while.

**Ms Paul**—Certainly she is not employed by us.

**Senator Chris Evans**—She is not employed by the department.

**Senator MASON**—But she will shortly be heading an inquiry?

**Ms Paul**—We will take that on notice, at any rate.

**Senator MASON**—I assume the appointment processes are as normal, Minister. Is that right?

**Ms Paul**—Exactly. You have just asked for us to take on notice all those appointments and so on. We are happy to do so. But she is certainly not employed by my department.

**Senator MASON**—So hers would be a ministerial appointment?

**Ms Paul**—It would be a committee arrangement. That is right.

**Senator MASON**—Not a departmental appointment but a ministerial appointment.

**Ms Paul**—That is correct. If there is any remuneration—I do not even know if there will be remuneration—it would be based on Remuneration Tribunal rates, I should imagine, on a per diem basis.

**Senator MASON**—Will you be able to tell me about the remuneration, if any?

**Ms Paul**—Yes. If there is to be any, I will let you know.

**Senator MASON**—You will know the routine, Ms Paul. I have some AusTender contracts. As we have done in the past, I will quickly run through them and mention the numbers. The first is CN321172. It is for ‘provision of management and business professionals and administrative services’.

**Mr McDonald**—Yes. This contract was an open tender on AusTender. I think it is currently shown as a select tender, but that is actually not correct. I apologise for that. That has been corrected since your notification of that contract.

**Senator MASON**—Yes.

**Mr McDonald**—The contract with National Capital Attractions Association is to administer the parliament and civics education program. It is a program for students from schools to come into the national capital to visit Parliament House, Old Parliament House, the War Memorial and other attractions. This contract is in relation to communicating with the schools, to encourage students to come to Canberra.

**Senator MASON**—Nationwide?

**Mr McDonald**—Nationwide. It is also to assist schools in their participation. It is to pay the rebate to schools. There is a rebate for each student in terms of the numbers that come to the national capital. Of course, when they come into Parliament House here, if the local member is available, they also meet with the local member.

**Ms Paul**—You would be familiar with it as the PACER program.

**Senator MASON**—Yes.

**Ms Paul**—It is the program that supports all the kids who come in here on a regular basis.

**Senator MASON**—Your constituents have good access to this program, I think, Senator Humphries! Tender No. CN319897 is the review of the Australian Apprenticeships Centre satisfaction survey. Do you have that one?

**Mr McDonald**—Yes, I have.

**Senator MASON**—What were the results of that survey? Are they published?

**Mr McDonald**—This was a review undertaken of the survey instrument. The survey instrument was found to be effective in terms of its measurement of employer and Australian apprentice satisfaction.

**Ms Paul**—So this was not the survey itself; this was the evaluation of the survey instrument.

**Senator MASON**—Okay, but can the parliament have access to the survey itself?

**Mr McDonald**—I would need to take that on notice.

**Ms Paul**—I cannot see why not. We have a bit here on the 2008 national survey results. Overall employer satisfaction was 90.5 per cent. Overall apprentice satisfaction was 93.2 per cent. Both results are higher than the key performance indicator benchmark of 85 per cent.

**Senator MASON**—Can you make that public? Can you give it to parliament?

**Ms Paul**—I will take it on notice.

**Senator MASON**—To reiterate, Mr McDonald, this is not the survey; this is the—

**Mr McDonald**—Instrument. This is an assessment of the instrument, so the effectiveness of the instrument to measure.

**Ms Paul**—In other words, did the survey get to what the survey was supposed to be getting to?

**Senator MASON**—What are those people called? Are they sociologists that do that? They evaluate—

**Ms Paul**—I do not know. They would be researchers of some sort, wouldn't they?

**Senator MASON**—I am not very good at that sort of thing.

**Ms Paul**—I would hesitate to take a punt as to their discipline.

**Senator MASON**—But it is assessment of research?

**Ms Paul**—Yes. They would be researchers.

**Senator MASON**—Mr McDonald, looking next at CN337816, this is the provision of conference hosting and attendant services at the Hilton Hotel in Sydney. What was that about?

**Mr McDonald**—There was a 'Using skills productively' conference held in Sydney in September.

**Ms Paul**—This was a conference organised by Skills Australia.

**Senator MASON**—What was it about?

**Mr McDonald**—This contract was about the hiring of the venue.

**Senator MASON**—No, what was the conference about?

**Ms Paul**—I was not able to attend it, but my recollection is that this was the Skills Australia major conference for the year, bringing vocational education, training, practitioners in the sector, employers et cetera together. We could give you some more detail, perhaps, under outcome 3 later on today, but that is my recollection of it. It was a big conference. It was their major conference. They would have had quite a few attendees, to my recollection.

**Mr McDonald**—It was showcasing good practice as well.

**Senator MASON**—This is an annual conference?

**Ms Paul**—I do not know if it is annual but it was certainly the biggest one this year. I think it may have been the first one they hosted in this way.

**Senator MASON**—How many people attended?

**Mr McDonald**—About 250 people.

**Senator MASON**—For how long? How many days?

**Mr McDonald**—It was a two-day conference. The cost of this contract was also recovered through conference fees and sponsorships. This was about ensuring rooms and conference facilities for delegates attending the conference. That was the purpose of the contract. In the

end the actual cost of the contract was \$26,000 because the rest was recouped through sponsorship and—

**Senator MASON**—So the cost to the Commonwealth was \$26,000.

**Mr McDonald**—For the conference, yes, and there were also some additional speakers and the like that would have been attending the conference. I just want to be clear that the contract itself for the amount was in order to ensure that there were rooms available for people, that there was a venue. The cost of that was then recouped through sponsorship.

**Senator MASON**—What was the total cost to the Commonwealth?

**Mr McDonald**—The total cost of the conference to the Commonwealth was \$26,000.

**Senator MASON**—That was the entire sum the Commonwealth put forward.

**Mr McDonald**—For this contract, but I want to be clear that there would have been speakers also, and I do not have their costs here with me.

**Senator MASON**—The Commonwealth would have footed the bill for those speakers?

**Mr McDonald**—Yes. I can take that on notice and get that.

**Senator MASON**—Could you?

**Mr McDonald**—Yes. I just want to be clear.

**Ms Paul**—My notes say the final delegate numbers were 340—90 more than was originally anticipated—and that the cost of this contract included accommodation for one night for 50 speakers.

**Senator MASON**—It was just one night? Two days and one night?

**Ms Paul**—Yes, two days. Accommodation was not paid for for delegates; it was paid for for the speakers.

**Senator MASON**—The next one is CN337970. This is one of my favourite topics, Mr McDonald. Some might call it a fetish.

**Mr McDonald**—Mr Storen will answer this question for you.

**Mr Storen**—This contract is about reviewing the business and administrative processes of the department in implementing the chaplaincy program. With the chaplaincy program, which has been running about three or four years, the department made a decision. One of the predecessor departments made a decision at the time of implementing the chaplaincy program to do a fair amount of the national administration out of the Adelaide office, so a large proportion of the program is managed nationally through Adelaide. With the election commitment to extend the program and to increase its coverage a little, we thought it was timely that we have a look at how we are actually administering the program. So we hired a firm off our panel of business process experts to have a look at what the department does in administering the program, how the IT system supports the administration of the program and whether there is any room for improvement or change.

**Senator MASON**—I want to get the sequence right. Was this review commissioned before or after the government announced its intention to fund the chaplaincy service into the future?

**Mr Storen**—The commencement of the contract period is August.

**Senator MASON**—When was the government’s commitment?

**Ms Paul**—It was before that.

**Senator MASON**—The government’s commitment came before August so this was, in effect, done after the government had made a commitment for further funding. I just want to get that in my mind.

**Mr Storen**—That is correct. But it is only one of the drivers. The model of delivering a national program through the state network is not our normal practice, so we also wanted to have a look at: how was that working; could we think about extending it to any other national programs; and what were the lessons learnt from running chaplains through a state office as well? That was one of the other drivers for us.

**Senator MASON**—Is that review available?

**Mr Storen**—It is not quite final yet. We have some draft learnings but we do not have a final report.

**Senator MASON**—What sort of advice did they give? One of the issues they looked at was the IT system that we have implemented to support the program. It was put in place when the program started and it had a large focus on the front-end management of program administration, which is your application process, and how you assess your applications and approve various services. At the time, we did not put a lot of work into the back end of program administration, which is your sophistication around your reporting and how you can look at the different data. One of the learnings we need to look at there is improving how we capture information from front end and be able to use it moving forward. We need to review the IT system. The original implementation of chaplains—from memory—may have been a two- or three-year implementation and it has just been extended a small amount every now and again, so it is quite timely we have a look at how we do it.

**Senator MASON**—Will you make this available to the parliament when it is finalised?

**Ms Paul**—I will consider it. It is intended as our internal business process review, but I am quite happy to take that on notice if it is relevant.

**Senator MASON**—Will you let us know whether you will or you will not?

**Ms Paul**—Yes, I will.

**Senator MASON**—As you know, I take a keen interest in the chaplaincy program. I think we will get to it later today, Ms Paul, and I can hardly wait.

**Ms Paul**—No doubt.

**Senator MASON**—I refer you now, Mr McDonald, to contract CN331620.

**Mr McDonald**—Mr Griew will take this question.

**Mr Griew**—This contract is with an organisation called Left Right Think-Tank which is a youth organisation. It was one of three that tendered to organise the delivery of a youth-led convention from 26 to 28 November this year. As was said, it was a competitive selection process. The value of the contract with Left Right Think-Tank is \$37,710, of which \$10,000 is for travel subsidy for participants.



**Senator MASON**—What was the conference about?

**Mr Griew**—It is described as a youth-led convention, so it is a large number of young people coming together to advise us all on their views.

**Senator MASON**—Advise the department?

**Mr Griew**—Yes, and through the department to advise government.

**Ms Paul**—It has not happened yet.

**Senator MASON**—Is it in the future?

**Mr Griew**—It is late November, yes.

**Senator MASON**—Are you going to attend, Ms Paul?

**Ms Paul**—I am not sure. I have not seen any of the arrangements yet. It is a bit early so I cannot answer that.

**Senator MASON**—This Left Right Think-Tank sounds like an Australian Democrats proposition. I have not heard of that particular think tank. They hail from Melbourne. What do you know about them? Is events management what they do?

**Mr Griew**—Their specialty is providing voice to young people's views. My understanding is that they have a pool of talented young people interested in providing ideas and educating other young people about public policy questions. They are not an organisation I am intimately familiar with, but that is the basis on which they were selected by the appropriate delegate.

**Senator MASON**—So there was a tender?

**Mr Griew**—There was a competitive tender process, yes. There were three tenderers and the others were also youth-oriented organisations rather than event management companies.

**Senator MASON**—I look forward to hearing the results of this congregation. I now turn to questions on Dr Glover, who is one of our old friends, Ms Paul. I think there are two contracts relating to Dr Glover, CN332853 and CN332856. Contract CN332853 was for \$12,500. What is that for?

**Mr McDonald**—You might recall from our past discussions on this matter that we have a panel arrangements in place for speech-writing and -editing services.

**Senator MASON**—Yes.

**Mr McDonald**—That was put in place in April 2009 and runs through to April 2012. As part of that, Dr Glover is one of those panel members. So, each time there needs to be provision for payment to be made against that standing deed of offer or panel arrangement, there needs to be a contract let and placed on AusTender. We estimate what the cost could be—it is hard to forecast as it depends on how much Dr Glover is used as part of the panel. This is one of the contracts that link back to the parent contract.

**Senator MASON**—How do you get on this panel?

**Mr McDonald**—Open tender.

**Senator MASON**—So I could tender my services?

**Mr McDonald**—You could have.

**Ms Paul**—We would have assessed your application.

**Senator Chris Evans**—Senator Mason, I hate to be rude but having reviewed the *Hansard*—listen to your speeches—

**Senator MASON**—I thought you liked my speeches.

**Senator Chris Evans**—I do, but there are certain ideological tones in them that I think would perhaps not fit with the new minister's view of the world.

**Senator MASON**—Fair enough. For this \$12,500, what would Dr Glover have done? Is that payment for a speech?

**Mr McDonald**—It would be speech and editing services. The panel is for both.

**Ms Paul**—It is not for a particular speech; it is just what we put on AusTender to cover the forthcoming period. It does not necessarily connect to precise activity, although I am happy to go into that.

**Senator MASON**—What did he do for that amount?

**Mr McDonald**—In that period of time I know that he wrote a speech. He also did some editing services during that time and that is what that contract would have been for—editing reports, for example, and those sorts of things.

**Senator MASON**—What precisely? I want to know what he did, not what he might have done.

**Mr McDonald**—Ms Willoughby might be able to help you.

**Ms Willoughby**—It was for a keynote speech, but the major work that Dr Glover was used for under this contract was major editing tasks to do with the National Resources Sector Employment Taskforce. There was a major report published on 5 July that was made public on our website. That was a substantial editing task. That was the major part of the contract. The other was for a speech.

**Senator MASON**—Is Dr Glover paid by the hour?

**Ms Willoughby**—By the department, yes, as part of the panel arrangements.

**Ms Paul**—I am not sure he is paid by the hour. He is paid by product, I think.

**Ms Willoughby**—He has an hourly rate which was part of the open tender process. There are eight companies on the panel and we use all eight of those services from time to time.

**Senator MASON**—What did he charge per hour?

**Ms Willoughby**—I do not have that information at the moment.

**Senator MASON**—Can you find that out and tell me what it is?

**Ms Willoughby**—I can take that on notice.

**Mr McDonald**—Just to add some context to that, we do have an internal speechwriting team. We might have discussed this in the past. On occasions we will use the panel arrangements. In this case, since the panel has been in place Dr Glover has written 20-odd speeches out of about 530 that we have done.

**Ms Paul**—I think we have put on the record before the cost of some speeches. We will certainly take on notice hourly costs. I think the cost of speeches was something around \$1,500 a speech, to my recollection.

**Ms Willoughby**—I can add to that. When benchmarked, his value is very good. He actually comes in below a lot of other speechwriters. His rate is very good.

**Senator MASON**—I think I have mentioned in the past—and I am sure Ms Paul will support me—that I have actually read one of his books, called *Orwell's Australia*. It came out years ago. He is a very good writer. I am not saying he is not a good writer. That is not my contention.

**Senator Chris Evans**—Can I just take a note of caution. If the officer gives you the hourly rate he is contracted to, how do we go then with the next tender?

**Ms Paul**—That is right. I would like to check commercial-in-confidence.

**Senator Chris Evans**—I am not trying to stop you knowing, Senator Mason, it just strikes me that—

**Ms Paul**—Why I was going for the per speech amount is I think there is the potential there of commercial-in-confidence issues.

**Senator MASON**—If there are, I understand. That is fine.

**Senator Chris Evans**—I think they have the total costs per speech, so that is fine.

**Senator MASON**—Can I now move, Mr McDonald, to 856 which is the other contract relating to Dr Glover. That is a contract period between July 2010 and 30 June 2011—in effect, the financial year. That is for \$50,000 for editorial and support services. It is an open tender. How does that work? This is different.

**Mr McDonald**—This goes back to the standing deed of offer that we have in place from the open tender arrangement. There needs to be a contract let in order to pay against that contract, so this is an estimate of what work may be done over the next financial year to facilitate payment. My understanding is that at this stage we have made no payments under that contract.

**Senator MASON**—That is an estimate, really, of what Dr Glover's services will be over the financial year.

**Mr McDonald**—Yes, and it is hard to estimate—as I mentioned—because we have an internal speechwriting team and we do not know how many speeches need to be written—but, in order to commission the work, you need a contract.

**Senator MASON**—How does it relate to the previous one?

**Mr McDonald**—The previous one was for an earlier period.

**Senator MASON**—I know that, but was there a \$50,000 contract in the previous financial year?

**Mr McDonald**—I do not have the detail of how many there would have been, but since April 2009 there would have been contracts in place for the work that Dr Glover undertook

during that period. So there would have been contracts let on AusTender before then to facilitate payment under the parent contract.

**Senator Chris Evans**—There is no requirement that we pay him \$50,000.

**Mr McDonald**—No, there is not.

**Senator Chris Evans**—It is only if he does work up to that value.

**Ms Paul**—He may do; he may receive no work. He may receive \$5,000 worth of work; he may receive something more. We would have to do this to cover each of the companies on this panel.

**Senator MASON**—Let's say he does some work. Let's say he writes a few speeches. Would you then put up: 'Dr Glover, \$15,000 for editing'? Would that go then on AusTender?

**Mr McDonald**—No.

**Senator MASON**—This will cover what?

**Mr McDonald**—This is the estimated maximum amount that could be paid to him during a financial year.

**Senator MASON**—So he is covered for anything up to \$50,000. The previous contract was for a specific piece of work. This is for anticipated work.

**Ms Paul**—I think it was simply for a shorter period. It was only for two months.

**Senator MASON**—I understand that. But it was for a specific piece of work. Is that right?

**Ms Paul**—No, I think it was to—

**Senator Chris Evans**—I think the answer is: for a shorter period but most of it was one specific piece of work.

**Senator MASON**—So he contracted to do editorial and support services between May and June—for two months?

**Mr McDonald**—That contract was done for that period based on the open tender parent arrangement, so he is still part of the panel arrangement. This is just to facilitate work or payment under that parent agreement.

**Senator MASON**—So we will not hear any more from Dr Glover next financial year other than the \$50,000—is that right?

**Mr McDonald**—The estimated maximum that we would expect Dr Glover's work to cost at this stage is \$50,000.

**Ms Paul**—'Yes' is the answer.

**Senator Chris Evans**—I do not think it is the answer, is it? I do not want to contradict you, but I think the question envisaged that he would not win a contract for anything else that we might let. He is not contracted for anything else now. If we let a contract for something during the year and he is the successful tenderer, that might change, but at the moment that is the only contract he has with us.

**Mr McDonald**—That is correct.

**Senator MASON**—Mr McDonald, I draw your attention to CN326183—community and social services, Joblink Plus.

**Mr McDonald**—Mr Griew will respond.

**Mr Griew**—This is an Indigenous Employment Program contract let by the regional manager of the Orange regional office. Joblink Plus is an Indigenous Employment Program panel member. It submitted an application, which is one of the normal ways which IEP contracts are let, for a project that involved placing participants in the childcare industry and taking them through from having no formal qualifications or experience within industry to be trained at the certificate III level. The contract maximum funding amount is \$33,000 and the decision was made earlier this year. The project is still being developed.

**Senator MASON**—What is the success of the program? Is there any evaluation thus far?

**Mr Griew**—Not at this stage, no. It is too early for that.

**Senator MASON**—Will there be?

**Mr Griew**—It would be normal for there to be evaluations of projects like this, but I would have to take on notice any particular arrangements in relation to this project.

**Senator MASON**—Would you let the committee know what evaluation—

**Mr Griew**—Is planned or when it is done?

**Senator MASON**—The arrangements that are anticipated.

**Mr Griew**—Okay, sure.

**Senator MASON**—Mr McDonald, I draw your attention to CN325939—Aboriginal Connections.

**Mr McDonald**—That Mr Griew's area as well.

**Mr Griew**—This is another Indigenous Employment Program contract, let through the New South Wales State office with the decision having been made only earlier this month.

**Senator MASON**—The document I have reads: 'Feasibility for the creation of a New South Wales'—

**Mr Griew**—Sorry, hang on a second. It was October 2009. This was a proposal received again by the department. It was assessed and analysed in line with the guidelines and the delegate was the branch manager of Indigenous employment in the New South Wales state office. The project was to develop a feasibility study for the creation of a New South Wales Aboriginal builders association following a meeting held in November 2008 to increase the number of Indigenous people in the construction industry.

**Senator MASON**—How feasible is the creation of a New South Wales Aboriginal builders association? What was the outcome?

**Mr Griew**—The project is not yet complete and the department is still waiting for a final report, which presumably will answer that question. I would be happy to take on notice the outcome.

**Senator MASON**—Is that all right?

**Mr Griew**—Yes. I understand there have been some organisational challenges in the organisation which may have delayed it slightly, but we will take on notice the final outcome.

**Senator MASON**—Chair, I have three more contracts to ask about and then I am happy to yield to other senators. Mr McDonald, CN325937?

**Mr McDonald**—That is another one for Mr Griew.

**Mr Griew**—This is another Indigenous employment project contract. It is one where the department initiated the project and sent a request for quote to three business panel members. It is to engage a consultant:

... to undertake a review of the Kokatha Mula Land Nations Council Incorporated with the aim of assisting the economic development ... of the organisation.

The branch manager of Indigenous employment in the South Australian state office made the decision for this one and, again, it was in October 2009.

**Senator MASON**—Is there precedence for this? Is this a tender that is commonly put out for this sort of assistance?

**Mr Griew**—I would have to know more about the content of this study to answer your question with great precision but, in general, the use of land held by land councils to pursue economic development proposals is one of the avenues to economic development and employment creation for Aboriginal communities. It is one of the avenues that land councils do, reasonably often, seek our assistance with. They look at the land, they look at potential commercial partnerships, they look at applications of land in various ways.

**Senator MASON**—So it is a fairly common sort of contract for service? This is quite common?

**Mr Griew**—The contracts in that general area are certainly not unprecedented. I know of others. But I do not know the details of this contract. I would have to take that on notice.

**Senator MASON**—I have just a couple more, Mr McDonald. What does CN324339, 'Provision of management and business professionals and administrative services' by the National Museum of Australia, relate to?

**Mr McDonald**—That relates to the conduct of an awards ceremony for recipients of the Prime Minister's Australia Asia Awards, both for Australian recipients in 2011 and international recipients in 2010. It also incorporates the Prime Minister's Australia Pacific Awards for 2010-11 international recipients. This contract is with the Hyatt Hotel because the National Museum uses the Hyatt Hotel for catering purposes. There were three quotes for this contract.

**Senator MASON**—Fifty thousand dollars, Mr McDonald. It must have been a big ceremony. Was it?

**Mr McDonald**—It has not been held yet, Senator.

**Senator MASON**—Oh, okay.

**Mr McDonald**—As you know, these are estimated costs on the AusTender site and there would be a large representation attending this, given there are three lots of awards.

**Senator MASON**—How many people are coming? What is your estimate, Mr McDonald?

**Mr McDonald**—I am just looking at the numbers I have been given here. It is well over 300 invitations that have been sent out.

**Senator MASON**—Three hundred invitations?

**Mr McDonald**—Yes. They are groups that have been invited to attend. I would imagine it is going to be a fairly big function, and therefore the need to undertake and obtain a suitable venue for such an event as this—

**Ms Paul**—The point here, of course, is that the amount on AustTender is the outer-envelope again. We do not know how much it is going to cost yet. Presumably that will depend on the number of attendees and so on.

**Senator MASON**—Even with 300 attendees, that cost—I mean, what is 300 into \$50,000, Ms Paul?

**Senator Chris Evans**—That is why she is in social policy, Senator.

**Senator MASON**—Where's my calculator, Ms Paul? I don't think I've brought it. I usually bring it, as you know.

**Senator Chris Evans**—Why pick on me, she said! Senator, as you well know—I presume you know—for functions, the hire costs of the venue are horrendous these days—

**Senator MASON**—It is expensive.

**Senator Chris Evans**—so I suspect that will eat a huge amount into it.

**Senator MASON**—When I look at this it is a lot of money, particularly with 300 invitees.

**Ms Paul**—We do not know if this amount of money will be spent. I think that is the bottom line here, so there is not really any point in trying to divide it into numbers because we just do not know. This is the estimate; we do not know what the actual amount is.

**Senator MASON**—But if that is the best estimate, I am with the minister—I think it is a lot of money. I accept that sometimes it is outside the control of people but, gee, it is a lot of money.

**Ms Paul**—It was the quote selected out of the process for selection, so I guess it must have represented the best value for money, and I presume this would cover the AV and a whole lot of other things. Functions do tend to be dear.

**Senator MASON**—They are. This is the last question, if I can Mr McDonald—just one more. I see in 327 that is over \$25 million. What is that for?

**Mr McDonald**—This was an open tender under our Language, Literacy and Numeracy program. It is a contract for ACL and Mission Australia—they are a consortium—that would deliver language, literacy and numeracy provision to clients in four areas of western Sydney. They would provide for clients up to about 800 hours support. It was an open tender provision. That is the background to it. It is one of our existing programs.

**Senator MASON**—How many people have they assisted?

**Mr McDonald**—I do not have that detail with me but we would be able to provide that to you later today in outcome 3. I am aware that, as I said, it is up to 800 hours for each client.

**Senator MASON**—Each client?

**Ms Paul**—There are tens of thousands of clients. This is one of our major programs. We can cover it in outcome 3. It is like Job Services Australia. It is a three-year major tender that we do. This is one of the providers, just in the same way that Job Services Australia providers would be on AusTender. This is one of them for this program.

**Senator MASON**—Up to 800 hours for each client. Could you let me know how many clients there are, Mr McDonald?

**Mr McDonald**—Yes.

**Senator MASON**—Later this day is fine.

**Mr McDonald**—We will take that on notice.

**Senator MASON**—Thank you. Chair, that is all the questions I have on contracts.

**CHAIR**—I am disappointed!

**Senator MASON**—Just on contracts. I have plenty more later on.

**CHAIR**—Now I am not so disappointed.

**Senator HUMPHRIES**—I always hate following Senator Mason because I can never be quite as entertaining, but I will do my best. I ask about the report that appeared on 1 July this year about the apparent dismissal, at that point, of 51 IT contractors within the department. The report in the *Canberra Times* on 1 July says that the 51 IT contractors had been told the day before that they had to go and that they were to find new employment immediately. The following day a report appeared in which you, Ms Paul, said that the process used to make this decision was inappropriate. You apologised for the mistreatment of the contractors, and I understand negotiations were entered into then with those contractors for their retention in the department for some period of time. I commend you for making that decision. I think that was the right thing to do in the circumstances. Can you tell us, however, how it came about that 51 contractors could have been given such short notice of their dismissal and who made the decision for that to occur?

**Mr McDonald**—In relation to this, there were 51 contractors that were ending their contract period on 30 June. Not all of those contractors were not provided with notice, but a number were not provided with sufficient notice.

**Senator HUMPHRIES**—What was that number?

**Mr McDonald**—I think, from memory, 24 were either provided with no notice or with insufficient notice, two-days notice. As you know, IT contractors are engaged through a third party, through another engagement firm, and these people had come to the conclusion of their contract. As Ms Paul stated, at the time, even though we may have had a legal basis to proceed on that basis, that was not appropriate in terms of people not having notice. It is not the way we go about treating our valuable staff in our organisation. Contact was then made with each of these people to find out what their circumstances were and whether they had found other contract employment and to offer re-engagement with the department as a result of that. We also put in place contract arrangements, centralised contract management of our IT contractors. That team manages all our IT contracts now.



**Senator HUMPHRIES**—But these are DEEWR staff.

**Ms Paul**—None of these people were DEEWR staff.

**Mr McDonald**—No, these are contractors through a third party.

**Senator HUMPHRIES**—No, you said ‘the unit’.

**Mr McDonald**—The management team is DEEWR staff, a team that has been established within our department. They were already managing part of our contract arrangements and they are now managing all of them. That ensures that we get consistent management of our contracts. We have put in place a policy to deal with that. We have had meetings with the relevant vendors to run through the arrangements and to ensure that people are provided with proper notice and also to ensure that there is clear understanding of the respective responsibilities of both parties in relation to this given that these people are employed not by DEEWR but by the vendor. These provisions are in place and have been working effectively since this incident. That is the background and that is the action we have taken as a result.

**Senator HUMPHRIES**—Who actually made the decision that these 24 contractors should be given a day or two’s notice of their dismissal.

**Mr McDonald**—That decision would have been made in the relevant group. Most of these contractors were employed in our applications group.

**Ms Paul**—Let us be clear here: there was not a decision taken to only give these people a couple of days notice; the decision taken would have been taken some time before—and the decision was not to renew the contract. It would have been well known that the contracts would be ceasing on 30 June, but for many of these people—who had been longstanding contractors with DEEWR—contracts had been extended. The contracts are not with the individual either; the contract is with the vendor house. In effect, the vendor house extends or not on our behalf. So through whatever happened between us, the vendor house and these 24 people, even though legally we were on firm ground because we were not extending the contract, in my view we had not done the right thing by these people by giving them no or only very, very little notice. That is what I rectified the next day, which was reported accurately in the *Canberra Times*.

Mr McDonald has talked about what we have done arising from that. Mr McDonald and others spoke with every single one of these people individually. We extended our apologies to them and offered them some extension of employment if they chose to take it. These people are very competitive in the market and they are well paid, but nonetheless many of them have been with us for a long time, we value them highly and we want to do the right thing by giving decent notice even though they are not our employees.

**Senator HUMPHRIES**—The reason that this is a problem is not so much that their contracts were allowed to lapse; it is that they were not given notice of that fact.

**Ms Paul**—It was the notice—of course. That is right.

**Senator HUMPHRIES**—The report on 1 July says:

... one of the dismissed IT staff said he and other contractors had been assured in April that the process of reapplying for their jobs was “just a formality, as there was plenty of work”.

There are other quotes to suggest that people had been almost reassured that there would be no action taken at the end of their contracts. Was anybody in the department responsible for creating that impression for these staff?

**Ms Paul**—I cannot comment on a quote from one person in the *Canberra Times*. Certainly, the financial circumstances of the department are clear and we have spoken about them here before—that is, we are in a downsizing phase at present and so our fiscal constraints would be well known—but I cannot comment on what may or may not have been said in April.

**Senator HUMPHRIES**—You said that you did not know that this was happening. Did the minister know this was happening?

**Ms Paul**—No.

**Senator HUMPHRIES**—Apart from the question of the fact that these contracts were being let go—and this is pursuant to the Gershon review, I understand—there is also commentary in a report on 2 July from permanent IT staff within the department, again anonymously. The report refers to this person as saying:

One manager said all staff “were continually promised—right up until Monday—that business would continue as usual and we wouldn’t be suffering massive staff cuts”.

“Now we have to deal with the same amount of work we had yesterday with half, or less, the resources. It’s just a massive balls-up of the highest degree.”

Is that the case? Is there a problem with a large amount of work now being done in the department with many fewer staff available because those contractors have been let go?

**Ms Paul**—No, I would not agree with that, at the bottom line. Certainly, there are fiscal pressures on the department—we have spoken about that here before. It has been clear; it is clear in the portfolio budget statement et cetera. That means we do have fewer people to do the work with. What that requires of us is to work out our priorities in a very clear and disciplined way. I think that, as the transition to a downsizing environment comes in, it is always a very tough time. There is always the possibility of confusion and upset—I absolutely understand that. What we have been doing, since pretty well shortly after Christmas, is working through workforce strategies for each of our major lines of business: what we can do differently, what the top priority is and so on. That would be the case here. Indeed, I know that this area is currently working quite carefully through how it sets its priorities and so on. Then there is the issue of employment arrangements, which Mr McDonald spoke about. We have improved that, basically by centralising and improving the quality assurance and the processes for each of those contractors.

**Senator HUMPHRIES**—The report comments, in respect of the pressure on the department:

The department is believed to be under pressure to cut its operational costs by \$60 million in 2010-11.

Is that true?

**Ms Paul**—That is what is in the portfolio budget statement. That is correct.

**Senator HUMPHRIES**—Of those 51 contractors, are any still with the department at this point?

**Ms Paul**—They would be.

**Mr McDonald**—Yes, they would be. I am not sure of the numbers, but they would be.

**Senator HUMPHRIES**—Would most still be there?

**Ms Paul**—Of the 24?

**Mr McDonald**—Of the 24, my recollection is—

**Senator HUMPHRIES**—No, I was referring to the 51.

**Mr McDonald**—Sorry. A number were given adequate notice that their contracts were ending. Of the 24 that we contacted, my recollection is that 23 took up contracts with the department at the time. I do not know how many are still with the department.

**Senator HUMPHRIES**—What length were these contracts, on average?

**Mr McDonald**—I cannot recall. I think it was either three months or two months. It depended on the type of work. Some were testers, some were development people and some were project managers. It depended on the type of work, so it varied.

**Senator HUMPHRIES**—Could I ask you to take on notice what the length of contracts are for these people—the ones who have been retained.

**Mr McDonald**—Yes, sure.

**Senator HUMPHRIES**—You are confident, Ms Paul, that this process will not be repeated in the future?

**Ms Paul**—That is certainly what we have put in place. I have been absolutely clear that my intention is that people, when their contract ceases, get adequate notice. We are not legally required to give it; it is just a decent thing to do.

**Senator HUMPHRIES**—As the Department of Education, Employment and Workplace Relations—

**Ms Paul**—Exactly. That being said, we value all of our IT professionals highly and the Gershon report has an emphasis on permanent staff, as you know. So we also look to grow our permanent staff too. But we value all these people equally and their contributions over many years have been outstanding—both permanent staff and contractors.

**Senator HUMPHRIES**—Thank you very much.

**CHAIR**—We will now move to outcome 1.

[9.58 am]

**Senator NASH**—I want to kick off some of the childcare questions around occasional care and long day care. How many children are cared for in occasional care overall each year?

**Mr Johnson**—Was the question in relation to the number of children in long day care?

**Senator NASH**—It was occasional care.

**Mr Johnson**—There were 7,330 children in occasional care in March 2009, declining to 6,830 children in March 2010.

**Senator NASH**—Is that an unusual drop?

**Mr Johnson**—Not particularly. The nature of a family's utilisation of different care types just reflects the demand and the responsiveness of the service that meets their particular family needs, so it fluctuates for most of the care types over time.

**Senator NASH**—Would I be correct in assuming when talking about regional areas that, because of the seasonal nature of some work in regional areas, it might fluctuate due to that?

**Mr Johnson**—Broadly, although occasional care is provided by childcare services right across the country. So it would reflect changes to the family's needs and work arrangements right across the country.

**Senator NASH**—By its very nature it is occasional and flexible.

**Mr Johnson**—Indeed.

**Senator NASH**—What about long day care? How many children are in long day care?

**Mr Johnson**—For that same period, in March 2009 there were 513,210 children, rising in the 12 months to March 2010 to 545,190 children, which is an increase of around six per cent for that period.

**Senator NASH**—Very good. Thanks. What sorts of figures does the department have for family day care across the country?

**Mr Johnson**—For family day care I can give you some figures that include participation in both family day care and in-home care. For that same period from March last year, there were 104,460 children, increasing by four per cent to 108,900 children.

**Senator NASH**—Do you have those by state and territory or do you just have a national figure? I am very happy for you to take that on notice; I am just interested to know if you have a state breakdown.

**Mr Manthorpe**—I have them here. If you like, I could run through them quickly.

**Senator NASH**—Yes, that would be great.

**Mr Manthorpe**—The breakdown of that 108,900 figure is: 37,150 in New South Wales, 26,120 in Victoria, 23,260 in Queensland, 8,210 in South Australia, 6,840 in Western Australia, 5,380 in Tasmania, 650 in the Northern Territory and 1,390 in the ACT.

**Senator NASH**—Thanks. Do you have—and I am very happy for you to take this on notice—the relative figures for family day care over the last five years, just to get an idea of the trend in family day care over that time?

**Mr Manthorpe**—Certainly.

**Senator NASH**—That could be very useful.

**Senator BILYK**—Do those numbers include the children that attend the 15 hours of preschool care, or are they counted in education as opposed to child care? Sorry; I am not quite clear on where they get counted.

**Mr Manthorpe**—I might start having a go at that one and then throw it to my colleagues.

**Senator NASH**—That is fine. No problem at all.

**Senator BILYK**—I just wanted to clarify.

**Mr Manthorpe**—There may be some children in family day care who attend both family day care and a preschool service, so they might be ferried to and from preschool by family day care and spend some of the time in a sort of formal preschool setting, if you like. I am not sure we would have a breakdown of the precise number that get a preschool-type service within the context of the family day care service.

**Senator BILYK**—No, I mean across the board, not just family day care. Are they counted separately from occasional care? They might be in a different—

**Ms Paul**—They are counted separately, but, of course, there is overlap in the counts.

**Senator BILYK**—Yes, sure.

**Mr Manthorpe**—Just as there would be in long day care because of the different models of preschool provision around the country. Some preschool is delivered in long day care settings and some is not.

**Senator WORTLEY**—So we do not know whether the 15 hours are considered to be education or whether they come under day care. Can we have that clarified?

**Mr Manthorpe**—I am not sure that that is quite what I said—

**Senator BILYK**—It comes under education.

**Senator WORTLEY**—It comes under education—

**Senator BILYK**—There is some overlap depending on the service—that is, if a child is in a service to start with. It depends on what service the child might be in as to—

**Mr Manthorpe**—We have indicators of how much preschool is delivered in different settings. I might ask my colleague to elaborate on that.

**Ms Hosking**—As Mr Manthorpe indicated, the actual approach to delivery of preschool is quite different in different states and territories, with some being almost exclusively delivered through a school system and others having a much greater reliance on the long day care sector. In terms of how much of this provision is educational provision that complies with the requirements under the universal access, we are measuring that in two ways: the states and territories are providing us some information through their annual reports where they tell us what progress they are making in the delivery of universal access; but we also have a census that we are completing at the moment of childcare services and preschools which will give us a definitive number of children who are receiving the universal access preschool requirement through long day care services.

**Senator BILYK**—When is that expected?

**Ms Hosking**—Early in the new year.

**Senator NASH**—Can you give me some background on the autism specialist childcare centres. I am keen to understand how that has evolved and where it is at at the moment.

**Mr Johnson**—I assume you are referring to the early learning and childcare centres—ELCCs—and the six specific autism centres that have been created as part of the government's measure to establish 38 ELCCs?

**Senator NASH**—Exactly.

**Mr Johnson**—I might get you to clarify the question—but, broadly, the construction of all of those six centres has concluded, and they have commenced operation this year. The funding arrangements for supporting the development and operation of those centres are provided to the Department of Families, Housing, Community Services and Indigenous Affairs.

**Senator NASH**—When was it announced? Again, this is a whole new area for me, so you will probably be providing me with a lot of information today as well as answering questions.

**Mr Johnson**—The autism specific centres were announced as part of the 2007 election. Initially the government announced a commitment to establish, I think, 31 or the initial tranche of early learning centres. So it was the 260 early learning centres, initially, back in 2007, and then following the election there was a further announcement around the creation of the six specific autism centres.

**Senator NASH**—On those 260 that were announced, how many are operational? And when was that announcement for the 260?

**Mr Johnson**—It was in the context of the 2007 election. Since that time we have had some discussions broadly with this committee. Earlier this year the government made an announcement to only proceed with 38 of the early learning centres.

**Senator NASH**—Ouch! Why was that? That is a big drop.

**Ms Paul**—We have already discussed that here before.

**Senator NASH**—I have not been here. I am just keen to get an understanding of what happened.

**Senator Chris Evans**—It was due to what happened with ABC Learning and the huge impact that had on the market. The whole market changed and, as you know, we spent most of that year trying to support and recover the industry. The whole demand situation and the supply centres changed. So there was quite a reassessment. As you know, we sought other providers to take over ABC Learning. I am sure the officers can take you through it if you like. But it was a long and chequered history.

**Senator NASH**—That is fine. I am just trying to get an understanding. The answer of having discussed it before is not going to help me today, Ms Paul.

**Ms Paul**—No, it was only a preamble.

**Senator Chris Evans**—That is fine.

**Senator NASH**—What is the status of those 38 at the moment?

**Mr Johnson**—Nine of those centres are operational, and at this point we are expecting construction to be completed on a total of 16 of those centres by the end of this year.

**Senator NASH**—Where are the nine?

**Mr Manthorpe**—The autism ones are in Adelaide, Brisbane, Melbourne, north-west Tasmania, Perth. In addition to those, there are Killara, south-west Sydney—that is an autism one also—Yamanto and Karratha. Construction has been completed on a further three—Craigieburn, Darwin, Palmerston—and construction is underway in another group. So the initiative progresses.

**Senator NASH**—So six of the nine are autism centres and then there is another three?

**Mr Manthorpe**—That is right. And there are another three non-autism ones where construction is completed and another eight where construction is underway.

**Senator NASH**—How many children are enrolled—specifically in the six autism centres to start with. Is there a standard number for each centre?

**Mr Johnson**—Broadly, when the expression of interest called for components to construct and operate the centre, the objective was to create centres for about 50 children. Each of the centres has variations to reflect the actual nature of the particular service. I can run through each of these specific six centres, if you are interested in the particulars.

**Senator NASH**—Actually if you could provide that on notice it would save the committee some time. It would be useful to have. How many children are enrolled in each of the other three centres and whereabouts are they?

**Mr Manthorpe**—They are in Karratha, Yamanto and Killara in New South Wales, but we might have to take on notice the number of children enrolled. But we can get that for you.

**Senator NASH**—I understand there are some one-off grants for long day care of \$20,000. Is that correct?

**Mr Johnson**—That is correct.

**Senator NASH**—Can you just explain for me how that works and what the criteria are and what the purpose of the grant funding is.

**Ms Shannon**—The grant you are referring to is the long day care one-off grant for areas of need. That was the grant that the government announced on 17 June. The criteria for the grant were that it had to be a long day care service that was operating as at 4 June, the service had to be not otherwise in receipt of recurrent operational subsidies under the community support program, and the service needed to be located in an area of socioeconomic disadvantage. Approximately 190 services were identified as meeting those three criteria.

**Senator NASH**—How many long day care centres are there? Sorry, I should have asked that when I was asking about the number of children enrolled.

**Ms Shannon**—I would have to take that question on notice. In terms of my responsibilities, I look after a program that provides operational subsidies to long day care centres, and only a proportion of long day care centres actually receive those operational subsidies.

**Mr Manthorpe**—We will get that for you. We would certainly have a number. It would be in the range of 4,000 or 5,000, I would think.

**Mr Johnson**—I have it here. There are 5,886 long day care centres.

**Senator NASH**—Do the centres apply for a grant in the normal way of applying for a grant program?

**Ms Shannon**—The department was able to identify the services from the information that we keep in our administrative systems. The department actually contacted all of the services by phone and then followed up that telephone contact with a letter of offer. So services were basically given a direct invitation to apply for the \$20,000 grant.

**Senator NASH**—I am sure they were very happy about that.

**Ms Shannon**—There were very few services that refused the offer.

**Senator NASH**—Were there any?

**Ms Shannon**—There were actually 11 services that were unable to access the offer because they had actually ceased trading or as at 4 October had changed business ownership or their funding status had changed and they were indeed in receipt of operational subsidies under our ongoing programs. There was just a small difference from the number of services originally identified. When we went through the full details in consultation with the services, those 11 services were not eligible to receive the grant.

**Senator NASH**—I just want to backtrack for a second, so I can get it clear in my head, to when you were talking about the collapse of ABC. Do I understand you to mean that there was not a need then to build as many centres as you thought?

**Senator Chris Evans**—I will let the officers take you through it, but I think ABC had 30 per cent or 40 per cent of the market.

**Ms Paul**—They had 25 per cent of the market.

**Senator Chris Evans**—In some states they were much more highly concentrated and it had a huge impact on the whole market. Maybe the officers could answer that. I was not in the portfolio then. I just followed it as an interested observer myself.

**Senator NASH**—As many people did.

**Senator Chris Evans**—I remember arguing for years that ABC had too big a share of the market. It was always a risk. We let them get too big a share of the market and when they went bust—and I always thought the funding model was a bit dodgy—we had huge fallout in the sector.

**Senator NASH**—I am just trying to get clear in my head the link between not so much the sequence of events as ABC falling over and that resulting in a need for the government to not build as many childcare centres.

**Ms Paul**—I will let Mr Manthorpe expand, but basically, to get the ball rolling, it was a combination of needing to work through with great care the nature of the market after the ABC Learning collapse, which of course took some time to settle. Then there was our analysis of vacancy rates and so on around the country, which showed that there was an increase in vacancy rates. This then suggested that the fact that ABC Learning had been well attended to—luckily, thanks to a lot of hard work by us and the receivers and so on—combined with the vacancy rates was an indicator that it was not necessary to proceed with some of these centres. That is basically what it came to.

**Mr Manthorpe**—I will just expand on that briefly. One of the characteristics of ABC was that its expansion during the period prior to its receivership, which occurred in November 2008, resulted in it creating a lot of capacity in the sector that was not actually fully utilised.

**Ms Paul**—It was a very aggressive expansion.

**Mr Manthorpe**—So there were a lot of ABC services that were nowhere near full, which might partly explain why they fell over. Hence the government took the call that maybe in an



environment where there are a great number of services that have become part of a large insolvency—we were endeavouring to maintain those services in different ways through the receivership, and we ultimately successfully worked with the receivers to sell on to future operators in the vast majority of cases—the idea of injecting into the system a large amount of additional childcare infrastructure did not seem like the best call.

**Senator NASH**—Does that mean that, at the time when ABC was operating, other centres were underutilised?

**Ms Paul**—They could well have been—or increasingly so. ABC were very aggressive, and so they would, for example, buy two centres next to each other, or they would buy out the centre near the centre that they wanted to open, or whatever. I do not know all the details, but it was quite an aggressive strategy.

**Senator NASH**—It does sound very complicated. If, though, as you were saying, ABC potentially were not fully utilised themselves—and as you were saying, Minister, that might have led to them falling over—and at the same time other centres apart from ABC may well have been underutilised, what was the rationale at the time for wanting to build 280 more centres? If, in hindsight, they were all being potentially underutilised, why would you want to build 280 more centres?

**Mr Manthorpe**—This is a sequencing issue. When the government first envisaged building the 260 centres, the prevailing view was that there was considerable tightness of supply in child care. The government's judgment at that time reflected what I think was the prevailing view. After that happened, ABC continued to grow. Ultimately ABC went broke. We needed to work hard to ensure that as many of those centres as possible maintained a future. It would have been really disruptive for hundreds and hundreds of those to close down only for us to build another 222. I think that is probably as good a description as I can give you.

**Senator NASH**—Thank you for that. I will move on to the Northern Territory. I think there was some child care in Wadeye in the NT—was there some movement around that?

**Mr Manthorpe**—Ms Hosking will probably be able to help you with that.

**Senator MASON**—Senator Nash, is that the Indigenous early childhood education centres? Are we on the same page here?

**Senator NASH**—Absolutely.

**Senator MASON**—Thanks. I think we addressed this issue at the May estimates. We discussed the fact that 14 sites out of the 38 agreed locations had been identified and agreed to. I think that in May we also established that, of those 14, three are in New South Wales, two in Victoria, one in Queensland, two in South Australia, two in WA, two in the Northern Territory and one in the ACT. How many sites have now been identified and agreed to in addition to the 14 already agreed to?

**Ms Hosking**—In addition to the 14, four additional sites have now been identified.

**Senator MASON**—Four additional sites?

**Ms Hosking**—Yes.

**Senator MASON**—Whereabouts are those?

**Ms Hosking**—I can give you the list of the full 18. I have not separately identified the additional four. There are three identified in New South Wales, two in Victoria, four in South Australia, two in Western Australia, four in the Northern Territory, two in Tasmania and one in the ACT.

**Senator MASON**—Those are simply the sites that have been identified and agreed to?

**Ms Hosking**—Yes.

**Senator MASON**—I think you told me last time that construction commenced on the west Belconnen site here in the ACT?

**Ms Hosking**—Yes.

**Senator MASON**—Has construction commenced on any other sites?

**Ms Hosking**—Not at this stage.

**Senator MASON**—How many staff are currently employed?

**Ms Hosking**—There are 15 staff employed across 14 of the locations.

**Senator MASON**—Given that 16 centres have to be opened by the end of the 2010-11 financial year—within the next eight months—are you still confident that you are on track to deliver that outcome?

**Ms Hosking**—There has been some revision of those numbers since the last estimates.

**Senator MASON**—Has there? That was the original deadline. We have one in the ACT that has commenced but none of the others, and they are all supposed to open by the middle of next year. We are a hell of a long way behind. What are the new revised timelines?

**Mr Manthorpe**—The original deadline was for the centres to be built by 2013-14.

**Senator MASON**—That was not the evidence given in the past—that 16 centres had to be opened by the end of 2010-11.

**Ms Hosking**—Those figures were based on the information and the implementation plans we were working on with states and territories. Mr Manthorpe was referring to the life of the national partnership and the COAG commitment.

**Senator MASON**—Well, I am referring to the other one. Are we going to be able to deliver the 16 centres by the end of the 2010-11 financial year? Can the government deliver that?

**Ms Hosking**—There has been some revision to those figures, which we have done in negotiation with states and territories as they have been revising their implementation plans. There are now 12 services that will be operational by the end of 2010-11.

**Senator MASON**—Twelve services? By that do you mean 12 centres?

**Ms Hosking**—Twelve of the children and family centres will begin to be operational from then.

**Senator MASON**—So 12 centres will be opened by the end of next year?

**Ms Hosking**—They will be operational.

**Senator MASON**—By the end of next year?

**Mr Manthorpe**—By the end of this financial year.

**Senator MASON**—Okay. So it was 16 and now it is going to be 12?

**Ms Hosking**—Yes.

**Senator MASON**—There has been a reduction. I just want to get this clear. It was 16 but now 12 will be operational by 1 July 2011?

**Ms Hosking**—Yes.

**Senator MASON**—Do we know which 12?

**Ms Hosking**—Yes, I have them here. We will have west Belconnen, which has almost completed construction and will begin services, plus Pukatja in South Australia. A number of other services will be operational in Ballina, Blacktown and Campbelltown in New South Wales; Bairnsdale and Whittlesea in Victoria; Ceduna, Whyalla and Christies Beach/Noarlunga—which is one site—in South Australia; Bridgewater and Geeveston in Tasmania; and Maningrida in the Northern Territory.

**Senator MASON**—It seems like most of these centres will be suburban and in cities, rather than in the outback, but anyway.

**Ms Paul**—She just mentioned Maningrida, for example.

**Senator MASON**—I am not saying all; I said most of them.

**Senator Chris Evans**—It is one of the misconceptions, though, about where Indigenous people live—

**Senator MASON**—I am from Queensland, I know that—more live in Brisbane.

**Senator Chris Evans**—Senator Nash would understand. We focus because a lot of the more obvious disadvantage is in the Northern Territory and Western Australia. Of course, Indigenous people are well represented in the regional areas. I cannot remember the percentages.

**Senator MASON**—I think you missed the point, though. The distinct disadvantage is not so much in Brisbane where, as you know, many Aboriginal people live, but in outback areas, and that is where most of these centres are not being built.

**Senator Chris Evans**—I am not sure that is right in terms of Indigenous disadvantage.

**Senator MASON**—No, the first 12.

**Senator Chris Evans**—No, just in terms of Indigenous disadvantage.

**Senator MASON**—Oh, in terms of access I think that is right.

**Senator Chris Evans**—A lot of country New South Wales, et cetera—

**Senator MASON**—In terms of access, I think I am right. So we have 12 centres to be opened by 1 July next year. At the moment, we have just one where there has been a commencement of building; no others. And we have to have, in a sense, 11 more built from scratch in the next 11 months—that is right?

**Ms Hosking**—That is not entirely correct, Senator, in the sense that Pukatja, for example, will be an additional building that will be connecting to some existing buildings. So service will be able to start to operate from that. There are also some premises that will be able to start delivering services earlier than the actual buildings will be constructed, from interim premises.

**Senator MASON**—How many of those are there?

**Ms Hosking**—How many?

**Senator MASON**—Yes—how many are forecast to be servicing Aboriginal people from interim centres?

**Ms Hosking**—Of the 12?

**Senator MASON**—Yes.

**Ms Hosking**—I think I might need to take that one on notice.

**Senator MASON**—All right. Are there any further forecasts of downgrading of centres to be opened? From 16 to 12—are there any further forecasts?

**Ms Hosking**—These figures come from the latest annual reports that we have been provided. They have only just come in from states, so they are the up-to-date figures, and they reflect the finalised implementation plans in each of the jurisdictions. So they are very much our latest data from the states and territories.

**Senator MASON**—You are not going to tell me, in February, are you, that it has gone from 12 down to seven?

**Mr Manthorpe**—We do not anticipate we will, Senator, but the key point—

**Senator Chris Evans**—Best that we tell you the truth, I would have thought, Senator.

**Senator MASON**—Well, I agree with that, Minister; that I agree with.

**Senator Chris Evans**—You seemed to be suggesting that you wanted us to tell you what you wanted to hear. I would rather that the officials told you the reality.

**Senator MASON**—I want good news and joy; you know that!

**Senator Chris Evans**—As I understand, given that the original target was 2014, it is not going too badly.

**Senator MASON**—No, that is not quite right; the target I mentioned was the evidence from estimates. As Ms Paul knows, I do read estimates.

**Senator Chris Evans**—I will get the officials to table the COAG agreement for you.

**Senator MASON**—Well, I could table estimates.

**Senator Chris Evans**—Happy for you to, but I will table the COAG agreement—the commitment that the government has made—so that you have the proper framework, not the one you choose to use when it suits some political purpose.

**Senator MASON**—No, no. This is evidence from the department—

**Senator Chris Evans**—Absolutely.

**Senator MASON**—backed by the minister: 16 to be opened by the end of the financial year—that is correct, Ms Paul, isn't it?

**Ms Paul**—That evidence—

**Senator MASON**—Come on! You've got to be honest. Let's be honest.

**Senator Chris Evans**—I am sure the officers' evidence was correct, Senator. When you seek to—

**Senator MASON**—It is not a political purpose.

**Senator Chris Evans**—It is a political purpose—be honest.

**Senator MASON**—That is the evidence.

**Senator Chris Evans**—No, but you are trying to make a political point, which is fine; I just want to give, in response, the evidence about the COAG agreement about this program. Then we can have an argument, if you like, about all of that. I am sure the officers stand by the evidence. I was not here for that. I just wanted to make sure we did not lose sight of what the COAG agreement was.

**Senator MASON**—Sure. But we are now seeing a downgrading of the commitment. We have gone from 16 to 12.

**Ms Paul**—We are not downgrading the commitment at all.

**Senator Mason**—You are slowing it down.

**Ms Paul**—This is based on evidence, as we said last time, which is the best information from the states and territories about what is possible. The worst thing to do with centres like this is not to consult properly. You always have to front-load the planning time for any Indigenous service. That is how it works. In good faith, no doubt, the states and territories gave us the advice that we used as evidence last time, and this time, in their updated reports, they have given us the advice that—

**Senator MASON**—But you agree you gave that evidence. You have given that evidence.

**Ms Paul**—Absolutely. We have given that evidence because—

**Senator MASON**—I do not want to get into disputes about what evidence was given.

**Ms Paul**—But as to the overall target, of course, as the minister says, the commitment is for 2014.

**Senator MASON**—Sure, but the evidence was—

**Ms Paul**—The estimated time of delivery is the estimated time of delivery, and it is given to us by the states and territories. It always remains an estimate, of course, because things can happen—like what if they suddenly find that they are on a site that has got chemicals in it or something.

**Senator MASON**—I accept that but, at the same time, there is a responsibility that has to be sheered home in politics.

**Ms Paul**—And so each time we have been, obviously, perfectly happy to come and say, 'The best estimate—

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**Senator MASON**—That is why I asked the question.

**Ms Paul**—Sure.

**Ms Hosking**—It may be also worth noting that some of the revisions of the state timetables have reflected an attempt to put a greater focus on remote sites. For example, in Queensland two of the remote service delivery priority sites have been brought forward, not into the period that you mentioned but into the following six months, and for that reason, because Queensland made that commitment to bring the remote service delivery sites forward, they had to reschedule some of the ones that had been in this period to the following six months. So some of the rescheduling has actually been to put greater priority on some of the disadvantaged remote sites.

**Senator MASON**—So they are readjusting their priorities as well.

**Ms Hosking**—Yes.

**Senator MASON**—But we were going to have 16; we now have 12. That is the fundamental fact.

**Mr Manthorpe**—But equally, Senator, we were going to have 35, in the COAG agreement, and we are going to have 38, so we are tracking well over in that respect.

**Senator MASON**—Let us just see, Mr Manthorpe; let us just see how we go, hey?

**Mr Manthorpe**—Certainly, Senator.

**Senator MASON**—The department hasn't got a great record in recent times, so let us just see.

**Senator Chris Evans**—And as you note, Senator, you are a great believer in value for money and not proceeding too hastily with projects—

**Senator MASON**—Well, let us discuss that later!

**Senator Chris Evans**—which no doubt will be your line later today! And I will be holding you to your consistent position, Senator—but we will get to that.

**Senator MASON**—Yes, your Victorian friends, for example; is that right?

**Senator Chris Evans**—We will get to that. I will just make sure that you are being consistent in your approach, Senator.

**Senator MASON**—As long as the government is, Minister. The government is the government, not the opposition.

**Senator Chris Evans**—No, but, when you seek to criticise the government, I will make sure that you cannot have it both ways. But, anyway, we will get there.

**Senator MASON**—And I will do the same, no doubt, Minister. Thank you, Ms Paul; that is fine.

**Senator NASH**—I will just go back to Wadey. I do not know that I had an answer to the very first question about the successful applicants for the childcare provision in Wadey—or did I miss that at the beginning of Senator Mason's questions?

**Ms Hosking**—Sorry, I did not quite get that question exactly.

**Senator NASH**—I understand that there are applications happening for providing child care in Wadeye and other places in the Territory?

**Ms Hosking**—Yes. In Wadeye specifically there has been constructed a children's services centre that is intended to be an integrated children's service. It is actually not part of the national partnership but it is similar in scope to the children and family centres that are being constructed through the national partnership. That has now been constructed. There has been a tender process to provide a provider for that, and that has been completed.

**Senator NASH**—Is it operational yet?

**Ms Hosking**—The early childhood service that was formerly in a separate location has now moved over into the new integrated service, and the role of the integration manager that is coming with the new provider is to now seek out other services to operate from that service.

**Senator NASH**—How many children will be in that centre?

**Ms Hosking**—I do not have that information—

**Senator NASH**—You can take it on notice.

**Ms Hosking**—but it is a fairly large service for a remote community. We can provide the specific number.

**Senator NASH**—That would be great. I am not sure whether Senator Mason asked about the Indigenous centres across the board. How many students are in those centres at the moment?

**Ms Hosking**—I think we have a number for that. Just to clarify: I think we are talking about the budget based funded services that are specifically targeting the Indigenous community?

**Senator NASH**—That is it.

**Ms Hosking**—I may have to take that one on notice, but if we can find it I will let you know.

**Senator NASH**—That would be useful; thank you very much.

**CHAIR**—Senator Bilyk has just one question and then we will go to the break.

**Senator BILYK**—I think I am in the right area. I just wondered if I could get a bit of an update on how the waiver for fees for TAFE childcare qualifications is going, if that is possible.

**Ms Hosking**—Yes, I can give you an update on that.

**CHAIR**—We will to the break now and come back with your answer straight after the break. Senator Nash and Senator Hanson-Young also have some questions, and then we will move into outcome 2.

#### **Proceedings suspended from 10.35 am to 10.51 am**

**CHAIR**—We are still in outcome 1. I welcome to the table Senator the Hon. Jacinta Collins, representing the Minister for School Education, Early Childhood and Youth. I understand that when we suspended for the break there was a question from Senator Bilyk for which we were waiting for the answer.

**Ms Hosking**—Yes. I know that Senator Nash is not in the room, but I do have the answer to her question, so shall I read that into the record now or wait for her to come back?

**CHAIR**—She will be back in a moment, so we will deal with Senator Bilyk's question first.

**Ms Hosking**—In relation to the TAFE fee waiver, we have now received data that shows there has been a significant increase in enrolments in 2009, which is the first year of this initiative. There are an additional 5,500 people studying for a diploma or advanced diploma since the introduction of the initiative. We had enrolments of 9,452 in 2008, and that has increased to 15,116 in 2009, an increase of around 60 per cent.

**Senator BILYK**—Do we have a breakdown by state?

**Ms Hosking**—Yes, I do have a breakdown by state. Do you want to me to read that or would you prefer to get that—

**Senator BILYK**—I am mainly interested in Tasmania, to be honest.

**Ms Hosking**—I have that. Tasmania has been a slight exception to the trend.

**Senator BILYK**—Have they?

**Ms Hosking**—Although the increase is in most other states, in Tasmania there were 279 in 2008 and—sorry, I should probably give the total of diploma and advanced diploma. There were 312 in 2008 and 257 in 2009.

**Senator BILYK**—Just to get this clear in my mind: for those courses, there are complete fee waivers for those students?

**Ms Hosking**—Yes, that is my understanding.

**Senator BILYK**—For the extent of their study?

**Ms Hosking**—Yes.

**Senator BILYK**—Thank you, that is all I need.

**CHAIR**—You can now move to the answer to Senator Nash's question.

**Ms Hosking**—Senator Nash, I was just going to let you know, in relation to your question about the enrolments in Indigenous services, that there are 6,067 children currently in services. That would be the bottom-line estimate. There are a couple of services that we do not have up-to-date information on, so that is the bottom-line number.

**Senator NASH**—Thank you for that. Can I just ask about the long-form funding agreement—I think that is what it is called—which provides, I think, training support for staff in the service. Am I in the right area?

**Mr Manthorpe**—I am not sure what you are referring to there, Senator; I am sorry.

**Senator NASH**—Neither am I. I thought there was some part of the agreement such that there was accredited weekly training support for staff in the service. Maybe I have it in the wrong spot.

**Ms Hosking**—Are you thinking of Indigenous services or childcare services more broadly?



**Senator NASH**—No, I think it was just childcare services in general. I will clarify it and come back, as it is a little unclear. In the May estimates there was some discussion around savings across the department in this area. Is that correct?

**Mr Manthorpe**—Yes, there was some discussion in the May estimates about budget measures to do with securing savings to offset the cost of particularly the quality of agenda and the infrastructure and other improvements which we are funding for budget-based services. There have been some savings identified in the last budget.

**Senator NASH**—Have those savings been found as yet? How is it going?

**Mr Manthorpe**—There are several measures. Perhaps the one which is most significant is the one pertaining to the capping and pausing of childcare rebate. Legislation has been introduced into House in relation of that to cap and pause childcare rebate.

**Senator NASH**—Is it KU Children's Services that run the Indigenous delivery?

**Mr Johnson**—KU services is our national provider of the inclusion and professional support service. It might have been what you were alluding to in your earlier comment about professional development for child-care workers.

**Senator NASH**—It may well have been linked into that. That would make sense.

**Mr Johnson**—Specifically in respect of KU, they are currently the national provider of what is described as the Inclusion and Professional Support Program, and the inclusion support subsidy.

**Senator NASH**—How many children has that inclusion support subsidy assisted in the last financial year?

**Ms Shannon**—The inclusion support subsidy assists childcare services to enhance their capacity to include children with high ongoing support needs. The two primary target groups for the program are children with a disability and children from a humanitarian refugee background.

**Senator NASH**—How many children in the centres would be assisted by that funding?

**Mr Johnson**—We would have to take that on notice. It is a national program which provides approved children's services.

**Ms Shannon**—I should clarify that because the support is provided to the service, more than one child in the service may be assisted. So we have figures at the service level.

**Senator NASH**—Do you have a breakdown between the disability and refugee children. Can you break them down—not now, but if you could give them to me on notice, if you have that information, with the other figures.

**Ms Shannon**—Yes.

**Senator NASH**—The childcare centres are required to report their vacancies, is that correct?

**Mr Manthorpe**—That is right.

**Senator NASH**—How does that work?

**Mr Manthorpe**—They are asked to report their vacancies weekly. They do that on our system. We now have a consistent definition of ‘vacancy’, which, if you are new to this area—

**Senator NASH**—Which I obviously am.

**Mr Manthorpe**—that may not sound terribly amazing, but it was in fact a significant—

**Senator NASH**—I am sure you are going to get me further information.

**Mr Manthorpe**—Absolutely. That was an important step forward in our capacity to see what is going on in the childcare market.

**Mr Johnson**—Is there a particular aspect of that in which you are interested?

**Senator NASH**—I am interested in how it operates, whether it happens in a forecast way from the centre saying that they are expecting vacancies or whether it is vacancies they have.

**Mr Manthorpe**—It is vacancies they have right then.

**Senator NASH**—Real time?

**Mr Manthorpe**—Essentially it is real time, as of each week. A day later that vacancy might be gone.

**Senator NASH**—But at that point in time. I was trying to get an understanding, if it is a requirement for the reporting of that, about what sort of percentage from the centres adhere to that requirement.

**Ms Hosking**—Yes, it is a requirement but currently we have around 75 per cent of our services providing vacancy information and we are working with the sector to help them meet that requirement more broadly.

**Ms Paul**—It is quite new that we have a standard definition.

**Senator NASH**—What is the definition?

**Ms Hosking**—Senator, I will get that for you.

**Mr Manthorpe**—It is like an ongoing full day vacancy.

**Senator NASH**—Yes.

**Ms Hosking**—It varies slightly because of the different care types. It is generally an anticipated availability that child-care services are willing to fill for each week that they are operational. It is an ongoing full day vacancy for long day care and family day care, full day vacancy for vacation care and occasional care services, and an ongoing full session vacancy for outside school hours care.

**Senator NASH**—Prior to that, was there miscommunication because there hadn’t been a definition? Is that the benefit of now having a definition?

**Ms Paul**—For many years you simply had not been able to say reliably that one centre’s reported vacancy over here was actually the same as another centre’s.

**Senator NASH**—So different interpretations of what ‘vacancy’ actually was.

**Ms Paul**—That has been the case over a long of time, until we managed to achieve this common definition.

**Senator NASH**—Thank you. Can you give me a bit of a snapshot of the background to the national quality framework and what its status is at the moment.

**Mr Manthorpe**—Sure. The background is that during the course of 2009 we, together with colleagues from the states, territories and central agencies, negotiated an agreement that COAG signed off on in December last year to move to a national system of quality and regulation in several early childhood settings—those settings being long day care, family day care, outside school hours care and preschool. The key features of that set of arrangements are the creation of a new national body to provide national leadership across the delivery of consistent national standards for the whole of the sector—we are in the process of getting that up and running; the creation of a set of national standards for measuring or assessing the quality of child care and early childhood services—the ones that I have just mentioned; the arrival at a national standard and a ratings framework which sits within that; and the application of the Early Years Learning Framework. What all of this does is move us to a place where, once it is fully implemented, there will be a national approach to the regulation and quality assessment of child care to replace what has hitherto been quite fragmented arrangements where states and territories regulate child-care services and license them and so forth and the national body, the National Childcare Accreditation Council, accredits the quality of the child-care services. Those sets of state, territory and Commonwealth systems are being reconfigured to achieve a national outcome.

**Senator NASH**—One of the things that has been raised with me quite a number of times is the changes to the staffing ratios. Could you, for the committee, give an outline of where it is at at the moment and where those changes are?

**Mr Manthorpe**—I might make a general comment and then ask my colleague Ms Rundle to provide further detail to the extent that you need it. The first point is that, at the moment, all the states and territories have different staff-child ratios and qualification requirements. Through the national reform we are seeking, as far as possible, to bring those into alignment. The thinking here is that lower numbers of children per staff member is good for quality. The evidence tells us that that is good for quality and that the qualifications and skills of the staff are also good for the quality of the experience of the child and the early childhood development goal. That is what the changes are about. Those changes, under the COAG agreement, are to be brought in progressively from the beginning of 2012, with different requirements in terms of ratios and qualifications for different age groups of children kicking in in the subsequent years from the beginning of 2012.

**Senator NASH**—I understand the principle and it does seem to have some merit, but isn't there some difficulty with the change to those sorts of arrangements that centres have to potentially either take in fewer children or employ extra people—both of which would have a financial impact on the centre?

**Mr Manthorpe**—Certainly there will be impacts on the number of staff that are needed to operate child care in Australia as a result of the changes. There will need to be a ramping up of the number of qualified staff, but the changes are incremental and gradual. We have done modelling in relation to the question of cost for families, and that modelling, which was done independently for us by Access Economics, found that the cost increases are quite modest and quite gradual, particularly when you take into account the fact that the Commonwealth

through the child-care rebate will meet a significant portion, typically half, of the additional out-of-pocket costs.

**Senator NASH**—Who will meet half of the out-of-pocket costs, did you say?

**Mr Manthorpe**—The child-care rebate meets 50 per cent of the out-of-pocket costs up to the cap of \$7,500.

**Senator NASH**—Have you had much response from the child-care centre owners-operators to the changes?

**Mr Manthorpe**—Yes. It would be fair to say that this whole new system is something on which we are engaging closely with the sector. Many people in the sector are actively interested in it. It would be fair to say that there are those who are concerned about cost increases but it would also be fair to say that there are those who warmly welcome improvements in quality and the promise of better outcomes for children.

**Senator NASH**—What was the work on which you based the decision to change the numbers? You mentioned earlier that there was evidence for smaller numbers of children to the teaching staff, caring staff—however you want to term it. Can you provide for the committee the evidence on which the decision was taken to change the numbers? Obviously, there must have been some sort of work done saying that the current numbers were inappropriate; this would be a better number; and this why we have decided to change.

**Mr Manthorpe**—We could certainly do that for you, but I will ask Ms Rundle to comment.

**Ms Rundle**—One of the things I might point you to as well is the regulation impact statement, which is on our website, and the consultation RIS and also the decision RIS, because they provide a little section on the benefits and the evidence for the changes. But what I will do for you now is highlight the main ones. If you look at the overseas research, there has been quite a lot of work done in the UK, the US and across Europe—it is probably more than we have done in Australia, but we have done some since—which shows that the lower number of children to carers or educators does bring about benefits for children, particularly for the smaller age group, the babies. There is also quite strong evidence, international evidence, to show that qualifications make a great difference for the children, from birth right through to five, but particularly that concentrated program, investment, in the preschool years—three to four years old. There is also quite a lot of evidence that is to the contrary, which shows where children have poor experiences and do not get nurtured. They do not get the proper sort of care or educational or learning opportunities that they need, and they do more poorly. I do not have them with me but I could point you to a number of things, particularly a lovely graph that shows how a child's brain develops from birth to six, and just what positive and negative experiences can do between both sets of experiences.

**Mr Manthorpe**—The other point to make about this is that the quality changes that we are working on with the states and territories and the sector to bring about are part of a broader agenda around, I suppose, conceiving of early childhood services as more than merely child care. Because of the research evidence around the growth of a child's brain and the importance of the early year, we need to focus on their early childhood development, get them ready for school and get them ready for a life of learning. So the quality agenda which we are

outlining here is one plank of a set of changes that we are in the process of implementing. Universal access to preschool is another one. Improving our evidence base around how little children are travelling when they get to school through the roll-out of the Australian Early Development Index is another one. There are a number of different initiatives.

**Ms Paul**—The Early Years Learning Framework, which we have implemented, is another one.

**Mr Manthorpe**—Yes. There is quite a substantial agenda of complementary measures that are in the process of different stages of rollout.

**Senator NASH**—Just on the qualifications: I understand there are now going to be some changes to the qualification requirements as well as that. Can you run me through that?

**Mr Manthorpe**—Sure. I will start with the general and Ms Rundle might like to add to that. Basically, we want to get to a place in the years ahead where the people who are looking after your children while you are at work—technically at work or somewhere else—are qualified to do so. We are moving to a place where the minimum qualification requirement, for example, in a long-day-care setting will be a certificate III.

**Senator NASH**—What is it at the moment?

**Mr Manthorpe**—It varies from state to state. There is a significant proportion of the early childhood workforce staff in long-day-care settings who do not have any qualifications at all.

**Senator NASH**—Neither do parents! Sorry, go on.

**Mr Manthorpe**—Indeed, I appreciate that. I would reach for a metaphor: you would not take your car to a mechanic if you did not think they were qualified. I am not sure that is a great metaphor, but for what it is worth.

**Senator NASH**—I think I would work on another one.

**Mr Manthorpe**—I thought I would have a crack at a metaphor.

**Senator NASH**—I expect an updated version by February.

**Mr Manthorpe**—So we are moving to a place where the minimum qualification will be certificate III, where a proportion of the staff will have diplomas and, very importantly, where the lead agent in a service will have a pre-school teaching qualification. That is where we are heading.

**Senator NASH**—I am just about finished here. My question there is: what work have you done on the availability of these trained teachers/carers down the track? If you transpose what you are going to do to the moment, would there be enough trained people in the system to cope with the number of children that are in places?

**Mr Manthorpe**—Yes, we have looked at that. It is undoubtedly one of the issues we are going to have to grapple with in the years ahead as we roll out the agenda. But that is also one of the reasons why the COAG agreement is structured in such a way as to bring the various qualification and ratio requirements in over time so that there is a capacity, we anticipate, to adjust over time. We know that workforce growth in this sector has been strong for a number of years but we need to work harder to get enough qualified workers. Equally, we know that some of the measures that the government has put in place over the past couple of years, like

the TAFE fee waiver that Senator Bilyk raised with us earlier, has generated a response and more people are going in to do TAFE certificate III diploma study—one or the other, or both, I am not sure, but in any event, TAFE study.

We also did projections with Access Economics around what the need is, and undoubtedly there is more to do there. The short answer to your question therefore is, yes, we have looked at it, we have modelled it. It informed the decisions that governments took about when to cut in the different qualifications.

**Senator NASH**—Are you confident there are going to be enough training places and university places in those areas to fulfil the demand for the requirement down the track?

**Mr Manthorpe**—We are moving to a place—and I am no expert in this field—where university systems are essentially demand driven.

**Ms Paul**—I have not heard of issues with supply; the issue has been demand. And so the measures which we were talking about before for abolishing TAFE fees and so on are all about trying to stimulate demand. I believe that supply will be fine. It will be motivating enough people to gain those qualifications.

**Senator NASH**—And with those qualifications, once they have got their early childhood teaching, is there any difference in the remuneration for those teachers being in a childcare centre compared to, say, being in a kindie or an infants' school?

**Ms Hosking**—I do not have the exact figures. It is true, although it varies state by state and territory by territory, that there often is a difference in remuneration between people who work within the school system and those who work within the long day care system, for example.

**Senator NASH**—Could you take on notice for me a state-by-state breakdown of the average difference across those areas. One of the things that strikes me is that, if these people have to go through all these qualifications and training and they come out the other end and they have got a kindergarten over here that is going to pay them more than a childcare centre is, why wouldn't they go to the kindergarten? Isn't that potentially going to create a difficulty in retaining staff if they are getting paid less than somebody who has got the same qualifications?

**Mr Manthorpe**—That is a live issue. We are happy to take on notice the data that you have asked for.

**Senator NASH**—Is that something you have considered? Is that something that has been factored into the requirement for the training qualification?

**Mr Manthorpe**—In doing the modelling of workforce need and cost, we have certainly looked at the relative cost of unqualified people to qualified people. So we have factored in that there will be a cost associated with more highly qualified people and that in turn has informed the average national projected costings we have done for services, which in turn has informed our assessment and Access Economics' assessment of the ultimate cost on parents and the cost for government. So we have certainly taken account of the question of going from unqualified to qualified and the different levels of qualification in arriving at that costing work.

**Senator NASH**—Finally, Ms Paul, I think you mentioned before incentives to get people into doing these courses.

**Ms Paul**—I was referring back to the discussion we had a few minutes prior about the removal of TAFE fees, for example.

**Senator NASH**—Has there been any consideration given, if there are incentives in place for people to do these types of courses—

**Ms Paul**—It does make a difference.

**Senator NASH**—What I meant is, will they do it because it is cheaper or there are fees removed rather than because they actually really want to do that particular course?

**Ms Paul**—We believe so because we have, as a result of these measures, as I think my colleagues mentioned, seen quite a significant kick-up in demand that can really only be explained by the HECS forgiveness or the TAFE fee abolition.

**Senator NASH**—Will you track that through over a number of years?

**Ms Paul**—Yes we will.

**Senator NASH**—It is one thing to get a subsidised course and then get into an occupation but it is another thing again to retain them, isn't it?

**Mr Manthorpe**—Absolutely. In some ways this is a bit of an imponderable in terms of assessing its precise impact, but what we are trying in effect to do here is improve the professionalisation of the sector. It is a sector that has been characterised by relatively low status, low pay and low qualifications. Over time, we would like to address that. If we can succeed in doing so with the sector in the years ahead, we would hope that that has a positive bearing on turnover. So these things are hard to model precisely, but that is another factor at play.

**Senator NASH**—I am just thinking of a scenario down the track when this is all coming in where you might have a childcare worker who has been in the job for 10 or 15 years and has a huge amount of experience but does not have a qualification compared to someone who is straight out of TAFE with a qualification and absolutely no experience. The one with the qualification can have the job and the one with the experience can't. How is that going to be dealt with? It would seem to me completely stupid to not enable the person with the experience and a great track record to continue in a job compared to somebody who has absolutely no experience. I am finding that difficult to grapple with.

**Mr Manthorpe**—I understand the point you are making. I will make a couple of comments and my colleagues might want to add further information. The comments I would make about that are that we think there is a place for recognition of prior learning here as one of the strategies for getting people the qualifications that will be required in the future, as opposed to necessarily making them do a complete program.

**Senator NASH**—So recognition of prior learning would be recognition of prior experience in this sector?

**Mr Manthorpe**—Yes, that is right. Secondly, the expectation of the COAG agreement is that people will either have the qualification or will be working towards it as the base requirement.

**Senator NASH**—When might you have some sort of decision around that for some sort of framework about how that, the recognition of prior learning of those who were already in the system, would look? Is that quite simply about what they would need to do to retain their job?

**Mr Manthorpe**—Recognition of prior learning as a concept already exists.

**Senator NASH**—I understand that; I mean specifically as to these people. If I were a childcare worker and I had been in a place for 10 years and I could see these changes coming and I wanted to stay in my job but did not want to step up for those three years or four years or whatever, what would the department or the minister be working on at the moment that would be put in place to be able to say to me, ‘You will be able to keep your job if you do X’?

**Ms Hosking**—One of the pieces of work that we are working on, under the COAG umbrella and under the National Early Childhood Development Strategy, is an early years workforce strategy. That is looking at it with the states and territories. It is looking precisely at these issues. So, not surprisingly, recognition of prior learning has emerged from our consultations as one of the key things that will need to be addressed as part of that strategy. We are working with the states and territories now to finalise that strategy and to move to more specific things.

**Senator NASH**—So if I ask again in February I might get an answer? I mean that quite seriously. I am looking at the time frame.

**Mr Manthorpe**—I understand. The development of the early childhood strategy, and the workforce strategy is sitting underneath that, is somewhat caught up with COAG time lines which are a bit unclear. I do not want to sound overly bureaucratic, but equally I do not want to overcommit to something. The other point that I want to make is that in part this is about communicating what is; it is not necessarily about there needing to be a whole lot of new complex measures. Part of the task here, in our engagement with the sector and in our engagement with the workforce, is about communicating effectively the way in which RPL currently operates.

**Ms Paul**—There is quite a long transition period here. There are several steps. You have got to go through COAG and you have got to work out exactly how RPL will work and all the rest of it. What I am expecting is this: as we get closer to the time we will do a communications strategy, possibly—as we have not yet decided—through the states and territories out to centres and out to the staff in centres which will say this is how it is going to work for recognition of prior learning and this is what it means for you and so on. I think there will be quite a lot of communication stepped out, but we are not at that point yet so we are not able to say as to that.

**Senator NASH**—That is fine.

**Ms Paul**—We can keep you posted about that.

**Senator NASH**—That is fine and I understand that, but certainly for someone in a centre at the moment it would have to be creating uncertainty—



**Ms Paul**—Absolutely, we understand that.

**Senator NASH**—so as soon as the uncertainty for those workers is cleared up it might be better.

**Ms Paul**—What I would say to them at present though is that there is a long transition. I would say two things. I would say there is a long transition time, and it is not the time to worry now as there are years to go yet. Secondly, we have already committed to this approach as to recognition of prior learning even though we cannot say precisely how that will be.

**Senator NASH**—Thank you.

**Mr Manthorpe**—I have one other point just quickly. The qualification requirements do not kick in until 2014.

**Senator NASH**—Neither does the Murray-Darling Basin Plan! Sorry, please go on.

**Mr Manthorpe**—My colleague has just pointed out to me that there is also quite a lot of activity going on in their space in some of the individual states and territories.

**Ms Hosking**—Also, Senator, that is so in some different types of services. For example, in our budget based funded services we actually have a measure in place specifically designed to help the staff in those services meet certificate III and diploma requirements.

**Senator NASH**—Thank you all very much.

**CHAIR**—That does conclude our questions as to outcome 1.

[11.25 am]

**CHAIR**—We will now move to questions in outcome 2, Schools. Senator Mason.

**Senator MASON**—Thank you. And welcome to Senator Collins, a rather pleasant change from Senator Carr. Can I say that?

**Senator Jacinta Collins**—At this stage, perhaps, Senator.

**Senator MASON**—I miss Senator Carr, I do; no-one else does but I do—very much so! Can I start with the quadrennial review of government funding. Ms Gillard on 15 April this year announced that a review of school funding arrangements would commence in 2010 and conclude in 2011. How is that review progressing?

**Dr Bruniges**—That is progressing well. The task force has indeed been formed, as you may be aware, and there have been a range of consultations with key stakeholders around the country. I think probably beyond 60 stakeholders have been consulted in terms of that review. The task force are indeed seeking all the input from those stakeholder groups in order to formulate their thinking about putting out their next stage of what they want to do.

**Senator MASON**—I understand the Prime Minister during the election campaign gave a commitment to extend the existing funding arrangement to 2013 and the capital funding to 2014. Is that correct?

**Dr Bruniges**—That is correct.

**Senator MASON**—Was the inquiry informed by the Prime Minister of that before she made that announcement?

**Ms Paul**—Wasn't that during the campaign?

**Senator MASON**—Yes, it was.

**Ms Paul**—Then we would not know—it was during caretaker.

**Senator MASON**—The inquiry was not told in advance of the Prime Minister's commitment?

**Ms Paul**—No, I am saying I cannot answer that because it was during caretaker, so I would not know if there had been any contact.

**Senator MASON**—Can you find out, Ms Paul?

**Ms Paul**—Sure; happy to do that.

**Senator MASON**—All right, take it on notice. Do we know what process was undertaken before it was decided to extend the funding agreement to schools, or was simply an announcement made during—

**Ms Paul**—It was an announcement made the election campaign.

**Senator MASON**—Is the government intending releasing new terms of reference to the review that reflect the Prime Minister's election commitment?

**Ms Paul**—I am not sure whether it needs to be reflected in the terms of reference, but we do need to have a look at that and see if we need to. I do not know if Dr Bruniges wants to comment.

**Dr Bruniges**—We will look at the terms of reference, but there is no definite on whether the terms of reference will change or not.

**Senator MASON**—And you will let me know if the Prime Minister informed them before announcements were made?

**Dr Bruniges**—Yes.

**Senator MASON**—Thank you. I am going to move on now to Kingsdene Special School, which I have raised in past estimates. You might recall that. This has not been a particularly happy story at all. I know it is a difficult one; I do appreciate that. Do you know if the 20 children who are at Kingsdene have been placed in alternative arrangements?

**Dr Bruniges**—I do remember your interest in this issue before. I will hand over to Ms Horrocks. We have got an update for you on Kingsdene and the situation there.

**Ms Horrocks**—There are currently 17 students this year in Kingsdene, due to graduations from the previous year. But I have been advised by New South Wales DET that they have given an undertaking to take on Kingsdene from the end of this year up until 2012 and, during that time, New South Wales DADHC has also tendered—

**Senator MASON**—What is DADHC?

**Ms Horrocks**—It is the Department of Ageing, Disability and Home Care, New South Wales. They have tendered for a new provider of the residential facility. So both New South Wales departments have been in close contact with the students and the parents of Kingsdene and, at the end of the transition to the end of 2012, there will be eight students remaining due to graduations and, at that point—

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**Senator MASON**—Because they are not accepting any more.

**Ms Horrocks**—That is correct. At the end of that period, New South Wales DET will find appropriate school placements, and DADHC will find appropriate group placements relevant to the school at that point.

**Senator MASON**—So all the kids will either have graduated or be catered for over the next couple of years?

**Ms Horrocks**—That is correct—at the end of that.

**Senator MASON**—It is a pity we could not do better. It is not a criticism of anyone. I know the funding arrangements are, in a sense, at their maximum. I know that. So I am not saying the matter has been handled inappropriately by government, in the sense that the rules have not been—how do I put this?—used to the full extent possible to assist them; I think they have. The question is whether more could have been done with a more creative policy, I suppose.

**Ms Paul**—The school basically will become a New South Wales government school.

**Senator MASON**—Yes. Thank you, Ms Horrocks. I will move on to the Financial Health Assessment Framework for non-government schools. The Schools Assistance Act 2008 requires non-government schools to be financially viable in order to receive Commonwealth funding. That requirement, I understand, is longstanding and did not originate in that legislation, but the method of gauging the financial viability of a school arose as a result of its implementation. That is right, isn't it?

**Ms Horrocks**—Yes.

**Senator MASON**—I understand that, on 1 October, the Financial Health Assessment Framework was discontinued. Mr Craig Robertson, Group Manager, Infrastructure and Funding Group, sent out a note headed 'Notice to non-government schools, school systems and stakeholders re: Financial Health Assessment Framework' which says:

I am writing to advise that the department has decided to stop development of the Financial Health Assessment Framework (FHAF) in its current form.

In the next paragraph, he says:

As a result of this decision, the information relating to the 2010 Framework, contained in the department's correspondence of 10 September 2010—

in other words, only a couple of weeks prior—

to schools, is no longer relevant, and the 2010 FHAF Feedback Form is no longer required to be completed by schools.

He then goes on to say there is going to be a forum. What happened between 10 September and 1 October this year to change the government's mind about the need for the Financial Health Assessment Framework?

**Ms Paul**—I might start the ball rolling on that one, Senator. The Financial Health Assessment Framework is important because it is about ensuring that we have a good understanding of the viability of non-government schools. It was, however, quite onerous and

in a way it is likely to be potentially replaced by the financial income data per school which will go up on the My School website at any rate later this year.

**Senator MASON**—Just to recapitulate, in other words the system that was operating up until 1 October was too—what were the words you used?

**Ms Paul**—It was quite onerous—

**Senator MASON**—It was onerous.

**Ms Paul**—for non-government schools, although it was important. We need some financial assurance, which we do get through the financial questionnaire, which is a different instrument. I received representations from the independent schools association that the financial questionnaire was particularly onerous and not really serving the purpose for which it was intended. I had a look at it and I agreed with that assessment. I asked that the Financial Health Assessment Framework cease, and the note that went out to people from Craig Robertson, who is sitting here, arose from my decision.

**Senator MASON**—Really?

**Ms Paul**—I think there is just a better way of doing it. I think we should not be overly bureaucratic about how we investigate viability and that we will be assisted by the My School developments. At any rate, it is always very important for me to be responsive to strong representations.

**Senator MASON**—Have you received feedback about the new approach?

**Ms Paul**—They have been very grateful that we have taken the decision we have to come to an approach which is less onerous but just as effective. That is the commitment and hence the promise of a forum where we will work with them—

**Senator MASON**—On 25 November. That is the one flagged in the—

**Ms Paul**—Yes, that is right. We will sit down with them and say: ‘It did not work for you particularly well. What will work better? And what will work for us?’ It is a balancing act obviously, but the bottom line is that it was my decision in response to representation.

**Senator MASON**—What surprised me was as of 10 September it was all guns blazing and by 1 October it was chopped off. In other words, at 10 September when the note went out there was nothing to indicate there was a problem but 20 days later it was all over. You operate very quickly, Ms Paul.

**Ms Paul**—I can be decisive indeed.

**Senator MASON**—I have no doubt you can.

**Ms Paul**—But in actual fact it will not surprise you either that we had been receiving representations for some time.

**Senator MASON**—I am moving to one of my favourite topics: the chaplaincy program.

**Senator JACINTA COLLINS**—That is one of mine too.

**Senator MASON**—That is right; it is, Senator Collins. At the last estimates I was told that the department was part way through a process of deciding the future of the School Chaplaincy Program. I understand the government announced during the election campaign

that the program will continue in an expanded form until 2014. Now that the process of consultation, discussion and decision making has been in a sense cut off, will the discussion paper ever see the light of day? Will we see anything?

**Ms Wall**—Since that announcement by the government we have been in the process of briefing the minister around this. The original decision was that there would be a two-stage consultation process, as you will recall; a series of meetings around Australia and a discussion paper would be released canvassing options for the future. At this point our expectation is that that will be released but at the moment we are briefing the minister about the shape of that paper.

**Senator MASON**—So the discussion paper will still be released even though the government has made that announcement?

**Ms Paul**—Yes, because the discussion paper will also go to the shape of the program.

**Senator MASON**—It will tender further advice as to how it should be run and so forth, the shape of it. How much did the process cost? Do we know that?

**Ms Wall**—The consultation process?

**Senator MASON**—Yes, the consultation process. Do we know that?

**Ms Wall**—I do not think I have that with me.

**Senator MASON**—Could you take that on notice?

**Ms Wall**—Certainly.

**Senator MASON**—When this is finished and the minister has seen the discussion paper could this parliamentary committee have a copy of it? Is that possible, Ms Wall.

**Ms Wall**—We will take it on notice.

**Senator MASON**—I like reading reports about the chaplaincy service. It raised a very interesting issue. Is my friend Dr Arthur here? I had an exchange with Dr Arthur at the last estimates session. This is what happened. Dr Arthur said:

In the course of these conversations and discussions, we had some lively discussions over the definition of spirituality.

Do you recall that, Ms Wall?

**Ms Wall**—Yes, I recall that.

**Senator MASON**—I said:

Or the meaning of God, Dr Arthur. That would be very good.

And Dr Arthur replied:

I am not likely to indicate to you that we reached a firm and definite conclusion on that.

I was going to ask Dr Arthur whether the department has actually reached a conclusion.

**Ms Paul**—To your disappointment, Senator, the responsibility no longer rests with Dr Arthur; it rests with Ms Wall.

**Senator MASON**—Oh! So can you answer the riddle, Ms Wall?

**CHAIR**—It is a matter for the Senate as a whole.

**Senator MASON**—Very good, Chair. I might now move on to Indigenous education. I am moving fairly rapidly, you will note.

**CHAIR**—Does that mean we have finished with program 2.1?

**Senator MASON**—I think so, yes.

**CHAIR**—To clarify, as we work through the program I would like to get a firm decision that we have actually finished with some of the items so that if officers are here purely for that program they can go. We are probably not quite ready to say definitively that we have finished with 2.1, but we should be able to soon.

**Senator MASON**—I think I have.

**CHAIR**—We will go on with 2.2.

**Senator MASON**—How many applicants have there been for the Australian Indigenous Education Foundation scholarships?

**Ms Wall**—I can give you the 2009 data.

**Senator MASON**—Okay.

**Ms Wall**—This is not so much applications; it is actually students who have received scholarships. There were 87 scholarship places in 2009.

**Senator MASON**—They received those scholarships in 2009?

**Ms Wall**—Yes.

**Senator MASON**—Do we have a partial figure for 2010?

**Ms Wall**—We would not have received the report yet, so I do not think I have.

**Senator MASON**—So 87—

**Ms Wall**—That was the first year.

**Senator MASON**—Indigenous students took advantage of the program in 2009. There clearly would have been some this year. It would have to be over a hundred.

**Ms Wall**—That is right. I understand our contract requires at least 50 by the end of 2010 and 98 by the end of 2011 and each year onwards.

**Senator MASON**—So that is 50 in 2010.

**Ms Wall**—And 98 from 2011 and each year onwards.

**Senator MASON**—So 98 is the target from 2011 and onwards.

**Ms Wall**—That is right. And there were already 87 last year.

**Senator MASON**—Why were there only 50 this year?

**Ms Wall**—No. The contract required at least 50, building up to 98 per year.

**Senator MASON**—I understand. What has been the response from the business community?

**Ms Wall**—I understand it has been quite good. Again, I only have 2009 data, but the requirement is that the foundation will raise \$5 million from external sources in the first five years of the project, and by the end of 2009 they had received nearly \$1 million and had over \$4 million in pledges. So that is looking very positive at this stage, given it is early in the program.

**Senator MASON**—Correct me if I am wrong—the minister may be able to help—but has the program thus far been considered successful?

**Ms Wall**—On the basis of those data, yes, I would say they are ahead of where we would have expected them to be so early in the program.

**Senator MASON**—And there has been enthusiasm from business? And how about from Indigenous students?

**Ms Wall**—Certainly. I would comment more on the partner schools than the students, because it is the schools that organise the scholarships, and, yes, there has been strong support.

**Senator MASON**—Is it right that the government has taken \$2 million out of this program to fund the No School No Play initiative?

**Ms Wall**—No, that is not absolutely correct.

**Senator MASON**—Oh, there's more! When I hear that my little ears prick up. 'Not absolutely correct' but it is a bit correct.

**Ms Wall**—It is an accounting issue, Senator.

**Senator MASON**—Help me out.

**Ms Wall**—No money has been taken from this program. All the funding committed for this program will be paid to this program, but my understanding is that last year there was an underspend elsewhere and that funding was directed to payments under this program, which freed some money that was then directed to the—

**Ms Paul**—Would you like us to take it on notice and give you the trail of that?

**Senator MASON**—It is all too much for me, Ms Wall.

**Ms Paul**—The short story is: there is no diminution of effort on this program.

**Senator MASON**—Right. That is the key to it, Ms Paul. So for this particular program, the Australian Indigenous Education Foundation scholarships, there is no, to use your word, 'diminution' of money?

**Ms Wall**—Absolutely not.

**Senator MASON**—Could you take on notice to give me the flow or—what was your word, Ms Paul?

**Ms Paul**—The trail.

**Senator MASON**—The 'trail', Ms Wall.

**Senator BOYCE**—The money trail.

**Ms Wall**—Sure.

**Senator MASON**—Does the No School No Play initiative target just Indigenous kids or non-Indigenous as well?

**Ms Wall**—The program itself targets all children and, as you know, these associations are already doing a lot of work with children in various ways. So the program itself, in terms of encouraging school attendance, will be directed at all children. However, this particular funding provided by the Commonwealth to assist the associations with their work is to be spent only on Indigenous children.

**Senator MASON**—Could you say that again.

**Ms Wall**—The program itself is directed at all children and, as I said, the associations are already doing work with lots of children in this area. But this additional funding provided by the government is to be spent only on Indigenous students, which reflects the concerns that, in terms of attendance and performance data—

**Senator MASON**—What additional money are you talking about?

**Ms Wall**—The government has provided \$2 million for the No School No Play initiative.

**Ms Paul**—Which goes to those sporting organisations.

**Senator MASON**—Right. And that extra \$2 million is directed just to Indigenous children?

**Ms Wall**—That is right.

**Senator MASON**—The program overall is for Indigenous and non-Indigenous but that \$2 million is just for Indigenous kids?

**Ms Wall**—That is right, because there are in-kind contributions from the sporting associations.

**Senator BOYCE**—I have a couple of questions. I inquired whether to ask these questions of DEEWR or FaCSIA and I was told to try both. I am interested in a 2010 survey done by the Australian Education Union which found that 70 per cent of principals thought the funding available for students with a disability to attend mainstream schools was ‘seriously inadequate’. Firstly, are you aware of that survey?

**Ms Wall**—Yes.

**Senator BOYCE**—What has been the reaction of the department? What work have you done regarding that?

**Ms Wall**—There are various tiers of the Australian government’s investment in students with disabilities. Clearly all of the mainstream funding provided to government and non-government schools is expected to be targeted in an appropriate way to support students with disabilities and other students that have additional needs. In addition to that we have specific funding through the literacy and numeracy special needs program which is target at children with disabilities and other additional needs, and that is provided to educational authorities. A number of the national partnerships will be addressing students with disabilities.

**Senator BOYCE**—That is where we get into problems. We have to talk to what were characterised earlier today as the ‘pesky states’.



**Ms Wall**—In addition, the government has indicated that funding for students with disabilities will be addressed through the funding review that is currently underway.

**Ms Paul**—Commonwealth funding directed at students with disabilities has increase significantly through the national education agreement and increases in the national partnerships—for the non-government sector by about 23 per cent.

**Senator BOYCE**—Nevertheless, the sector is still saying they are not happy.

**Ms Paul**—Yes, there is no doubt that it is an important issue, and one that we take seriously. There has been an election commitment in this area as well—a commitment to address it in the funding review.

**Senator BOYCE**—There is the potential, through the funding review, therefore, for more funding going into this area?

**Ms Paul**—I cannot comment on that.

**Senator BOYCE**—I realise that, but one hopes it is an outcome of the review. How will you know the level of satisfaction of schools with the funding they are getting?

**Ms Paul**—Currently we get quite a bit of feedback. For example, there is a principals association that focuses on principals who look after students with a disability. We are absolutely aware of the AEU survey. This is the right portfolio to ask. In many other ways we hear about it quite a lot. That is why, of course, it has been built into the funding review.

**Ms Bruniges**—I also have regular meetings with the head of Special Education Principals Association where issues of concern for schools are raised with me. There are also a number of things like our autism package—helping children with autism—which is an additional \$190 million that goes towards early intervention and assessment.

**Senator BOYCE**—It is clear that the supports that are there now are not sufficient for seven out of 10 principals to feel adequately supported. That is what I am talking about.

**Ms Paul**—I am not sure what those survey questions were but we certainly take all of this feedback very seriously.

**Senator MASON**—I would like to move to Indigenous education. In the lead-up to the 2007 federal election the government promised us the ‘200 teachers for the Territory’ program. What is the retention rate for the 200 teachers hired for the Northern Territory as a result of that program?

**Ms Bruniges**—I think we will have to take the retention issue on notice. I am happy to walk though where we are up to regarding that. The total was 200 teachers by 2012; at this stage 146.5 full-time equivalent teachers have been recruited, which is an increase on where we were in May estimates, so we are gradually walking towards that 2012 target. It is tracking pretty well.

**Senator MASON**—It is 146 teachers. I suppose my question is directed more towards how many teachers have commenced as part of that program and subsequently departed.

**Ms Paul**—You want the retention rate—that is what we will have to take on notice.

**Senator MASON**—Are you conducting any sort of exit survey on why teachers might be leaving and what particular problems they might be suffering from?

**Dr Bruniges**—Not to my knowledge. Again, I am happy to check that because sometimes in terms of departments or jurisdictions—for example, in the Northern Territory—they may have something within their human resources system that always captures exit data. So some systems have it; some systems do not. Again, I would have to clarify with the Northern Territory department, but from a Commonwealth perspective there is nothing that we have done and we would rely on the Territory if they have that system in place to track that.

**Senator MASON**—Thank you. I would be interested in that because it is a difficult issue recruiting and retaining teachers. There are cultural issues, issues of distance and so forth; we can all agree on that. I would be interested if you could let the committee know what is being done to monitor exit patterns and strategies to retain teachers in the Northern Territory.

**Ms Paul**—Certainly.

**Senator MASON**—There has been press on this—I am sure you have seen it—touching on the difficulties associated with it. It is on notice, so I appreciate that. I have another issue on Indigenous education.

**Senator SIEWERT**—Are we still on 2.2 or 2.3 because—2.2 non-government?

**Senator MASON**—We are on 2.3, I think, but Ms Paul is known for her generosity and flexibility.

**Senator SIEWERT**—I am sorry; I was asking questions next door when you started on this section, so I was not able to get in. I am just wondering if you could indulge me and go back to 2.2—is that okay?

**Ms Paul**—Sure.

**Senator SIEWERT**—I do have something for 2.3 as well. I have got a specific question about an issue in Western Australia that I am seeking some information about and explanation of, please, around the Aboriginal Independent Community Schools' Support Unit in WA. I am wondering why the unit—and I am aware of some of the background of the changes to the program—is not going to get funded after the year 2010.

**Dr Bruniges**—I might start by saying that this goes back to 2008 and the roll-up of a number of programs that I think you might be aware of. Prior to 2008 money went to the WA association and was then distributed out to schools. With the change in the act, my understanding is that the money goes directly to schools, and schools need to make a decision about whether or not that money needs to come back in terms of supporting that unit. I might hand to my colleagues who may be able to walk you through the detail but I think the gist is that in actual change and flow of funds there has been no reduction in funds, it is the way in which the funding is flowing, but I will hand to my colleague.

**Senator SIEWERT**—Mr Goodwin, you go ahead, and then I will ask questions because I have got a couple around that.

**Mr Goodwin**—Just building on what Dr Bruniges was saying, under the new federal financial reforms, the money that went directly to in this case the Association of Independent Schools of WA now goes straight to the schools. The schools have had an overall increase in funding, and that increase in fact is despite an overall decrease in their enrolment numbers. As you would aware, their funding is closely tied to their enrolments.

Those schools now have that quite substantially increased flexibility to do with the funding as they see fit in order to promote the best outcomes for their Aboriginal and Torres Strait Islander students. In 2010 the government provided \$439,857 top-up funding for a support unit for the Aboriginal and independent schools. You are probably also aware that during this year the Association of Independent Schools Western Australia commissioned an independent review of the support unit, which was done by Pat Dodson and the Kimberley Institute. We have continued to work very closely with Valerie Gould from the WA Association of Independent Schools to look at how the schools can get the services that they need that have hitherto been provided by the unit, and whether that is through a continuation of the unit, through other sources of funding or through some other means. We are still to determine that.

**Senator SIEWERT**—So you are still looking into that?

**Mr Goodwin**—We are working very closely with the key people up there—with John Hill and Les Mack and those sorts of people. We are also working, as I said, with Valerie Gould, our state manager over in WA. We have worked very closely with Ms Gould on this issue. We are working with them to try to come to some sort of an arrangement where the schools are getting the services that they need. But the government's position at the moment is that after 2010 the unit will not be funded directly.

**Senator BACK**—Can I ask an adjunct to that same topic. Given the tightness of funding for the schools, the likelihood of them voluntarily yielding these extra funds back to some form of coordinated centre is small. Are the funds being identified as such? When they go to the schools after 2010 will the principals or the school boards be able to identify that additional funding as a discrete figure in consideration of what used to go to the support unit on their behalf?

**Mr Goodwin**—No, they will not. The funding will go to the schools as an overall package.

**Senator BACK**—So the school bursar will just see this as more money in the pot rather than a differentiation between funds that have previously been allocated to the support unit.

**Ms Paul**—Potentially, although obviously we have not worked out how those things might be communicated yet, as it does not come in for some time.

**Senator SIEWERT**—That is in fact where I was going with my next question. I apologise if I am making assumptions about what has already been communicated to the schools, but has it been communicated to the schools that money that used to support the unit is now incorporated into money that goes directly to them? How is that process rolled out from the review process, the changes that happened in 2008?

**Ms Wall**—Yes, I believe that was communicated. But I think there are a number of issues here and we are very sensitive to the needs of these schools and the importance of supporting them. As Mr Goodwin said, we are still working through the options here. Once we feel like we have a sense of what the options are we will be briefing the minister about the way forward. So no decision has been made. It is currently under consideration, and we are working very quickly because we know the schools and the support unit need to know moving into next year what the outcome is going to be.

**Senator SIEWERT**—I have one more question about the additional money that has gone to the schools. There was an increase in funding. Is the increase they got proportional, or a

percentage shared amongst the schools, of the money that would have been given to the unit on top of other additional funding? As you would be aware, many of the schools need a considerable amount of funding to run because of the issues involved—isolation et cetera. So is it a double top-up or one top-up?

**Dr Bruniges**—I cannot answer that question at the moment. I am happy to take it on notice. Part of the evaluation is so we can help unpack all of that. I think the important thing is to recognise the work that has been done traditionally by that support unit in supporting the 14 schools. I understand there has been coordination and administrative support that goes through that centre. The evaluations can then inform us about how the previous funding arrangements worked with the Association of Independent Schools through that unit and then onto schools, and indeed we can have a look at that. I would not want to pre-empt the evaluation but would take into consideration what that is telling us about how the funding previously flowed and how it is going to flow in the future in making sure that those 14 schools are indeed getting the support that they need for collaborative activity that I understand that support unit would coordinate across the 14 schools. Clearly we have to work very hard and quickly to ensure we are on top once the evaluation has come in to fully understand that, to inform and provide some advice.

**Senator WORTLEY**—Senator Pratt is in another committee meeting at the moment and has asked me to ask some questions on the same topic. Senator Siewert has asked some of those questions, but there are a couple of things I would like clarified. In relation to the Aboriginal Independent Community Schools Support Unit, we are now in October and I am wondering if a meeting has been set up so that the people involved in that unit will know where they are for next year—what is happening to them, basically.

**Ms Wall**—It is not an issue of one meeting; there has been ongoing dialogue. As Mr Goodwin said, we did give over \$400,000 to the unit this year to keep them going to the end of the year so we could look at transitional arrangements. We are very aware of the importance of moving quickly. There is constant dialogue with them.

**Senator WORTLEY**—In relation to transitional arrangements, are you talking about transitional arrangements for the people attached to the unit as well? Obviously 2010 is drawing to a close, and they would like to know what their future holds within the organisation.

**Ms Wall**—Certainly most of that transition funding would be for staff in the unit. That is right; they do need to know as soon as possible what the ongoing funding is because of the staffing arrangements. We are very aware of that.

**Senator WORTLEY**—Are you aware of whether or not there are meetings scheduled for the near future to explain the situation to them?

**Mr Goodwin**—We would look to schedule those meetings immediately after the minister has made a decision based on the briefing that I think Ms Wall mentioned earlier we are preparing for him.

**Senator WORTLEY**—Do we have any idea when that will be?

**Ms Wall**—It is important to us and we are working as fast as we can.

**Senator SIEWERT**—I want to touch on an issue around school attendance under Indigenous education, and that is the issue of hearing. I want to get an understanding of what approaches you are taking, audits of classrooms for sound fields, whether all children—I am obviously focusing on northern Australia, in particular—should be screened as they start school. I am looking at this as a barrier to education.

**Mr Goodwin**—The first observation we would make on that is that the responsibility for that sort of screening rests very clearly with the education providers—with the states and the Catholics and independents. I can tell you that the Commonwealth funded a very effective project up in the Kimberley which you maybe aware of—the sound field amplification project. I do not have figures with me but at best guess I think around 25 schools, or all of the schools in the Kimberley region, were involved in that project. It was very well received and deemed to be a very effective project. We are looking at the future for that sort of approach, and certainly will be disseminating the results to the relevant education providers to inform their decision making in the future.

**Senator SIEWERT**—Are you able to provide those results?

**Ms Wall**—We will go and gather the more national activities on this. There is a lot of work being done. The NT is rolling this out, I think, into all their classrooms.

**Senator SIEWERT**—Last time I asked the NT, they could not tell me. They had literally started the audit of the classrooms when this committee inquiry was there, so they could not tell me.

**Ms Wall**—All right. We will work with our colleagues in the states and come back with a picture of what is happening across the country.

**Senator SIEWERT**—Okay, that would be appreciated. I appreciate your comment that it is the responsibility of state and territory providers. You could say that about school attendance in the same program. I hear what you are saying, but I do not necessarily except that if we are looking at overcoming barriers to education, hearing is not a big one. Are there other initiatives you are looking at to start addressing it?

**Dr Bruniges**—Perhaps I can share with you the range of strategies from the Australian government, totalling \$337.1 million, aimed at improving school attendance. Each one of them has probably got different elements to them. There is the Tri-Border Attendance Project—I do not know if you are aware that.

**Senator SIEWERT**—Yes.

**Dr Bruniges**—There is the Stronger Smarter Learning Communities project. There is the Dare to Lead program in terms of principal leadership. But when you get down to the thing you say about the classroom and the learning and the importance of hearing, I think that can act as a significant barrier, there is no doubt, to someone's engagement with learning and hence their attendance. But I would have to go away a look at in each one of these programs. Maybe we could pick out for you some of those programs that do look at strategies underneath to deal with hearing and share with you as well on that.

**Senator SIEWERT**—That would be appreciated. Thank you. I have one last question around the Parental and Community Engagement Program. I had some contact around some

schools and principals finding it quite a complex process in terms of applying for the ground. As I understand it, there is quite a lengthy and complex process. Have you had that feedback?

**Mr Goodwin**—We have had a lot of feedback about PaCE. Yes, there have been some observations around the complexity of the process, but we have also had some very positive feedback about the fact that the way that the program is being rolled out makes this funding and these projects really accessible to Aboriginal and Torres Strait Islander parents and community members to an extent that has never been experienced before. So there are a few schools out there that might be a bit cranky about the fact that the funding is not being directed through them, but that has been done intentionally. The intention is specifically to get community and parents engaged.

**Senator SIEWERT**—Community control.

**Mr Goodwin**—As you would be aware, for a lot of Aboriginal and Torres Strait Islander parents schools are not the most accessible places in the world. So this is about baby steps to build that capacity, build that trust and security with engaging with schools. But we are not going to do that through schools, because that might be a bridge too far for many people.

**Senator SIEWERT**—I absolutely understand. Perhaps in the metropolitan areas that have a large Aboriginal community—and I may be being a bit judgemental here—but I suspect that some of their understanding of engagement with the Aboriginal community may not be as great as in some of the other regional areas. Are you addressing some of those issues?

**Mr Goodwin**—The objectives of the program to enhance the capacity of Aboriginal and Torres Strait Islander parents and communities to engage with schools and education providers. That is the first one. The second one is to build strong leadership that supports high expectations of Aboriginal and Torres Strait Islander kids. The third one is to support establishment and implementation and ongoing progress of school community partnerships, which are critical. Lastly, it is to support and reinforce children's learning at home.

I understand exactly where you are coming from, but people come to us with projects. Just coming back to the complexity issue that you raised earlier, our staff out in our state network—and we have a comprehensive network of Aboriginal and Torres Strait Islander staff out in the states and territories—through the PaCE Program work directly with proponents of projects to help them complete the requirements of the project applications. That direct assistance is there to ensure that projects are framed in a way that meets the objectives of the program but also to make it as easy as possible for people to actually complete those requirements. But we do not dictate. The projects that have been funded to date are as diverse as you could imagine in the scope of the program itself.

**Senator SIEWERT**—Is there some work with the schools to facilitate easier communications and access from the proponents?

**Mr Goodwin**—Yes, absolutely. In some cases, because of the way the program runs, if a group of interested Aboriginal and Torres Strait Islander parents and/or community members had a really good idea for a project but they did not have the legal status to be able to enter into a contract with the Commonwealth, generally what we ask them to do is to try to find somebody who can support the project for them, can be a broker for them. In a worst case

scenario the last call will be to actually use a school as that broker. But the school really is only providing that entity in order to enter into a contract.

**Senator SIEWERT**—I might contact you separately about a couple of cases that I am aware of, instead of discussing them here, if that is okay.

**Mr Goodwin**—Yes, sure.

**Senator MASON**—I would like to touch on Indigenous boarding facilities, which I think Senator Scullion and I touched on in previous estimates. I want an update on the Wadeye site for Indigenous boarding facilities. Has construction finally commenced, Ms Wall?

**Ms Wall**—There is site development under way as we speak.

**Senator MASON**—What does ‘site development’ mean?

**Ms Wall**—Site development means all those things like laying stormwater drainage and power and connection to sewerage and roadways so that the builders can then come in and build the building.

**Senator MASON**—So there is no building yet?

**Ms Paul**—There is construction; it is just of the site nature.

**Senator MASON**—But there is no actual bricks and mortar building as yet?

**Mr Goodwin**—Senator, can I clarify. The below-ground construction has commenced. In other words, the stuff that holds the building up has commenced. So if I was building a house and I went to the block in Wadeye I would think that the construction had started, because I would see people there clearing the site, digging the drainage, putting in the concrete pads for the stumps et cetera. So, yes.

**Senator MASON**—You would see that there had been some activity?

**Mr Goodwin**—There is a lot of activity there. Can I just add, because I know this is of great interest to you, that the site clearing works have generated substantial local Indigenous employment.

**Senator MASON**—That is very good.

**Mr Goodwin**—We are very pleased about that.

**Senator SCULLION**—How many people do you have employed on the site?

**Mr Goodwin**—I would have to come back to you with the exact number.

**Senator SCULLION**—Would you be able to do that perhaps this afternoon?

**Mr Goodwin**—Sure.

**Senator MASON**—What is the estimated date of completion?

**Ms Wall**—Once the site work is done we would be looking at construction, but the problem is going to be the weather. The wet will determine when it starts and when it ends.

**Senator MASON**—Are we going to be ready for the 2011 school year?

**Ms Wall**—I think I indicated to you at last estimates that the expectation is that the building will be complete next year and ready to take students.

**Senator MASON**—Hold on, that is not quite what I asked. Will it be ready at the beginning of next year, when the school year commences?

**Ms Paul**—It would not be, because of the wet. If you think of the—

**Senator MASON**—Sure, but my question is very specific: will the building be ready in late January or February next year?

**Ms Wall**—I would be surprised, because of the wet. I think it will be more during 2011. But, given that it is not a school but a boarding facility for a school—

**Senator MASON**—You are right; it is a boarding facility.

**Ms Wall**—it can probably start operating at any time in terms of taking students, who are already going to that school, into a boarding facility. In other words, it does not necessarily hang off the beginning of the academic year.

**Senator MASON**—But it would be of assistance with respect to the academic year.

**Ms Wall**—Yes, of course.

**Senator MASON**—So you think it will be ready sometime next year to take students?

**Ms Wall**—That is my expectation. It is possible, too, that we could have a staged occupancy. It is quite a large site. So we could perhaps have some students and some staff moving in before the total building is finished. But the weather is a major factor here.

**Senator MASON**—On the weather, I know my friend Senator Scullion knows much more about these things than I do. Have sites been selected for East Arnhem Land and the Warlpiri triangle? As to those 40 facilities, have you got sites selected yet?

**Ms Wall**—You may be aware that during the election the government announced that Garrthalala will be the location for the boarding facility in East Arnhem Land. The Warlpiri location has not been announced. Again, I think last estimates I indicated that there was a preferred location. However, the four communities involved had asked us not to announce anything until they could come together and collectively agree on that and related matters.

**Senator MASON**—So we have not got a site selected yet for that?

**Ms Paul**—No, I do not think that is quite what we are saying. We are saying we are not in a position to say anything because the communities have asked us not to, until they come to a meeting and come to a consensus; I think that is what Ms Wall is saying.

**Senator MASON**—Do you know if they have selected a site?

**Ms Wall**—The government has identified a preferred location, which we obviously want to discuss with the communities. That discussion has been delayed because, you would be aware, there has been considerable community unrest in the Yuendumu area and a number of community members have moved out. We are waiting for advice on when we will be able to continue those discussions.

**Senator MASON**—What are the estimated completion dates for those boarding facilities in East Arnhem Land and Warlpiri?

**Ms Wall**—At this stage we are anticipating that they would be completed sometime during next year.



**Senator MASON**—Do you mean sometime in 2011? Will that be both locations?

**Ms Wall**—At this stage, yes.

**Ms Paul**—If community unrest continues in the Warlpiri area, obviously that is going to be a factor for us.

**Senator MASON**—That and the weather.

**Senator SCULLION**—I would like to just touch on Garrthalala. Clearly the answer in regard to Wadeye is that it is a boarding facility to assist people who do not live in Wadeye. I understand that there have been decisions to assist some people in Wadeye as well; that is government policy, and I will just run with that. On that basis, can we go to Garrthalala. The boarding facility is being built adjacent to which secondary facility? Where is the seat of learning adjacent to Garrthalala?

**Ms Wall**—There is a school at Garrthalala.

**Senator SCULLION**—I am aware of that. So this is a secondary school at Garrthalala?

**Ms Wall**—There is secondary education there. It will need to be expanded.

**Senator SCULLION**—How many students are currently enrolled in secondary college at Garrthalala?

**Senator Jacinta Collins**—Senator, if you could let the officer finish the first answer—

**Senator SCULLION**—I thought she had.

**Ms Wall**—I do not have that with me. I will need to get that for you.

**Senator SCULLION**—Would it be above five?

**Ms Wall**—I would say yes.

**Ms Paul**—We will take that on notice.

**Senator SCULLION**—It is not going to be above that. I know Garrthalala well. It is a very small community. It is isolated from the bitumen by 134 kilometres of some of the roughest road you could find in Australia.

During the wet season it will no doubt, as you would be aware, be cut off and isolated from medical assistance, from food supplies and from people getting in and out. Obviously, you would be aware that this is a pretty remote site. It is isolated for a fair period of time. I wonder whether you can make some comment on the rationale for the site, given that we used to have a site near Yirrkala called Dhupuma, which used to be the site of a boarding college. Many of the leaders of north-east Arnhem Land attended there. Obviously, there has been a lot of angst and have been asked why it is being built in such an isolated place that has such a small catchment, along with all the challenges that no doubt you are aware of. Could you perhaps give me some comfort that these things were taken into consideration?

**Ms Wall**—Certainly. The feasibility study looked at lots of locations in East Arnhem and it looked at the pros and cons of every location. I think it is fair to say that there is no one obvious site that had huge advantages over every other site. Every site did have some limitations but also some advantages. On the basis of that, we briefed the government and the decision was made. Gaarthalala has many positive things in its favour. One is that it has a

very strong community that is very committed to education and it has the support of other homeland communities in the area. It has a good record in terms of attendance and educational attainment. It is doing better than most other schools.

**Mr Goodwin**—In fact, better than any other like community.

**Senator SCULLION**—This is in secondary—

**Mr Goodwin**—Yes.

**Ms Wall**—There are already students boarding there from other homeland communities. The surrounding homeland communities expressed strong support for that. We know that there are some infrastructure challenges and we will need to work through those. We will be working through those with our colleagues in the Northern Territory department of education because they are not all within our control. In terms of the Dhupuma site it certainly was another site considered and it has some advantages that Gaarthalala does not have. The main factor is that the strong message from the other homeland communities was that they would not send their children to Dhupuma because they saw it as being too close to town and too close to possible exposure to drugs, alcohol and other dangers. In the end, we felt there was a great risk of building a facility to attract remote communities but them not sending their children because of those concerns about safety.

**Senator SCULLION**—As I have said, the feedback that I have had is from people in Gaarthalala. They had that discussion with me, and I said, ‘Many of you actually went to Dhupuma and there’s this great feeling that that was a good place.’ I note that they are talking about drug and alcohol issues. No doubt you have been to the Dhupuma site and it is hardly adjacent to the pub or the town or even within walking distance. I am not so sure how you would weigh those things. I think to be reasonable this has to be considered as an isolated asset. Has any consideration been given to bitumening and putting an all-weather road through to Gaarthalala?

**Ms Wall**—We will be looking at those things—upgrading the airstrip et cetera. As I said, there are a number of infrastructure issues to work through. Can I comment, though, on something you said about the Dhupuma site. It is not a way from town—

**Senator SCULLION**—It is a very long way on that road.

**Ms Wall**—The students would be attending either Nhulunbuy or Yirrkala schools in town. That was the concern that, unless a school was built there as well as the boarding facility, the children would be exposed, just by attending those schools—

**Senator SCULLION**—Again, you have come to something that is part of the issue. If we are building a boarding facility at Gaarthalala of a similar ilk to what I know has been prepared—and I have some understanding about it—at Wadeye, clearly, we have a very serious boarding facility with huge capacity. Whilst you have not got back to me on the answers, I do have some knowledge and I have been in the secondary classroom. If we build it next to a school—yes, I accept there are some really good things happening there—in terms of the size, it is tiny. Is there the capacity to say, ‘We’ll go into Gaarthalala,’ and you will not have the teaching capacity. Have the Northern Territory government said, ‘We’re going to put up our hand and we’re going to meet our responsibility?’ What will happen there?

**Ms Wall**—Certainly, we are working closely with the Northern Territory department and, when I went to the community meeting at Gaarthalala, my colleagues from the department were there with me, both from Darwin and from the regional office. We talked through in detail with the community. Clearly, the boarding facility will not work with the existing teaching profile because it matches the students who are there. But, as the student profile rises, we will be working with the department to look at expanding the teaching staff and any related classroom enhancements.

**Senator SCULLION**—You have given some answers to Senator Mason with regard to the time lines and, yes, there is a wet and we have got 134 kilometres of impassable road, and I am sure that will take some time. But let us say that even if we were able to do it by the end of next year, you would have thought that the responsibilities of providing secondary school education are fundamentally that of the Northern Territory government? What I am looking for—and perhaps you can take it on notice later today—is that if you are building 10 times the capacity for boarding facilities than you actually had in an education facility there might be a reasonable rationale to that, but I would have thought that you would have had to have been confident enough to predicate that on a clear agreement with the Northern Territory government; that they are going to provide their responsibilities by building extended secondary school facilities there as well as access to medical facilities and all these other things we are going to have around a relatively isolated asset. They are the same issues as we had at the Tiwi Islands, and it has all been resolved there. What level of confidence will I have that you will be able to talk about the arrangements with the Northern Territory government to actually provide some schooling there? I am sure the boarding facility will be just lovely, but the schooling facilities obviously are miniscule in comparison with the capacity of building to board there.

**Ms Wall**—I can assure you that there has been constant dialogue, and it is ongoing. It is a little bit of a catch-22 though, because it is not as though we are at a stage where we could enter into an agreement with them until we have worked with the community to determine what sort of facility they want and the design they want. I do not mean physical design, I mean what hours, what weeks the students will be there et cetera. We have got to do it simultaneously as we go along, but I can assure you that we are working closely with them.

**Senator SCULLION**—Perhaps, Ms Paul, you might want to give the answer on this. I am just concerned that it is chicken and the egg stuff. It really is. We have got somewhere to house all these kids. We are determined to build that, we have got a budget and we picked a site; we are miles in front on that. This is not a boarding school we are building, it is a boarding facility. Quite clearly where we are building it is supposed to have some capacity to board kids, but it has none—let us be frank about that—in comparison with the boarding facility that we are building. It seems they are pretty tenuous, and are we making that capacity commitment on the basis that the Northern Territory government are going to be able to provide something that people actually get an education in?

**Ms Paul**—We are. We can assure you that that is exactly what we are in consultation with the Northern Territory on.

**Senator SCULLION**—Do you have some sort of a heads of agreement on that? Do you have a bit of a note?

**Ms Paul**—I imagine we will end up with something formal, yes.

**Senator SCULLION**—You have already committed to this—

**Ms Paul**—Yes, that is right.

**Senator SCULLION**—So it is just a matter of trust? The good old Territory government will give a wind and a nod?

**Ms Paul**—No we have actually entered into a series of agreements or MOUs with the Territory.

**Senator SCULLION**—Will you be able to table those agreements?

**Ms Paul**—With this one, I imagine we will do similarly.

**Senator SCULLION**—Will you be able to table—to give me some comfort—any of those agreements, letters of note—

**Ms Paul**—I will take on notice what is current and let you know. We are not at that point yet with this one, but we are happy to keep you posted on it.

**Senator SCULLION**—You do not think you are isolating yourselves a little bit?

**Ms Paul**—No we do not, because—

**Senator SCULLION**—You said you would take that on notice, and I accept that there is something more current—

**Ms Paul**—We are entirely aware of the issue you raise; entirely aware and entirely sympathetic to it. So, no, we do not think we have isolated ourselves because we are, as Ms Wall says, in constant dialogue with the Northern Territory.

**Senator SCULLION**—To be reasonable, because I can understand why it is in the middle of things now, you can expect at the next set of estimates that I will have detailed questions with regard to the provision of safety for the students in terms of exit strategies, airstrip re-do, where they are going to fly to—all that sort of stuff that, no doubt, you have been thinking of. I do not think you really have the capacity to be fair—I am not knocking you—obviously because the relationship with the Northern Territory government is half cooked to whatever it is going to be. I really think that we should have that differential in capacity issue solved by then. But in the interim I would like to have some of those comforts in terms of what they are actually going to do.

**Ms Paul**—Yes, I understand.

**Senator SCULLION**—How many scholarships, both secondary and tertiary, have been offered in the Indigenous Youth Leadership Program for the current academic year?

**Dr Bruniges**—There have been 429 scholarship recipients in 2010, of which 349 were secondary and 80 tertiary. We are expecting about 60 year 12 students to graduate in 2010.

**Senator SCULLION**—How many applications were there?

**Ms Wall**—I do not have the application data, just the scholarship data.

**Senator SCULLION**—I would like to see what percentage was successful. How does compare it with 2009, both secondary and tertiary? Is there any particular rationale, or is it non-subjective?

**Dr Bruniges**—I do not have the 2009 date with me but I am happy to take the notice.

**Senator SCULLION**—Okay. Have you done any comparative analysis on whether you need a bigger investment in secondary or tertiary? Is there some rationale behind the actual numbers? Is a weighting given one way or the other? That is the reason for my question. If you take it on notice you can take it in that context.

**Dr Bruniges**—Certainly.

**Senator SCULLION**—Thank you very much. I asked some questions at the last estimates about the Sporting Chance academies. Mr Davies gave me some answers around participation by girls. He said Sporting Chance was fantastic but it was pretty much for boys. I think we all felt there was a great opportunity for females to be involved in this. Mr Davies ensured me the most recent expansion was targeted at girls' academies. How we going with that?

**Dr Bruniges**—We had 10 new girls-only sports academies commence operation in semester 1 this year. Four of those are in WA, four are in the Northern Territory and there is one each in Queensland and Victoria. That brings the total number of girls' academies to 13 and they support some 900 students each year.

**Senator SCULLION**—How many future academies are planned or proposed?

**Ms Wall**—The appropriation is fully committed for this quadrennial's funding. As Mr Davies said the last time, certainly in the initial stages there was a strong focus on boys. But it was recognised that we really needed to get more girls in. The 10 new girls' academies are a strong step in that direction. We will be mindful, as opportunities for future funding come up, to do that. At the moment the participation rate is 35 per cent girls and 65 per cent boys.

**Senator SCULLION**—Excellent. What particular sports activities are involved?

**Ms Wall**—There is a whole range.

**Senator SCULLION**—I just want the principal ones. If you could get that to us this afternoon it would be great.

**Ms Wall**—Certainly. I was actually reading the latest newsletter this morning, and dance and music seem to be a very popular academy with the girls.

**Senator SCULLION**—How do you measure both the academic and social outcomes? Perhaps you can take that on notice.

**CHAIR**—We will now suspend for the lunch break.

**Proceedings suspended from 12.39 pm to 1.39 pm**

**CHAIR**—We will now recommence these Senate proceedings, and I understand that we are at outcome 2.5, Digital education revolution.

**Senator MASON**—I always bring my calculator when getting figures for background information. Of the 116,852 computers approved under round 1, how many have now been delivered and installed?

**Ms Bloor**—Of the total number that have been approved, 116,867 have actually been installed. That is somewhat larger than the number that was approved because of the benefits of bulk purchasing that have been achieved.

**Senator MASON**—The 15-odd; I understand that. Of the 141,177 approved under round 2, how many have now been delivered and installed?

**Ms Bloor**—The number is 107,221, which is 76 per cent.

**Senator MASON**—Of the 34,723 computers approved under round 2.1, how many have now been delivered and installed?

**Ms Bloor**—The number is 25,927.

**Dr Arthur**—Which is 73 per cent.

**Senator MASON**—Outside the three rounds, how many computers have now been delivered and installed?

**Ms Bloor**—Under the national partnership and the three rounds, at the latest date 345,668 computers have been installed.

**Dr Arthur**—In terms of the percentages, the question I think you are asking is just the ones exclusive of the application rounds and the answer is 19 per cent of the total required have now been installed. This gives a grand total of 44 per cent of the total computers necessary to reach one to one.

**Senator MASON**—To be absolutely certain, because I am very slow particularly after lunch, please repeat what you have just said.

**Dr Arthur**—I said 19 per cent of the national partnership computers have been installed outside rounds 1, 2 and 2.1. The grand total from putting it all together, the number that Ms Bloor gave comes to 44 per cent.

**Senator MASON**—What is the figure?

**Dr Arthur**—It is 780,000 and Ms Bloor read the figure out.

**Ms Bloor**—The total number of computers that have been installed under the partnership and the funding rounds is 345,668.

**Senator MASON**—What is that as a percentage?

**Ms Bloor**—It is 44 per cent of all of the rounds and the national partnership.

**Ms Paul**—The composite number required to achieve one to one.

**Dr Arthur**—Which is 780,000.

**Senator MASON**—I think we agreed initially that there are 970,000 students—let us say a million, for argument's sake.

**Dr Arthur**—Yes. As we have said a number of times, the Commonwealth responsibility for that to get to one to one is 780,000. The responsibility of the education authorities is to maintain the appropriate number of computers that were in existence and less than four years old at the commencement of this program.

**Senator MASON**—That is what the government might have said, as you and I have had this debate so often, Dr Arthur. I enjoy it every time.

**Dr Arthur**—With respect, that is what the position has been from the beginning.

**Senator MASON**—I am not sure about that.

**Dr Arthur**—I am quite sure about that.

**Ms Paul**—Our evidence is our evidence so we will leave it at that.

**Senator MASON**—I have said my bit.

**Ms Paul**—Sure.

**Senator MASON**—Even if we take your figures, Dr Arthur—I do not need to use my calculator because you have said 44 per cent; I know you are a gentleman and I assume that is right—44 per cent have been delivered and installed. In the last three years, the government has managed to deliver 44 per cent of the computers.

**Dr Arthur**—As we have explained a number of times—

**Senator MASON**—You are going to have to deliver another 400,000 over the next 14 months—is that right?

**Dr Arthur**—At an average of 29,000 computers per month; yes, Senator.

**Senator MASON**—We will see how you go.

**Dr Arthur**—Thank you.

**Senator MASON**—It is 14 months until the deadline, isn't it?

**Dr Arthur**—Correct.

**Senator MASON**—Internet connections, Dr Arthur; another one of our favourite subjects, you might recall. It is almost three years—in fact it is nearly the third anniversary; I am becoming excited by it—since Mr Rudd made the promise that every computer in schools be connected to up to 100 Mbps fibre internet. The question is: when will the government implement that promise? Remember: that was the promise.

**Dr Arthur**—I think I have said a number of times—

**CHAIR**—Dr Arthur—

**Dr Arthur**—Sorry; my apologies.

**CHAIR**—please let Senator Mason finish his question first.

**Senator MASON**—That was not a question; it was a statement of fact.

**CHAIR**—Let's have some questions.

**Senator MASON**—Yes, it is a question now. So when can we expect the first of these computers to be connected, given that none have so far?

**Dr Arthur**—My understanding is that all but seven schools in Australia are connected to the internet. My expectation would be of those seven schools that they have a choice not to be connected to the internet. I would expect that, with very small exceptions, all of the computers

provided under the National Secondary Schools Computer Fund are indeed connected to the internet.

**Senator MASON**—How many are being connected to the fast internet, which was the promise—the 100 Mbps fibre internet?

**Dr Arthur**—We can answer that question, Senator.

**Senator MASON**—That was the question; that was the promise.

**Dr Arthur**—We certainly can answer the question in terms of—

**Senator MASON**—When will that happen, Dr Arthur?

**Dr Arthur**—Senator, if I could answer: we can provide information on the basis of surveys we have carried out on the number of schools which are connected to the internet via a optic-fibre connection, and we can provide that information.

**Senator MASON**—Dr Arthur, that is not my question. With the greatest respect, my question is: the government's promise was to connect computers to up to 100 Mbps fibre internet—that is the promise—how many have been connected to that by virtue of the Commonwealth?

**Dr Arthur**—As I recall, the government commitment was in relation to—

**Senator MASON**—Just last time.

**CHAIR**—You have asked the question; wait for the answer.

**Senator MASON**—Yes, Dr Arthur.

**Dr Arthur**—As I recall, the government commitment in the area of fibre to schools was in relation to its schools' connection to the internet. Obviously, there is a relationship between that and the computers provided under the National Secondary Schools Computer Fund but the commitment was with regard to schools not made specific to the computers provided under the fund.

**Senator MASON**—The commitment precisely was, Dr Arthur, that these computers be connected to 100 Mbps fibre internet. That was the promise. How many have the Commonwealth connected?

**Dr Arthur**—We have information in terms of the number of schools connected to the internet by optic fibre. That is the information that we have. We do not have—

**Senator MASON**—Could you answer the question?

**Dr Arthur**—Senator, I am attempting to explain to you—

**CHAIR**—Dr Arthur can only answer—

**Ms Bloor**—Senator, it is very intimately connected to the government's policies with respect to the National Broadband Network.

**Senator MASON**—The NBN—that came up last time. Ms Bloor, I recall that. I thought that was where we would go, but we have tried a different tack. Let us go to the NBN then, will we?

**Senator JACINTA COLLINS**—Let us remove the dramatics, Senator.



**Senator MASON**—It is always dramatic.

**CHAIR**—Order! Let us just come back. There is a question that has been asked, and Dr Arthur is attempting to give the information he has. It may not be all the information you require, but he is trying to give you the information at his disposal. Dr Arthur, you finish your answer.

**Dr Arthur**—The commitment was in fact to all schools. The schools that are receiving funding under the National Secondary School Computer Fund are only schools that have students in years nine to 12. In fact, the commitment of the government was wider than that; it was that all schools would have a connection to the internet of up to 100 megabits per second, except for those schools that were so remote that that would not be feasible. That is why the information we have relates to all schools, not just schools that are part of the National Secondary School Computer Fund.

**Senator MASON**—My question relates to how many have been connected to that fibre internet and sadly the answer has still not changed.

**Dr Arthur**—We can provide that information in terms of the schools which are connected by fibre optics to the internet.

**Ms Paul**—Did you want that information on the connection?

**Senator MASON**—I would be delighted.

**Ms Bloor**—63.4 per cent of schools are connected to high speed fibre connections.

**Senator MASON**—Let me ask you a specific question. Of the computers provided, how many have been connected to fibre internet with speeds of 100 megabits per second?

**Ms Paul**—I do not know if we have that.

**Ms Bloor**—Over 6,000 schools across the country are connected to high speed fibre internet.

**Senator MASON**—How many of those have been done by the Commonwealth?

**Ms Paul**—That is hard to say.

**Senator MASON**—With the greatest respect, you are talking about what the states have done. It is a bit annoying, Chair, when I am quite specific and the allusion actually is not to what the Commonwealth has done but to what the state governments have done. I do expect some transparency.

**Ms Paul**—I think our evidence is clear. Our evidence remains as it is and it is not going to change. The officer has answered the question.

**Senator MASON**—You hear my point?

**CHAIR**—I hear your point, but I am not so sure about that. The question you are asking is: ‘What schools are connected?’ and you are getting an answer. It is really a matter for you to determine if you want to decide whether it was that from state government or Commonwealth government efforts? The officer has said that it is hard for them to determine that right now for you.

**Senator MASON**—How many has the Commonwealth connected, Dr Arthur?

**Dr Arthur**—As I said on the first occasion we discussed these issues, the provision of broadband connections to schools was always going to be a combined activity involving the Commonwealth investment under the National Broadband Network, the activities of state and territory governments and the provision of funding under the \$100 million election commitment. Since that time, the Commonwealth government has greatly increased the investment it is prepared to put into this area through the decisions taken in the communications portfolio on delivering the National Broadband Network not just as a network going near to individual homes but to all homes, schools and other institutions, except in the most remote areas of Australia. I think it will be up to, as I understand it, 93 per cent.

**Senator MASON**—I will ask about that.

**Dr Arthur**—So the Commonwealth as a whole is making a contribution to fibre connections, of which the contribution of this portfolio, through the \$100 million, is only one element.

**Senator MASON**—I appreciate that, Dr Arthur—you did say that last time.

**Ms Paul**—Overall, the commitment by the Commonwealth I think totals about two and a half billion dollars or thereabouts.

**Dr Arthur**—\$2.4 billion for the Digital Education Revolution as a whole. The major part of the Commonwealth contribution in the area of providing enhanced broadband to Australian households and schools is the \$40-plus billion committed under the National Broadband Network initiative.

**Senator MASON**—Do we have a specific amount out of the NBN, disaggregated, that the Commonwealth has provided for fast fibre connections to schools?

**Dr Arthur**—No.

**Ms Paul**—We do not because the NBN will roll out, as I understand it since it is not this portfolio's concern, on a community-by-community basis.

**Senator MASON**—I understand that.

**Dr Arthur**—I might add that while we do not have the disaggregation, I do recall noting from the press the comments from the National Broadband Network company, in regards to their rollout of fibre to Gungahlin in the ACT, that they would give priority to connections to schools.

**Senator MASON**—So at last we might have some more than three years later—maybe, we will see. At the last estimates, Ms Bloor, you assured me:

We have no reason to believe that \$100 million will not be sufficient to connect schools in the context of the National Broadband Network to the sorts of fibre connections that they require as large aggregations of users.

And:

We have no indication from discussions with the broadband department that there would be a problem with that.

Can you tell the committee on what basis this assessment was made that the \$100 million would be sufficient to ensure every computer is connected to the broadband, even if it is by virtue of the NBN?

**Dr Arthur**—The evidence we have now is that that assurance was, indeed, well made and it has become clearer that that is the case. There has been an increased level of clarity as to the plans of the communication portfolio and the National Broadband Network, including the announcements by NBN Co. that they will be deploying what day call a gigabits-per-second product, which would be the product which would be appropriate to a large number of schools. The actual developments within the evolution of the NBN enhance our confidence that that statement is correct.

**Senator MASON**—I ask you again, because you did not answer the question: on what basis was that made? What evidence do you have for the committee that that would be sufficient to cover the cost?

**CHAIR**—I think there was a very clear question about how you came to that conclusion as opposed to what you just said, Dr Arthur.

**Dr Arthur**—The answer is that it is based on, at the time, our knowledge of the deployment plans of the NBN. As I said, those plans have become clearer since then and have enhanced the assessments.

**Ms Paul**—In other words, we have worked closely with the other relevant department to understand not only how they are going to roll out NBN Co. but also how they are going to deal with schools in the rollout. We know more now. We are assured that it should be sufficient—the \$100 million et cetera that we are talking about—because of the way they are planning the rollout.

**Senator MASON**—But the \$100 million was the initial budget allocation, wasn't it, 2½ years ago—

**Ms Paul**—Yes.

**Senator MASON**—before we knew the scale of the National Broadband Network. So how could you possibly know whether it was going to be enough?

**Ms Paul**—We actually know—

**Senator MASON**—It was a pretty good guess, was it?

**Ms Paul**—It becomes less and less an estimate, if you like, because of the way we have been working with the other department to be clear about not only how the rollout is going to happen but also how schools will be treated in that rollout.

**Senator MASON**—Has the department of broadband said that this will be sufficient?

**Dr Arthur**—To clarify, if you look at the record I think you will find that, initially, we did not state that we had any evidence as to the exact correlation between the \$100 million and the rollout to schools, particularly since the time we had our first conversations that the National Broadband Network was, to use a technical term, a fibre-to-the-node network. What we said at last estimates and what we are saying now is that now that the plans of the NBN are becoming clearer, as Ms Paul has indicated, that is providing us with a level of assurance.

**Senator MASON**—Can you show the committee; do you have any evidence to suggest that?

**Dr Arthur**—In terms of the detail of that, particularly the detail of the NBN rollout, you would need to address those questions to the department of communications.

**Senator MASON**—But I want to know what the arrangement is between DEEWR and the department of broadband. When we had our initial conversations, Dr Arthur, and I recall this well, the department did not even know the average distance between the node and the school. We did not know what the average distance between the node in the school was. That was the evidence from this department, and yet you were saying it was going to be enough, and no-one could even make an assessment.

**Ms Paul**—We have worked very closely with them, including an exchange of some letters and so on, with us pursuing how NBN Co. might roll out fibre, including to schools.

**Senator MASON**—But do they know the distance, Ms Paul? Does NBN Co. know the distance?

**Ms Paul**—I think you would have to ask them that.

**Dr Arthur**—That particular question is no longer relevant because it is not going to be a fibre-to-the-node network. So that question is of no practical importance whatsoever.

**Senator MASON**—Sure, but the technology has changed—that is true—and the requirements have changed—fair enough—but that will also impact upon the amount, the \$100 million.

**Dr Arthur**—Senator, with respect, the technology has not changed—

**Senator MASON**—Okay, not the technology but the requirements—

**Dr Arthur**—All that has happened is that the government has decided to deploy that technology closer—indeed, right to individual households—and is increasing the overall investments in this area by a factor of 10. That gives us very greatly increased confidence that the desired solution will be achieved.

**Senator MASON**—What sort of timetable is it? What sort of period are we talking about before the NBN gets through to schools and the election promise can finally be fulfilled?

**Dr Arthur**—In terms of the time frame for the NBN, the timetable for the NBN, you would need to ask the communications department.

**Senator MASON**—But you must have an idea, given you look after schools and are concerned about this, Dr Arthur. Surely you take a passing interest in it?

**Ms Paul**—I would prefer to take the question of a timetable on notice because I would like to check with the department.

**Senator MASON**—So the department does not know?

**Ms Paul**—We certainly know that it is going to roll out community by community, which is part of the answer relevant to your question. As to the precise starts and finishes, no, I would want to go to them to make sure.

**Senator Jacinta Collins**—Senator Mason, the other part relevant to your question is that 63.4 per cent of schools are currently connected.

**Senator MASON**—Minister, this conversation has been going for three years and—

**Senator Jacinta Collins**—I understand that. You said a moment ago—

**Senator MASON**—with the greatest respect—

**Senator Jacinta Collins**—when are we going to see it happen?

**Senator MASON**—that actually is not the point. The point is the Commonwealth commitment. Dr Arthur was referring to what state governments have already provided.

**Senator Jacinta Collins**—We are working with the states.

**Senator MASON**—It was about the Commonwealth commitment, from them, and the Commonwealth has not added one school to the list, Minister.

**Senator Jacinta Collins**—Senator Mason, what was the opposition's commitment?

**Senator MASON**—That is a different question; we are not having a political debate.

**CHAIR**—Yes, let's not—

**Senator MASON**—I am not intending to go there. That is why, Dr Arthur, there is a certain frisson—because the answer is not direct about the Commonwealth commitment and what the Commonwealth has done. Thank you.

With respect to NAPLAN, some of that will be incorporated into ACARA. I think we all agree it is a bit difficult to pull bits from it. So what I will do is—

**CHAIR**—I am sure you are aware the committee is actually doing an inquiry into NAPLAN, so a lot of your effort could be placed there.

**Senator MASON**—Some questions I will probably put on notice, and for some of the others about how the curriculum relates I will wait for ACARA. So we can move to the Building the Education Revolution.

**CHAIR**—All right. We need to change ministers at the table for that.

**Ms Paul**—Can I just ask a procedural question?

**CHAIR**—Yes, sure.

**Ms Paul**—Have we finished programs 2.1, 2.2, 2.3, 2.4—trade training centres—and 2.5, the Digital Education Revolution?

**CHAIR**—Officers that are solely involved in 2.1 to 2.5 inclusive can go. Is that right? Is that what we have decided?

**Ms Paul**—Chair, if you do not mind me asking, are there questions under programs 2.8 and 2.9, 'Smarter schools', or 2.10? There may well be. I just want to check. These cover 'Smarter schools', the Low SES School Communities National Partnership and the Improving Teacher Quality National Partnership, and youth support.

**Senator NASH**—I have some on youth support.

**Ms Paul**—That is fine. Just checking.

**CHAIR**—So let us just say we have now dealt with everything up to program 2.5—

**Ms Paul**—Yes.

**CHAIR**—and we will now move to BER and deal with the rest as we move along. We will get a message to the minister who is now responsible for the portfolio and while that is happening we will have a short suspension.

**Proceedings suspended from 2.04 pm to 2.07 pm**

**CHAIR**—We will now resume these estimates hearings and move to outcome 2, Building the Education Revolution. I welcome Senator Chris Evans back to the table.

**Senator Chris Evans**—It is my great pleasure to be back.

**Senator MASON**—Can we turn first to the National School Pride Program and progress there. Have all 13,176 projects under the National School Pride Program been completed yet?

**Mr Manthorpe**—Ninety-nine per cent of them have been.

**Senator MASON**—Completed?

**Mr Manthorpe**—That is right.

**Senator MASON**—Ninety-nine per cent completed.

**Mr Manthorpe**—And I should add that is completeness as at 31 August. That is the latest date that we have at present.

**Senator MASON**—How many of them had a variation to extend time?

**Mr Manthorpe**—I will just have to check with my colleagues on that one.

**Mr Parsons**—Yes, there have been some variations. In fact, the reason we are at 99 per cent, and not fully implemented at this stage, is that there are a number of National School Pride projects which are on the same campus as P21 and other projects, and it just did not make sense to put the turf down while the P21 trucks were still driving over it.

**Senator MASON**—Sure. There has been a variation for reasons like that, where on a campus there are other projects underway.

**Mr Parsons**—Yes, and also where there are other circumstances such as the towns which were affected by the Victorian bushfires—they have just asked for additional time to get their house in order.

**Senator MASON**—Can I turn to progress in relation to the science and language centres for the 21st century. Were all the 373 projects that were supposed to be completed by 30 June—that is the 537 minus the 164 which obtained a time extension—in fact completed by then?

**Mr Manthorpe**—I would have to look at whether we have a 30 June figure. I can give you a 31 August figure of completions, and that is 222. So 41 per cent of the total were finished by 31 August, and a good many of the others have extensions out to the end of the year.

**Senator MASON**—Many were given extensions?

**Mr Manthorpe**—Many of them. I do not have the precise number in front of me.

**Senator MASON**—Of the, let us say, 60 per cent that are not yet completed, how many received extensions?

**Mr Manthorpe**—Sorry, I missed that question. If you were asking how many extensions—

**Senator MASON**—Forty-one per cent, I think, of the total were completed by 31 August. I think that is your evidence, isn't it?

**Mr Manthorpe**—Yes, that is right.

**Senator MASON**—So what percentage of the 59 per cent that have not been completed received extensions?

**Mr Parsons**—Whilst my colleagues look for that statistic, I can tell you that across the whole of the SLC population we have received and approved 350 variations. I just need some additional time to refine that and see how many of the 59—

**Senator MASON**—Three hundred and fifty?

**Mr Parsons**—That includes the completed ones.

**Senator MASON**—That is 537 projects.

**Mr Parsons**—Yes.

**Senator MASON**—That is a lot.

**Mr Manthorpe**—That in part reflects the fact that it is not an inconsistent figure in the main, in the broad, with the 222 that are completed. There are 222 completed. There are 537 in total to be done. That leaves 315, and we have provided extensions to in the order of 350 at this point.

**Ms Paul**—Variations.

**Mr Manthorpe**—Yes, I should say variations.

**Senator MASON**—I understand that extensions may in some cases need to be granted. I accept that. But surely they are granted only for good reason?

**Ms Paul**—Yes. We have looked at each one. We have looked at each request for variation.

**Senator MASON**—To how many have you refused to grant an extension?

**Mr Parsons**—I have some data on raw refusals, but I have got that date only since 14 May. We have cut over to a different system since 14 May. I cannot give you that discreetly for SLC. I can give it to you across the whole category, but I do not have that.

**Senator MASON**—Give it to me overall.

**Mr Parsons**—Since 14 May?

**Senator MASON**—Since 14 May.

**Mr Parsons**—Since 14 May this year we have refused 22 variations.

**Senator MASON**—How many have you approved across the whole lot?

**Mr Parsons**—I did not bring that with me.

**Mr Manthorpe**—We can take that on notice.

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**Senator MASON**—You do not have that information there?

**Mr Parsons**—I have brought with me the rejected statistics and I can tell you by the various category of rejection, but I did not bring the page with me, unfortunately.

**Senator MASON**—When you say ‘right across’, you mean right across what?

**Mr Parsons**—All of the BER projects.

**Ms Paul**—The three programs, I think.

**Senator Chris Evans**—Mr Parsons, are we able to give the senator a rough idea of what the rejections compared to approvals looks like?

**Mr Parsons**—It is a fairly low rate of rejections.

**Ms Paul**—Approvals is much higher.

**Senator MASON**—I want to know what per cent.

**Mr Parsons**—I know, but because we do not have it we will give you a sense of it.

**Ms Paul**—I do not think it will take us long to get it. We do have it. We might even be able to supply it this afternoon.

**Senator MASON**—Twenty-two extensions have been refused.

**Ms Paul**—Twenty-two variations.

**Senator MASON**—Twenty-two variations have been refused.

**Ms Paul**—I imagine though that there would be a number of variations where we had a bit of dialogue—

**Mr Parsons**—That is right.

**Ms Paul**—with education authorities about this before we made a decision.

**Senator MASON**—That is right across every category, the three categories?

**Mr Manthorpe**—Since the date that Mr Parsons—

**Senator MASON**—Since 14 May.

**Mr Manthorpe**—Yes.

**Senator MASON**—Can you give me that information for each of the three categories before 14 May. How many variations to extend time have been granted and not granted?

**Mr Parsons**—Not today.

**Senator MASON**—No, not today. I will then be able to compare them. There are 22 variations refused since 14 May across the whole lot.

**Mr Parsons**—To put that into some context, as Ms Paul said, we have regular dialogue with each of the education authorities and in those meetings it would not be uncommon for me to say not to bother putting through variations for projects because the discussion and the rationality presented will lead to a rejection. I accept that the figure I have given you is the figure but there is an unstated dialogue where we say to the education authorities that, based on what they have told us, do not bother putting a rejection through.



**Ms Paul**—In other words it is an understatement.

**Senator MASON**—What action are you taking in relation to those projects that have not made the deadline?

**Mr Manthorpe**—We are monitoring progress and we are encouraging the education authorities to continue with the construction work. We know, of course, that construction has started in the overwhelming majority of these cases. Once construction is underway there is only so much we can do to make it go faster but we are continuing to work with the education authorities to encourage them to continue in as timely a fashion as they reasonably can.

**Senator MASON**—If you give me that information on notice I would be grateful. The issue is, if they are all going to get extensions nearly automatically, I am not sure what the use of any deadline is. When I was an academic, as Senator Trood said, they almost always asked for extensions and if people are going to get them it wrecks the entire system.

**Ms Paul**—I think we have just said the opposite, Senator. As Mr Parsons said, there are also many, many cases where he said do not put that to us as we will be refused. In addition to that we have refused it.

**Senator MASON**—Let me have a look at the numbers.

**Senator Chris Evans**—I would also like to see how quickly we get the marked essays back. That is another accountability measure we could turn to. The figure that the officer gave you was between May and August. Also bear in mind that a lot of the projects have already been completed so they are not part of the subset. What the officer is saying to you is that they work with education sector providers to try and keep the pressure on for completion but respond to reasonable requests. That is a conversation that occurs and many of the issues get resolved through the conversation rather than an application. But of the applications 22 have been rejected.

**Senator MASON**—Could I also get on notice the variations by sector, that is, government versus non-government and catholic.

**Mr Manthorpe**—If we can do that we certainly will.

**Senator MASON**—That would be very useful.

**Senator TROOD**—Could you give the variations across states so that we are aware of the differences that might apply across the country?

**Mr Manthorpe**—If we can we will do it broken up by the 22 education authorities so that you get the states.

**Senator MASON**—This is across all three programs.

**Senator Chris Evans**—Bearing in mind that there was a very small subset there. The report will probably be more helpful in terms of the bigger picture.

**Senator MASON**—I will now get to the third arm of the revolution, Primary Schools for the 21st Century.

**Senator Chris Evans**—I think it was the title that really irritated you about this, wasn't it? It was not the program; it was the title.

**Senator MASON**—I was telling Ms Paul that I have one Maoist trait; I drink green tea, Minister. With respect to the particular program, Primary Schools for the 21st Century, at the previous estimates I was told that, as at 30 April, 98 per cent of all projects had commenced. Have all 10,697 projects approved under all three rounds of the Primary Schools for 21st Century commenced?

**Mr Manthorpe**—Not quite. Our advice now is that 99 per cent of them have commenced. I understand that the number—you may be about to come to numbers as well as percentages—that have not commenced is 59 out of the over 10,000 projects. And I note in passing that a portion of the funding for the program has been rephased into 2011-12, so it is not that surprising to us that there is a handful that have not yet got under way.

**Senator MASON**—Have all the smaller school projects—not the larger ones, the smaller school projects—which should have been completed by 31 May at the latest, been completed?

**Mr Parsons**—My understanding is that at a former estimates we did draw light to the fact that for many of the smaller schools there was a pragmatic reason to allow them to move to the larger-school deadline, particularly in regional Australia, where the trades were out. For that reason a number of variations for the small schools were put through to align them to the large-school deadlines.

**Senator MASON**—What percentage of small schools were given variations and extensions of time, I think, across all three rounds?

**Mr Manthorpe**—I think one of our answers to a question on notice went to this.

**Senator MASON**—I have got that here.

**Mr Manthorpe**—I do not have it right in front of me but from memory he indicated in the vicinity of 1,000 of the smaller schools projects were extended to the large-school deadlines.

**Senator Chris Evans**—Why don't we get a copy of the answer first.

**Senator MASON**—Which is what proportion of the total?

**Senator Chris Evans**—Could we just make sure the officer has got the answer to exactly where we are rather than his being a couple of hundred out.

**Mr Manthorpe**—My recollection is within nine, so 1,009 small schools, whose completion dates were originally set seven months after the commencement of their respective rounds, now have approved completion dates that reflect the large-school completion dates.

**Senator MASON**—And what proportion of those 1,000 schools are in regional areas?

**Mr Manthorpe**—I am not sure. I do not think—

**Ms Paul**—We have attached the list of them—sorry, it is a different list. We might have to take that on notice.

**Mr Manthorpe**—We can take that on notice.

**Senator Chris Evans**—That was the subset.

**Senator MASON**—So that is the, say, 1,000. And over the three rounds what percentage is that of the total.

**Mr Parsons**—It is not quite a third.

**Senator MASON**—Not quite a third have been given extensions.

**Ms Paul**—That is right.

**Mr Parsons**—To line up with the large-school deadlines.

**Mr Manthorpe**—But, equally, I take your point that extensions have been given to this 1,000 but there are well over 1,000 large schools that are finished before their completions deadlines.

**Senator MASON**—I will get to that.

**Mr Manthorpe**—But I think it puts some balance to your question.

**Senator MASON**—What then is the breakdown of completions for each round of the small-school projects, taking into account the fact that one-third of them have been given extensions.

**Mr Manthorpe**—I have some data on the numbers of the small schools that are completed and it appears that 321 of them met the original guideline date, 908 of them have been completed within the extension date and 203 have been completed late, which probably indicates that they were never given an extension, or some of them were never given an extension or were assured extensions and they went beyond it, but they are now completed.

**Senator MASON**—Just hold on to those figures for a second. I want to work through the most important information I already have, which is about the one-third. What actions is the department taking with regard to projects that have not been completed and have not received an extension of time?

**Mr Manthorpe**—First of all, we have been encouraging education authorities to come to us if they do not think their projects are going to be completed on time and have a discussion with us about whether there ought to be an extension. I think it also has to be said that, in relation to the small schools, the original seven-month target for constructing buildings in literally thousands of locations was ambitious.

**Ms Paul**—It usually takes about three or four years to build a whole school. A major reconstruction or construction like this would normally take years and we had only given them seven months. It was bit unrealistic, actually. We have said that before.

**Senator MASON**—We can say that now. Perhaps after the heat of the election we can be more honest—that is right.

**Ms Paul**—I think we said it in May. It has certainly been our evidence before that it became clear to us that, just in terms of trades and construction timetables, that original deadline was certainly ambitious, although, of course, as Mr Manthorpe said, 321 of them actually met it. Nonetheless, given that many of these projects would be of a similar sort of proportion or scale, giving them the same deadline as the large schools actually made a lot of sense.

**Senator MASON**—I want to look at the round completion rates. Are the original timetables still in place? I received an answer to a question on notice, 79\_11, which indicates:

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Primary Schools for the 21<sup>st</sup> Century (P21) round completion dates for large schools have not as yet been realised and therefore none have been delayed at this point. Round completion dates are:

Round 1: 20 December 2010

Round 2: 31 January 2011

Round 3: 21 March 2011

Is that right?

**Mr Manthorpe**—Yes.

**Senator MASON**—What about in the case of Victoria?

**Mr Manthorpe**—Sorry, what is your question exactly?

**Senator MASON**—I am looking at an article where Senator Evans has been quoted that states that Victoria has been given to the end of 2011 to complete the school projects.

**Mr Manthorpe**—I can help to clarify this.

**Senator MASON**—Is it 21 March?

**Mr Manthorpe**—I have just noticed exactly what you have just noticed, which is that the QON says ‘21 March’ when it should say ‘31 March’. That is merely a typo, for which I apologise.

**Senator MASON**—Fair enough.

**Mr Manthorpe**—The other point to make is that, since setting those original dates, government made a decision to rephase approximately half a billion dollars of the P21 money out into 2011-12, so we are expecting—and I think we have been through this general territory in previous hearings—BER to wrap up, therefore, by approximately the end of calendar 2011.

**Senator MASON**—Just let me follow this. This extension that Senator Evans mentioned in the case of Victoria—

**Senator Chris Evans**—Before you keep quoting me I would like to see the article.

**Senator MASON**—I am happy to do that.

**Senator Chris Evans**—If your point is to check the dates, that is fine. If you are not particularly fussed about what I said and you just want the information, that is fine. But I have learnt with Senator Abetz that it is good to see a copy of the article.

**Senator MASON**—I have it here; that is not a problem.

**Senator Chris Evans**—If you are not referring particularly to me, fine.

**Senator MASON**—I just want to get the dates right. Is that extension that Senator Evans mentioned for Victoria being given just for round 3 projects or for all of P21?

**Mr Manthorpe**—It is for all. It is for projects that need to extend beyond the deadline dates into 2011, but it is not—

**Ms Paul**—It is not just for Victoria.

**Mr Manthorpe**—It is not just a Victorian matter; it is a national program matter.

**Senator MASON**—Senator Evans is here; it is embarrassing talking about him, but I just want to get what this means.

**Senator Chris Evans**—I am glad I am here to talk about it.

**Senator MASON**—A ‘spokeswoman for Senator Evans’ said it. But it is not just Victoria that has been given until the end of 2011, it is everyone. Is that right? Every state?

**Ms Paul**—It depends on what variations they have sought.

**Mr Manthorpe**—And in the context of rephrasing, a fairly small portion of the total funding.

**Ms Paul**—It was not a global move, in other words. It is a case by case move.

**Senator MASON**—Have any of these blanket extensions been given before?

**Ms Paul**—It is not a blanket extension. If I were to use that term, the only ‘blanket’ or systemic thing we have done is the shift of the deadline for the small schools. What is being talked about here is the case by case consideration of projects to address two issues: (1) where there are genuine reasons for delay, leading into the case by case consideration that we have talked about before, or (2) a need to rephase according to the rephrasing of money.

**Senator MASON**—Yes, sure, but in a sense they both amount to the same thing: that an extension of time for delivery of these projects has been given to the end of 2011—and that is blanket. I accept that not all small schools have been given an extension. I accept that. But a third have, or nearly a third. So it is not blanket, but gee, it is—

**Ms Paul**—The point here is that extensions here would be considered on a case by case basis in an even more fine way, if you like, than the small schools which were offered more of a blanket approach.

**Senator MASON**—Let us move on. Given that under round 1, some 2,010 projects were approved and were supposed to have been completed by 20 December 2010. That is in two months time. How many have been completed so far?

**Mr Manthorpe**—I am sorry, you want to know how many have been completed now? Is that right?

**Senator MASON**—Yes, as of now, how many of the 2,010 projects approved under round 1 have been completed?

**Ms Paul**—For large schools or all schools?

**Senator MASON**—All schools.

**Mr Manthorpe**—There are two figures which we will need to add up to give you the answer. Of small schools from the first round, 74 have been completed by guideline date. In fact, there are more than two figures, Senator. I hope you have brought your calculator. I do not know whether you have this afternoon—

**Senator MASON**—So 74 small schools from round 1 have been completed?

**Mr Manthorpe**—Yes, 74 small schools met their completion date. A further 190 met the extension date and another 62 small—

**Senator MASON**—Hold on, I do not require all that. I just want to know: of the 2,010 projects approved under round 1, how many have been completed so far?

**Mr Manthorpe**—Twelve hundred.

**Senator MASON**—So over 800 have to be completed within two months?

**Mr Manthorpe**—It is a case of whether the glass is half full or half empty, I think.

**Senator MASON**—I do not know about that, Mr Manthorpe, but I suppose if we come back in February—

**Mr Manthorpe**—Twelve hundred is a lot of completed projects, I think.

**Senator MASON**—But there are 800—more than 800—behind.

**Ms Paul**—Twelve hundred have been completed ahead of time, so they are making the average look pretty good at the moment, aren't they?

**Senator MASON**—I do not know.

**Mr Manthorpe**—Of the 1,200 projects, 874 of the ones finished were large schools, so nearly 60 per cent of the large schools have finished early.

**Senator MASON**—Yes, but about 40 per cent of them are incomplete. How about round 2? We have 4,972, so nearly 5,000, projects under round 2. Their deadline is 31 January—three months time. How many of those have been completed so far?

**Mr Manthorpe**—I am advised that the answer to that is 1,475.

**Senator MASON**—That is less than a third, isn't it?

**Ms Paul**—Yes, although you will recall that we had a discussion about the use of the summer holidays for much of this construction.

**Senator MASON**—If you can get the builders in summer, Ms Paul. Yes, we will see. The good thing is that, when I come back in February we will know.

**Ms Paul**—That is right.

**Senator MASON**—So quite a bit less than a third of those 5,000 have been completed. Under round 3, 3,718 projects were approved and they will be completed by 31 March, is not it?

**Mr Manthorpe**—Yes.

**Senator MASON**—How many have been completed so far?

**Mr Manthorpe**—339.

**Senator MASON**—That is less than 10 per cent in five months.

**Ms Paul**—Yes.

**Senator MASON**—So we can afford to be more hopeful.

**Mr Manthorpe**—Can I correct that—the number is 439.

**Senator MASON**—That is a bit better than 10 per cent. It is closer to 15 per cent. Of the 10,697 projects, how many have been completed so far?

**Mr Manthorpe**—The number of projects I have does not quite align with yours. There have been variations of different kinds over time. The total number of approved projects as at 31 August is 10,525, of which 2,114 on 30 per cent are completed.

**Ms Paul**—Which means, of course, that they were completed ahead of time.

**Mr Manthorpe**—The large ones, the large component.

**Senator MASON**—If you add up the projects you just mentioned, what do they add up to? What is 1,200, plus 1,400 plus 439?

**Mr Manthorpe**—3,039.

**Senator MASON**—3,114?

**Mr Manthorpe**—Is that what it comes to, Senator?

**Senator MASON**—That is what I got.

**Mr Manthorpe**—That is good because that is exactly the number I just gave you.

**Senator MASON**—Very good. So it is less than a third. So in February when we come back we will have a much better idea.

**Ms Paul**—That is right because we will be able to report against the January deadline—indeed, both.

**Senator MASON**—December and January.

**Ms Paul**—Exactly.

**Senator MASON**—Are you able to give me a breakdown on completion wages between all the education authorities—state, independent and Catholic?

**Mr Manthorpe**—We will be able to, but can we take that on notice?

**Senator MASON**—Thank you, because that would help against the timeliness of the different sectors. Are you aware of testimony by the Victorian education department to the Victorian Parliament's Education and Training Committee—it was reported in the *Australian* on 5 October—that only 20 per cent of all the BER projects in Victoria have so far been completed? That is not what the *Australian* said; that is the reporting of the evidence by an education department.

**Ms Paul**—Is that a quote?

**Mr Manthorpe**—But you are still relying—

**Senator MASON**—Sure, but I do not think we necessarily want to query that.

**Mr Manthorpe**—I do not think I have seen the evidence.

**Senator MASON**—Assuming that is correct—

**Ms Paul**—We do not know that.

**Mr Manthorpe**—I just do not know what they said.

**Senator MASON**—I think it is. I did not bring it with me but that is what the *Hansard* says.

**Ms Paul**—The *Hansard* of the Victorian inquiry?

**Senator MASON**—Of the committee.

**Ms Paul**—We do not have that in front of—

**Senator MASON**—I can call it up if I have to. Do you think that is a good enough rate of progress, 20 per cent of all BER projects being completed a couple of years after the global financial crisis completed? Minister, what do you think?

**Senator Chris Evans**—I am generally quite pleased with the progress of the program but there have been delays in a range of areas which you would have hoped had not occurred and we are working hard to make sure that project deadlines are met. It is equally the case, of course, that anyone who has tried to extend the house or build a house knows that these things sometimes are not as easily achieved as one would like. Most of the building has started and the investment has been made.

As you know, we got Mr Brad Orgill to do an independent evaluation of the program, particularly focused on value for money and on those projects of concern. His interim report was a highly useful summation of all the issues. I have not heard anyone contend that that was not an accurate reflection of where we were at. So I think it is a very useful piece of work. His next report is due in November, and that will give us a pretty good benchmark—not that the work you are doing here today will not give us a reasonable summary of where we are at—of where we are at with the program. As you know, Orgill's interim report gave a set of recommendations, which we responded to, accepted and are pursuing. No doubt he will have further advice for us in the November report.

**Senator MASON**—On Victoria, for a second, the extension to the end of 2011 is nine months longer than the previous deadline.

**Ms Paul**—We can comment the Victorian case.

**Senator MASON**—I cannot think of any other educational authority being given that kind of extension. That is a long time.

**Ms Paul**—Mr Manthorpe can expand on this and provide more detail, but Victoria—and we may have talked about this before—went to retender to achieve better value for money in a range of circumstances. The case is now that 100 per cent of Victorian P21 projects have commenced, I understand, but there was actually a delay. I am happy to take this on notice, or perhaps Mr Manthorpe or Mr Parsons know more, but I understand that it was in large part because they went out to retender to achieve better value for money. When they first went to market they were not convinced that they had achieved value for money.

**Senator MASON**—As you know from previous conversations, value for money has been an issue, and the Victorian state government perhaps had to do that. But never forget that the independent sector and the Catholic sector did achieve value for money. The Orgill report says that.

**Ms Paul**—I understand that the Victorian government considered that it was not achieving sufficient value, perhaps because of the size of their tenders in that state. At any rate, 100 per cent have now commenced.

**Senator MASON**—Less than 20 per cent have been completed; it is 18 or 19 per cent, or less than one in five, for a project for the purposes of stimulus. It was supposed to be timely,



targeted and temporary—aren't those the three Treasury Ts? More than 80 per cent have not been completed, and the global financial crisis is years gone by. It is inflationary now, not stimulating.

**Senator Chris Evans**—You could also call it nation building and investment in the education of our children.

**Senator MASON**—You have to admit it is a long way behind time.

**Senator Chris Evans**—There is no doubt that some of the projects have not been done in a timely manner. That is what Mr Orgill is reporting on.

**Senator MASON**—But you would agree with that.

**Senator Chris Evans**—If you want to make political points, we will do it in the chamber. I have not heard you once accept that the investment in the schools of Australia has any benefit for those schools.

**Senator MASON**—No, I have said that it has but it is too expensive. That has been my comment.

**Senator Chris Evans**—You are usually a fairly balanced individual, but I think on this issue you have not provided any balance in terms of the investment in the education of Australia's children—the provision of facilities that have allowed teachers to provide that education in much better environments with much better resources. I just think that we would like to have some balance in the discussion.

**Senator MASON**—I accept that you are right on that, but let me say this. What is important is balance, and if you read the transcript over the past three years you will find—and I urge you to look at it—that what Mr Orgill said about the lack of oversight by the department and about lack of value for money were things I said three years ago, Ms Paul. I can look you right in the eye and say that. There is no question that it cost too much money and that the oversight was not good enough.

**Ms Paul**—Three years ago the program did not exist, Senator.

**Senator MASON**—Sorry, a year ago. And everything I urged—

**Senator Chris Evans**—I will also check to see if you said the other things Mr Orgill said, which was the huge educational benefit and the benefit to jobs in Australia.

**Senator MASON**—Absolutely—but what I did not say is that it is not sufficient value for money and the Commonwealth oversight is not sufficient.

**Senator Chris Evans**—Mr Orgill is reporting on the value for money argument. It is of serious concern to me and the government. He talks about the premium paid for speed. His next report is due in November. It is an important issue. It is important that the Senate and the parliament hold the government and the departments to account for those issues. I am very relaxed about that, but I also think people have an obligation to have a balance on these things; and, when someone says to me, 'Isn't it outrageous that a building project is two or three months behind?' I say, 'Try building a bloody house in Perth and see how you go; I've got friends who are waiting three years to finish their houses.'

**Senator MASON**—But the justification was stimulus. It is no longer stimulating; it is now in fact inflationary.

**Senator Chris Evans**—If you want to make an economic judgment—

**Senator MASON**—We will get to the overall—

**CHAIR**—I have been fairly tolerant and let it go on for a little while, but it is not time to end the debate. I want a follow-up question about the non-completion of some of the projects. I look around Victoria and see so many projects that are nearly finished. I keep driving by, thinking, ‘Why isn’t it completely finished?’ The demands for me to open a lot of these are quite substantial! Is there any way of knowing how many out of the uncompleted projects are 90 per cent complete and, therefore, have had most of the money already expended and most of the major building works done but just have landscaping, final fittings or final furnishings to wait for? That is my practical experience of driving around Melbourne and Victoria.

**Ms Paul**—I understand that in Victoria, for those that are completed, the duration of construction time has been shorter than the average across the country, but I do not know if my colleagues have more.

**Mr Manthorpe**—I am not sure we have reporting to that level of granularity. I was going to make the point that Ms Paul has just made, but I also want to make a comment on some of the observations that Senator Mason made about this extension issue. To reinforce: there is no decision to provide a special blanket extension to Victoria. There is a rephrasing of a portion of the money nationally. I do not know whether we have created the impression that there was.

**Senator MASON**—A rephrasing means that there has been an extension of time, doesn’t it? It amounts to the same thing in most cases?

**Ms Paul**—In some cases, but not just in Victoria. I think the other thing to say about stimulus is to do with the point about rephrasing or extension. Often extensions have been sought from us—they have been sought for many reasons such as heritage issues or whatever—but an extension variation has been sought because the same builders are stretched on other stimulus projects or other projects. The point about stimulus is that the whole point is not to require jobs to be lost. People have not had to be laid off. They are working on some other BER project or some other project, but the point is those jobs were not lost, so the extension does not mean stimulus is not being achieved. It is being achieved because, in this way, an extension means that those jobs continue to exist.

**Senator MASON**—Sure, but they are inflationary. That is the evidence.

**CHAIR**—Not evidence before this committee.

**Senator MASON**—Another committee.

**Senator Chris Evans**—It is fair to say that economic activity is occurring now and some of the expenditure is later than planned. There is no question about that. That is a matter of fact. If you then want to have an economic argument about whether or not that is inflationary, it seems to me there is a different forum for that.

**Senator MASON**—You could certainly say this: more than 80 per cent has not been completed by now and it is a fair way out of the global financial crisis. We know that.

**Senator Chris Evans**—But that figure is not that 20 per cent of the expenditure has been made. A lot of these projects are nearing completion. A lot of the money has been expended. A lot of the jobs have been taken in the last year as these projects have gone on. So I do not think the 20-per-cent/80-per-cent argument on completions can then be used to talk about when the activity or investment occurred.

**Senator MASON**—I accept that at one level the expectation of money can lead to stimulus, but let me get to that in a minute. What action are you taking against the Victorian government or indeed any education authority that has failed to deliver projects on time?

**Mr Manthorpe**—In the main they have not met the deadlines because the deadlines have not arrived.

**Ms Paul**—The deadlines are still to come.

**Mr Manthorpe**—For the P21 program they have overwhelmingly finished their NSP. They are at 97 per cent or somewhere in that vicinity.

**Senator MASON**—Because of the rephrasing?

**Mr Manthorpe**—No, because of the small school extensions and because the P21 deadlines have not yet arrived.

**Senator MASON**—But you have given some extensions?

**Mr Manthorpe**—We have given some extensions for small schools.

**Senator MASON**—One-third of them.

**Mr Manthorpe**—Yes, nationally.

**Ms Paul**—So the issue has not arisen.

**Senator MASON**—In relation to people who have not met deadlines, what action are you taking?

**Ms Paul**—The issue has not arisen because—

**Senator MASON**—Because you gave them extensions.

**Ms Paul**—Because either they have received or an extension or the deadline has not come around yet.

**Senator MASON**—So you do not need to give them a talking to because they have all received extensions.

**Mr Manthorpe**—As I said earlier, we are encouraging them to move as quickly as they reasonably can.

**Senator MASON**—That is fine. You can jolly them along, Mr Manthorpe, I suppose. The minister raised a good point about financial commitment and spending and what that means. That is a fair point. Let's go to that. I think in the past we have discussed the three-stage process—the payment by the Commonwealth, commitments entered into and then the spend. The minister was quite right to raise the different aspects of that process. It is not just money per se; it is a three-stage process and department has made that clear in previous proceedings. Can I confirm that, as at 7 July, \$11.7 billion out of about \$16 billion originally timetabled for

expenditure by March 2011 has indeed been paid by the Commonwealth to education authorities. Is that right?

**Mr Manthorpe**—I think that is right. The dates move of course. I am looking at data that is current.

**Senator MASON**—That is at 7 July.

**Mr Manthorpe**—That rings true. I just can't say it is definitely right.

**Senator MASON**—And that has been paid by the Commonwealth to education authorities in that first step?

**Mr Manthorpe**—Yes.

**Senator MASON**—Have there been any changes to the timetable for future payments by the Commonwealth to education authorities for P21, SLC or pride?

**Mr Manthorpe**—Not in the broad. There have been a couple of education authorities, particularly in the non-government sector, who have sought earlier payments because they had progressed expenditure such that they needed a cash injection. We have brought payments forward in respect of a couple of non-government education authorities and from memory one government authority. I will perhaps put that in a bit more context for you. The next scheduled date for a big round of payments is 7 November.

**Senator MASON**—Has there been any change to the original timetable for those?

**Mr Manthorpe**—No, with the exception of the rephrasing. It depends on what your reference point is. We have talked about rephrasing before. There is a body of payments to occur with respect to P21 during the early part of 2011-12—in July and September.

**Senator MASON**—Just let me get these numbers right. Of that \$11.7 billion, how much have the education authorities committed so far, which is step 2 of the process I think?

**Mr Manthorpe**—That is right. Can I answer that in two ways. First, they have spent 58 per cent and they have committed a further 38 per cent to get to 96 per cent. Ninety-six per cent is the answer, of which 58 per cent has been spent.

**Senator MASON**—Hold on, let me just get this right. So how much have the education authorities committed so far? How much is it?

**Mr Manthorpe**—It is 96 per cent, inclusive of the 58 per cent that has been spent.

**Senator MASON**—Hold on. I do not follow this. As at July we have \$11.7 billion that has been paid by the Commonwealth to the education authorities; is that correct? That rings true, you said. Of that \$11.7 billion that has gone to the education authorities how much has been committed? Are you saying 97 per cent of that \$11.7 billion?

**Mr Manthorpe**—No, I am saying 97 per cent of the total of the BER has been committed, so this has moved on considerably since last we spoke.

**Senator MASON**—Hold on so I understand. So 97 per cent of \$16 billion—

**Senator Chris Evans**—Why don't we get Mr Manthorpe to tell you what he thinks the current picture is?

**Senator MASON**—I am just not following this.

**Mr Manthorpe**—Let me pick it through component by component.

**Senator MASON**—No. I want my questions answered otherwise I will not be able to follow this.

**Mr Manthorpe**—I would like to help you follow it.

**Senator MASON**—Do you have an updated figure—I have the July figure—for how much money has been paid by the Commonwealth to education authorities? My figure is \$11.7 billion in July. Do you have a contemporary figure?

**Mr Manthorpe**—Yes.

**Senator MASON**—Could you give me that?

**Senator Chris Evans**—I think we should work off the contemporary figures. I think it was your old figure that was causing the problem.

**Senator MASON**—Fair enough. So you have a figure as of what date?

**Mr Manthorpe**—As at 21 October the total BER payment—and that is all three components: the P21, SLC and NSP—we have paid is \$12.579 billion.

**Senator MASON**—So, as of 21 October, the Commonwealth has paid to education authorities \$12.579 billion; is that right?

**Mr Manthorpe**—That is right.

**Senator MASON**—How much have the education authorities committed of that \$12.57 billion?

**Mr Manthorpe**—I was trying to explain that they have committed more than that; they have committed around 96 or 97 per cent of the BER \$16 billion but they have only spent a portion of it.

**Senator MASON**—Let us take this step by step. They have committed 97 per cent of the \$16 billion?

**Mr Manthorpe**—That is right, roughly.

**Senator Chris Evans**—They have contracted for all but that small amount.

**Mr Manthorpe**—Which reflects the fact that there is only a small number of projects that have not started.

**Senator MASON**—So that is how much has been committed—about \$15.8 billion of the \$16 billion. I understand that. How much have the education authorities actually spent?

**Mr Manthorpe**—They have spent \$9.8 billion. To put that in context they have spent nearly all of the NSP money and 59 per cent and 58 per cent respectively of their science and language centre and P21 money.

**Senator MASON**—So it is less than 60 per cent and overall it is about 60 per cent across all three programs of the total amount?

**Mr Manthorpe**—That is right, in that order.

**Senator MASON**—Appendix 8 of the Orgill report has an actual spend and a planned spend.

**Ms Paul**—What page are you on there?

**Senator MASON**—Page 75. It says in October 2010 the planned spend should be about \$10.5 billion and then it rises rapidly after that; is that right?

**Mr Manthorpe**—Yes, that is how I read that graph.

**Senator MASON**—So it is a bit behind, even according to that. But the facts are that roughly 60 per cent has been spent.

**Mr Manthorpe**—Roughly, yes. It would also be true to say that that expenditure has been accelerating in the recent past.

**Senator MASON**—Are you aware of the report by the Victorian Auditor-General—that is Des Pearson—that the Victorian government has delayed its implementation of the BER? He says:

By 30 June only 40 per cent of the state's \$2.545 BER funding was actual capital expenditure—what we call here the spend. He continued:

A further 40 per cent was allocated for contracted dollars—

what we call the commitment—

while the remaining 20 per cent has not been contracted at all.

He says:

In all, Victoria has held back about 29 per cent of its budgeted allocation by June 30, spending \$412 million less than originally budgeted.

**Ms Paul**—But we have just said that, as of September, 100 per cent of projects in Victoria had commenced.

**Senator Chris Evans**—Would it be helpful if we gave you our current Victorian figures?

**Senator MASON**—Sure, it would, but commencement is not the issue.

**Senator Chris Evans**—Those figures from Mr Pearson are now obviously a bit dated.

**Ms Paul**—It is useful, Senator. I would not have said so if I did not think it was. It suggests commitment. You were just saying that the auditor had said that X amount had not even been committed. That is how I heard you. Maybe I misheard you.

**Senator MASON**—That is the language we have used.

**Ms Paul**—But it must have been if 100 per cent have started.

**Senator MASON**—You explained the three-stage process, which I appreciate. I just want to use the right nomenclature.

**Ms Paul**—Sure.

**Senator Chris Evans**—Why don't we give you—if we have it—the breakdown of the Victorian figures and you can analyse whether his critique is still current and any points he makes valid.

**Mr Manthorpe**—Is that okay?

**Senator MASON**—Absolutely.

**Mr Manthorpe**—The current position is that for P21 Victoria has 99 per cent committed and 45 per cent spent.

**Senator MASON**—Let me just get this down. I want to get the right language. Is that all right?

**Mr Manthorpe**—Yes.

**Senator Chris Evans**—Language is powerful, Senator.

**Senator MASON**—It is. This is Victoria, right?

**Mr Manthorpe**—Yes. This is as at end August, so this is just a couple of months old.

**Senator MASON**—Let us go through it slowly. What is the actual capital expenditure?

**Mr Manthorpe**—For P21 it is 45 per cent. For SLC it is 30 per cent. For NSP it is 96 per cent.

**Senator MASON**—What is the overall figure?

**Mr Manthorpe**—I do not have what you would call a weighted average. My colleagues can probably figure that out and give me a number.

**Senator MASON**—What was P21?

**Mr Manthorpe**—It was 45 per cent. That is a little over \$1 billion.

**Senator MASON**—Do you have the amount?

**Mr Manthorpe**—Yes. It is \$1.007 billion spent.

**Senator MASON**—What is the state's funding? It is about 2½, isn't it?

**Mr Manthorpe**—It is 2.2, so 45 per cent.

**Senator Chris Evans**—And there is 99 per cent committed.

**Ms Paul**—So under contract is 99 per cent.

**Senator MASON**—I just want get this language right. So the spend is 45 per cent.

**Mr Manthorpe**—Yes. As at end August, which is about 16 per cent more than reported by the Auditor-General just two months before. So you can see an acceleration. That is the point I am making.

**Senator MASON**—But on the information I have, at 30 June he says it is 40 per cent. The spend, to get the right language, is 40 per cent. Now you are saying it is 45.

**Mr Manthorpe**—No, sorry. I might be looking at something different to you. I have got an extract from the Auditor-General's report as well, which said 29 per cent. I might be reading from something we have prepared, so I will just leave that.

**Senator MASON**—I have got 40 per cent, end of June. You say, end of August 45 per cent.

**Mr Manthorpe**—P21.

**Senator MASON**—Yes.

**Mr Manthorpe**—96.

**Senator MASON**—A whole new sort of language. How much has been—what we would call—‘contracted dollars’—that is, the commitment? Let us get the language right. What are the contracted dollars now?

**Mr Manthorpe**—For P21, \$2.1 billion, almost \$2.2 billion; 99 per cent.

**Senator MASON**—Is contracted?

**Mr Manthorpe**—Committed.

**Ms Paul**—Contracted, which we call ‘committed’.

**Senator MASON**—There are only two phases here, because the other one is irrelevant.

**Ms Paul**—Correct.

**Senator MASON**—So the spend is 45 per cent.

**Mr Manthorpe**—For P21.

**Senator MASON**—Yes, which is by far the largest component.

**Mr Manthorpe**—Yes.

**Senator MASON**—Less than half.

**Mr Manthorpe**—I note, too, that the Victorian auditor makes the point that the Victorian department was seeking to achieve best value for money through its procurement practices.

**Senator MASON**—Yes, we could go to that debate but I think we have had that debate.

**Ms Paul**—We have.

**Mr Manthorpe**—I just make the point, Senator.

**Senator MASON**—We will move on. Can the Commonwealth recover money from the states under bilateral agreements for failing to meet the conditions of the agreement? In other words, can the Commonwealth impose a financial penalty on the states for breach of the agreement?

**Mr Manthorpe**—I think we have been here previously, Senator.

**Senator MASON**—We did not get an answer, Mr Manthorpe; that is the problem.

**Ms Paul**—I thought we did.

**Senator MASON**—No, we did not.

**Mr Manthorpe**—Well, the answer is yes, Senator. That was the answer then.

**Senator MASON**—All right. Mr Manthorpe, can you point to the clause in the contract that says the Commonwealth can impose a financial penalty on the states for breach of the agreement? If you could point that out, that is fine.

**Mr Manthorpe**—I do not have the agreement in front of me. If you could give us a moment.

**Senator MASON**—I can give you a copy.

**Mr Manthorpe**—A colleague is getting it. There are two relevant clauses.



**Senator MASON**—You are going to have to help me out here. This is the agreement with the states.

**Mr Manthorpe**—Yes, the bilateral. There are two relevant clauses. One goes to ‘withholding’ or ‘suspending’.

**Senator MASON**—Yes. Which clause is that? Just point that one out.

**Mr Manthorpe**—5.1.

**Senator MASON**—Three?

**Mr Manthorpe**—No. 3.

**Senator MASON**—Yes.

**Mr Manthorpe**—And No. 5.4 and No. 1.

**Senator MASON**—What?

**CHAIR**—Wait for the answer.

**Mr Manthorpe**—Yes, 5.4(1)(b) states: ‘At the completion date if some or all of the funding has not been spent in accordance with the agreement or acquitted to our satisfaction it can be repaid.’

**Senator MASON**—Mr Manthorpe, let me just draw your attention to a couple of things. Let us go to 5.1, which you have pointed out. It states ‘the Commonwealth can withhold or suspend’—that is true—but under that agreement it cannot recover any payment where the state educational authority has not performed its obligations. Now read it closely.

**Ms Paul**—The repayment is what 5.4(b) goes to.

**Mr Manthorpe**—So we are not saying it does in 5.4(b).

**Ms Paul**—We do not agree with your analysis there.

**Senator MASON**—Okay. If we go to 5.4, which you mentioned: ‘The Commonwealth can seek to recover money from states’—yes?

**Ms Paul**—Yes.

**Senator MASON**—Only in the case of an overpayment or a mistaken payment but not for breach of the agreement.

**Mr Manthorpe**—I do not agree with that assessment. I appreciate you are a lawyer and I am not, but—

**Senator MASON**—You tell me why I am wrong. It is a very fair question.

**Mr Manthorpe**—(a) and (b) are cause; it is either (a) or it is (b). For (b), at the completion date—so we get to 2011—if some of the funding has not been spent in accordance with the agreement then we can have it repaid.

**Ms Paul**—It is an ‘or’; that is the difference between (a) and (b).

**CHAIR**—If this is a legal question at the end of the day, it is not really a matter for much debate between you and the officers about who is right legally, because as you would know, as a lawyer, in 50 per cent of the cases one lawyer is always wrong.

**Senator MASON**—With the greatest respect, Mr Manthorpe, can I then point out to you the other point of fact, which is the contract between the Commonwealth and the BGA. Have you got that?

**Mr Manthorpe**—I have got it now.

**Senator MASON**—Clause 10—that is the contract between the Commonwealth and the BGA—right?

**Mr Manthorpe**—Yes.

**Senator MASON**—Look at clause 10. Why isn't that replicated? It goes quite clearly to 'failure to provide value for money; delay in completion fees in excess of 1.5 per cent allowed by the Commonwealth'. Why isn't that replicated in the other contract?

**Ms Paul**—We consider that we have used different language to achieve the same thing.

**Senator MASON**—Ms Paul, I am not sure that is right. I have spoken to a lot of people about this. Let us say I am wrong. Let us give the department the benefit of the doubt for a second. What I did do last time was ask this question on notice, and you have provided a copy of the legal advice sought by the department in order to answer Senator Mason's question in relation to the Commonwealth's power to seek repayment of moneys by the states and territories under the bilateral agreement for the BER. The answer: 'The legal advice provided to the department is subject to legal and professional privilege. Disclosure of this legal advice could adversely affect the Commonwealth's position in its potential dealings with the states and territories in respect of the repayment of any moneys under the bilateral agreements.' Ms Paul, there is no power under 5.4(1) because it only applies to overpayments and mistaken payments.

**Ms Paul**—We do not agree with that.

**Senator MASON**—It does.

**Ms Paul**—That is not correct.

**CHAIR**—This question has been extensively covered in previous estimates.

**Senator MASON**—It has never been answered.

**CHAIR**—It has and it was extensively covered in the inquiry into Primary Schools for the 21st Century. I just question whether this can possibly take us anywhere because the evidence of the department is that they have the ability to do it, and all you are doing is saying, 'In your opinion you don't think so.'

**Senator MASON**—I am happy to look at the legal advice.

**CHAIR**—But that is a standard approach to rely on that response, which is a common response across all departments on these matters, and so to make the leap that you are trying to make that, therefore, the advice must support your position is just ridiculous.

**Ms Paul**—Let me outline the position: 5.4, you could read (1) if (b) at the completion date, or et cetera in the brackets, or the date of termination, some or all of the funding has not been

(i) spent in accordance with this agreement or (ii) acquitted to the Commonwealth's satisfaction then this amount must be repaid to the Commonwealth within 20 days—

**Senator MASON**—I am sorry Ms Paul—I am just receiving some mail. Let me go—

**Ms Paul**—All I am doing is reading from 5.4. There are really two separate issues here, and I can offer you assurance on this. We are describing our genuine understanding of what is written here in 5.4.

**Senator MASON**—Have you sought legal advice on this issue?

**Ms Paul**—Yes. And you have requested it and we have denied that request. There are two issues here. One is the issue of the document itself, which we are describing, which we are in a debate about what it has the power to do, but that is a genuine debate. The second issue is that you asked for legal advice, and it is practice to say this is legal advice which could prejudice to some extent future action, or the words that are in that answer, and therefore that is our answer. As Senator Marshall says, that answer does not in any way suggest what the nature of that advice is—in any way. It is not the normal course to reveal our legal advice. It is not a new approach here; it is a more common approach than not. The practice is not to reveal legal advice which could prejudice any actions the Commonwealth may wish to take, and in this case with the state and territory. They are two quite separate things, for the comfort of our office.

**Senator MASON**—I understand that, but the issues are married. Have you, in response to the concern that I and I think others have to ensure the Commonwealth does have the capacity to recover money for non-performance, for breach of the agreement, sought legal advice on whether they can impose a financial penalty for breach of the agreement?

**Ms Paul**—I am not going to tell you precisely. I am not agreeing to answer yes or no, because you have actually put in words the nature of the request for advice. What I can say is that we have sought advice on these contracts, and that is what we refer to in the question. I cannot satisfy you and give it to you; I will not do that. Nonetheless, here we are guiding you through the words as we understand them—

**Senator MASON**—With the greatest respect, your legal understanding of that is not right. If I had a legal advice in front of me that said I was wrong, I would be quite happy.

**Senator Chris Evans**—Senator, while I generally seek your happiness, the bottom line is this: the Commonwealth has sought advice and it is confident that the agreement it has entered into gives it the capacity to seek those costs if we want to pursue them. You have accepted the fact that it gives us the capacity to withhold funds, and we have withheld funds in relation to New South Wales already. I think that is a sign that we take this issue very seriously. I have confirmed with the New South Wales government that we have withheld those funds while Mr Orgill does his work and while we gain satisfaction about the use of those funds. The Commonwealth's commitment in this area is not in question; we are determined to ensure that the agreement is honoured and that we get performance from the Commonwealth's funds. Our advice is we have both the capacity to withhold, which we have done, and we have the capacity to claim back under the contract.

**Senator MASON**—So, Minister, it is your understanding that the Commonwealth can recover money from states in the event of breach of the agreement?

**Ms Paul**—It is 5.4(1)(b)(i) and (ii). So you read it this way: if (b) at the completion date (et cetera) some or all of this funding has not been (i) spent in accordance with this agreement or (ii) acquitted to the Commonwealth's satisfaction, then this amount must be repaid to the Commonwealth, et cetera. That complements the previous clause, which is 5.1(3)(a) and (b).

**Senator MASON**—Does that relate, for example, to failure to provide value for money?

**Ms Paul**—It is about spent in accordance with this agreement, so it is the nature of the agreement.

**Senator MASON**—So, if states have not secured value for money—because that was part of the agreement—

**Ms Paul**—It was. I am not going to speculate on what a cause of such a serious action could be.

**Senator MASON**—This is the problem. Today we have discussed at some length the expenditure by states of their BER funds. There have been extensions granted and so forth. What the taxpayer would want to know is: what are the sanctions for states that do not perform, that do not get value for money, where there are delays in completion and, as I will get to in a minute, Minister, there are fees in excess of the 1½ per cent allowed by the Commonwealth? They are all issues. No-one has ever given me an unequivocal answer that, under this clause, the Commonwealth can recover that money from the states. All I want is a certain yes, Minister, and no-one will give it.

**Ms Paul**—As the minister said, the Commonwealth has already withheld \$75 million.

**Senator MASON**—That is not the point—

**Senator Chris Evans**—But your concern is about value for money and whether the Commonwealth is taking its responsibilities seriously. I say to you: that is a clear signal that we are taking those responsibilities seriously.

**Ms Paul**—Clearly we are taking them seriously.

**CHAIR**—Senator Mason, to be honest, in the first answer to your question—the one you are still asking—I thought Mr Manthorpe answered yes. You cannot get clearer than that. But we are not pressed for time, so I am not going to overly wrap it up, but I do make the observation that the department is being very clear about what they believe their rights are under the agreement, and you are disputing that interpretation.

**Senator MASON**—No, I am not. All I want is a yes—

**CHAIR**—Well, you have got the yes.

**Senator MASON**—So I have a yes? Minister, I want to make sure this is clear. So you are saying that, under this agreement, the Commonwealth government can seek the repayment of funding, the recovery of money, where state governments have failed to provide value for money or there has been a delay in completion or, for example, fees in excess of the 1½ per cent allowed by the Commonwealth? In those cases, can the Commonwealth recover the money from the states?

**Senator Chris Evans**—It seems to me that under clause 5.4(1)(b) we have the capacity to do that in accordance with the agreement. As I said to you, we have got advice to that effect.

We also have indicated to the states that we intend to ensure they honour the agreement, and that is why the decision was taken in relation to New South Wales, and we are awaiting Mr Orgill's report in relation to some of those projects in New South Wales which are of concern. I think we have a confidence in our position to be able to get good outcomes from this. When you talk about penalties, I would like you to just to bear in mind that this is about delivering worthwhile public institutions and public services, and, while timing is a concern, I am much more focused on actually making sure we deliver what we wanted to deliver. Part of Mr Orgill's charter is to examine the value-for-money issues, which are also very important.

**Senator MASON**—I will get to that. Minister, what the taxpayer would want to know, though, is that the Commonwealth can recover money from the states when the states do not comply and where they, for example, do not provide value for money. I take it that you are saying that, if that happens, you can recover the money from the states where they do not provide value for money.

**Senator Chris Evans**—I think you ought to take what I said to be what I said, not how you want to rephrase it.

**Senator MASON**—That is the problem. So, in fact, they are not certain you can do that.

**Senator Chris Evans**—No. I do not want to double your problems. What I am doing is quoting to you the agreement, which is I think the safest thing for me to do, in the sense that that is the assurance we have. But I think taxpayers are actually concerned more with: have we got good facilities going into schools and have we got value for money? Those are our objectives and those are the things we are pursuing.

**Senator MASON**—Ms Gillard on *The 7.30 Report* was a bit more explicit. This is the problem. What you have said does not back up what Ms Gillard said. She said:

... that money will be held by education authorities and if there are problems that have breached Building the Education Revolution guidelines, including our value for money guidelines then money can be recovered ...

That is quite specific. So I ask the question again: is what Ms Gillard said correct?

**Senator Chris Evans**—There is nothing inconsistent there with what I have said.

**Senator MASON**—So you are saying that the money could be recovered where there was not value for money?

**Senator Chris Evans**—The agreement talks about—

**Senator MASON**—If you just said 'yes', Minister, it would all be over. I just wish—

**Senator Chris Evans**—I have always—

**Ms Paul**—The agreement calls up the guidelines for the value for money part, so, yes, there is a link.

**Senator MASON**—As part of the agreement, under clause 6—exactly. That is why I am asking.

**Senator Chris Evans**—Yes.

**Ms Paul**—Yes. If people do not meet the agreement, then we can take action.

**Senator MASON**—Believe me Ms Paul, I have looked at it. That is why I want to know. Minister, if you just assure me that, yes, the money can be recovered by the Commonwealth from states when there is not value for money, I will be happy and I will stop—which will make the Chair happy. But you have not given me that assurance.

**Senator Chris Evans**—I am saying to you that the advice the department has got is that the agreement is enforceable, and that includes the agreement's commitment to value for money. That is what the agreement provides. Our advice is that our position is sound and that we have the capacity to enforce that. As I have indicated to you, the determination of the government is to try to ensure that occurs. I think that a more preferable action, which we took, was actually not to give them the money until we were satisfied that they had performed.

**Senator MASON**—I might agree with you on that.

**Senator Chris Evans**—That is why we withheld \$75 million from New South Wales.

**Senator MASON**—Withholding is a different power, and I do not want get into—

**Senator Chris Evans**—Yes, I know it is a different power. I do not know about you, Senator, but I have always found it easier to negotiate with people before you give them the money than after they have got it.

**Senator MASON**—I accept that. I do not disagree with any of that bit. I think what you are telling me is that, in fact—

**Senator BACK**—Then why is the negotiation not—

**Senator MASON**—what Ms Gillard said was that if there are problems, if there are breaches of the Building the Education Revolution guidelines—including our value for money guidelines—then that money can be recovered. You are saying that what Ms Gillard said is correct—

**Ms Paul**—That is wrong—

**CHAIR**—I thought we were getting to—

**Senator MASON**—No. That is fine.

**CHAIR**—Can we move on?

**Senator Chris Evans**—This is worse than Brandis on Brandis!

**Senator MASON**—Has any money been sought from non-performing BGAs or state governments?

**Ms Paul**—There is the withholding of \$75 million from New South Wales. That is the only action of this sort of nature taken under the agreement so far.

**Senator MASON**—So there has been no action to recover—

**Ms Paul**—Not so far.

**Senator MASON**—Right. Under clause 10—

**Ms Paul**—Of the BGA?

**Senator MASON**—The BGA, yes.

**Ms Paul**—Actually, we may have to correct that—

**Mr Manthorpe**—Can I just clarify that there may be one or two schools in the non-government sector where there have been issues of insolvency. I do not want to go into the detail of that.

**Senator MASON**—No, all right.

**Mr Manthorpe**—Where we have needed to get—

**Ms Paul**—We might have to take that on notice.

**Mr Manthorpe**—Could I take that on notice to clarify that?

**Ms Paul**—And give you the numbers.

**Senator Chris Evans**—Are they a more exceptional circumstance?

**Ms Paul**—Yes.

**Mr Manthorpe**—Yes, absolutely.

**Senator MASON**—What sorts of breaches of the agreement under clause 10—that is in respect of the BGAs—could result in the Commonwealth seeking the payment of money? What sorts of breaches have been contemplated?

**Mr Manthorpe**—It is a bit hard to speculate about that.

**Ms Paul**—It is a bit hard to speculate. Really, they are any breaches under the agreement, potentially.

**Senator MASON**—And the guidelines, Ms Paul?

**Ms Paul**—To the extent that the agreement draws up the guidelines.

**Senator MASON**—Yes. And that is value for money, delaying completion, excess and so forth?

**Ms Paul**—Et cetera.

**Senator MASON**—That is fine. We have had a discussion about the Orgill report, and I may just go there now. The report makes a number of initial recommendations, for both immediate actions and longer term actions for the benefit of future programs. The Prime Minister has accepted, as Senator Evans has said, all the recommendations of the Orgill report. How is the department going with implementing these recommendations, particularly the ones for immediate action? On page 9 of the report there is a list of immediate actions and actions for the benefit of future programs. I note that Senator Back and Senator Cash are interested in this, because they have been following this matter for a long time. Many of the things we have discussed in other contexts are finally brought to bear by Mr Orgill and there could not be anyone happier than us. The first immediate action that is proposed by Mr Orgill states:

In the interest of transparency and public accountability, the Taskforce recommends that each education authority publish school specific project cost data related to BER P21 in a nationally common structure with consistent definitions.

Will that happen?

**Mr Manthorpe**—During the caretaker period the government accepted the recommendation. We as officials of course had to wait to find out who the government would be. I should add that, in accepting the recommendation during the caretaker period, the government indicated that if education authorities agreed, the structure that was referred to in the recommendation would be published by December 2010.

**Senator MASON**—So December this year is when that list is due?

**Mr Manthorpe**—That is when the structure would be published—by December 2010. That is the commitment that the government made and, consistent with that, we are engaging in discussions with the education authorities to arrive at a method for achieving that goal.

**Senator MASON**—You are saying that the structure will be available then or the school specific project cost data as well?

**Ms Paul**—The definitions by then. It is quite an onerous task just to get to consistent definitions.

**Mr Manthorpe**—Because, as we have been through before, they all have different ways of procuring, different ways of contracting and different ways of describing how they are expending the money. So we are in a conversation with them about how to arrive at a common structure. Once there is a common structure we will work forward to populate that with project data.

**Senator MASON**—Let me pick a few of the more important recommendations. You will note the task force recommends: ‘The task force recommends that school stakeholders be more involved in decision making.’ We have discussed that time and time again. ‘One reason the independent and Catholic schools,’ Mr Orgill says, ‘achieved better value for money is that the school boards were more involved and principals were more involved’ and so forth. Without labouring that point, I think we have dealt with that. Recommendation No. 6 states: ‘The New South Wales department ensure managing contractors’ fees represent value for money.’ I will return to that in a moment; I just flag that. ‘Actions for the benefit of future programs’—this is where I suppose we look to the future rather than traipsing through the past. Basically, Mr Orgill recommends:

... that DEEWR establish an ongoing unit to review, share, and transfer lessons learnt in the application of school facility standards and the process of designing and delivering school building design templates.

That had not occurred to date. I think that Mr Orgill and, indeed, the Prime Minister now say that the department has to learn these lessons, so to be frank, Ms Paul, I do feel a bit vindicated after 18 months of debate on it, and, I think, so do my fellow senators. The issues that we raised were the differences between various education authorities in achieving value for money; the inadequacy, Mr Manthorpe, of the proper procurement process that goes into that; and the supposed different standards between sectors not being able to account for differences in cost. Do you remember that? He says that was rubbish.

**CHAIR**—I am not sure he said that.

**Senator MASON**—Let me read it out.

**Senator Chris Evans**—Is there any chance of a question here?



**Senator MASON**—I am going to come to that.

**CHAIR**—That is where I was coming to. To just read out selected bits of a very substantial report is not really the appropriate way. Anyone can read the summary. If you have a question about some of these elements, that is what you should be asking.

**Senator MASON**—This should be given in context. There is a lot here, and it would take me a month to go through.

**CHAIR**—I am sure everyone at the witnesses' table is very familiar with this report, as most people at this table are too.

**Senator MASON**—I think it is fair enough for the opposition now to say, after all that has happened, that there is no question that our concerns—or a large part of them—have been absolutely verified.

**Senator Chris Evans**—Senator, you can say that all you like, but at estimates your role is to ask questions.

**Senator MASON**—Yes, I know. I am going to get to that.

**Senator Chris Evans**—I am sure you will give a couple of speeches in the Senate. I am happy to debate you over these things, but—

**CHAIR**—The difficulty I have as chair, Senator Mason, is that I actually do not agree with that position, and I do not want the fact that we ought not to be in the position of having a debate—

**Senator MASON**—The Prime Minister—

**CHAIR**—I will have that debate with you any day in the chamber, but we are not having the debate here, because it is a place to ask questions.

**Senator MASON**—The Prime Minister said lessons had to be learnt.

**CHAIR**—That is fine.

**Senator MASON**—So you do not agree with her?

**CHAIR**—I do agree with much of what the Prime Minister says.

**Senator MASON**—But not that?

**CHAIR**—But the things that you are raising—saying you are fully vindicated—quite frankly are wrong.

**Senator MASON**—I am not saying that. I said 'largely' vindicated.

**CHAIR**—I think your 'large' vindication is also wrong.

**Senator MASON**—Oh, is that right? Do you know what?

**Senator Chris Evans**—Can I send the officials home?

**Senator MASON**—The Prime Minister says that the lessons should be learnt, and I want to know whether the lessons have been learnt.

**CHAIR**—All right. That is a question. Let us get back to questions.

**Senator MASON**—Hold on. Let me ask: what are we going to do? One of the points that Mr Orgill raises is this, which my colleagues and I raised a long time ago: the insufficient oversight by DEEWR. He says on page 41:

Based on its initial assessment the Taskforce has found that the current DEEWR reporting and monitoring requirements do not provide visibility over value for money (for example, the revised August 2009 Guidelines include a requirement for BER projects to demonstrate value for money, but do not provide a definition of value for money, nor require education authorities to report on value for money). They also do not provide a mechanism for assessing the quality of the built outcomes beyond delivery and completion of facilities.

The Taskforce also notes a lack of capital program technical expertise (for example, construction project management and quantity surveying)—

all these issues have been raised—

within DEEWR.

There is a lack of that expertise.

A number of education authorities expressed the view, and the Taskforce concurs, that had DEEWR had this capacity, it may have resulted in better program design and implementation.

That roughly reflects my examination of the Auditor-General's office in another context. What is the department doing?

**Ms Paul**—For starters, basically, all these recommendations have been accepted. There are several things the department will do: we will set up a unit and try to bring into the department some construction expertise. We have certainly had capital program expertise, and we have talked about that in evidence in the past, but we have not had, for example, quantity surveyors or capital expertise in the department. We will either set up a unit which uses internal expertise or buy in that expertise or do whatever we need to do. Recommendation 7, which is where you were starting, talks about setting up a method within the department to share expertise. That is a good idea, and I am happy to do that. That is of the nature of, I suppose, a capital program office, if you like, and that is a good idea. We have had many capital programs in the department historically—we have had capital programs in higher education, in schools and so on—and they have been successful. We have had Investing in Our Schools et cetera. We have had successful capital programs. All of those have been successful. But this, of course, has been by far the biggest, fastest et cetera program, and what Mr Orgill is saying is that it makes sense to try to learn the lessons arising from this unprecedented, unique program for all the other programs that we might have in the future. I think that is a good idea, and we will do it.

**Senator MASON**—I think we would all agree on that. On a broader note, and we touched on this once before, whoever is in government with this new federalism or national partnerships—however you describe it, Minister—whether it is education or it could be health, when there are huge projects and when huge expenditure is incurred by the Commonwealth, for what it is worth and I am not an expert, I would think that any government in the future will have to carry expertise within its bureaucracy to ensure that money is well spent and properly spent by state governments. Whether you are in government or in the coalition I think it will be a huge issue for government in the future.

**Senator Chris Evans**—I think it has always been an issue within federal relations about Commonwealth wanting assurance about how money has been spent, not just value for money but whether it has actually been spent on that particular program and whether there has been cost shifting—all of those things. This is the history of our federation and I am sure that will remain a challenge, so I think you are right. In terms of this program, it is fair to point out that it was the largest program run by the department. They were asked to do it very quickly. It was part of a response to what looked like being a once-in-a-generation financial crisis. But, certainly, the real value of Mr Orgill's report is it is a report on what happened, but he is very much focused on what systems you put in place to ensure we do it better next time. And I think the first person I met with formally outside the department when I took on this portfolio was Mr Orgill, who briefed me on his work. I think it is fair to say he is very enthusiastic about that project, about how we actually make sure we learn from the experience and also how we do this whole business better, with databases on all those things. He is a real enthusiast about it.

**Senator MASON**—Not just in education either.

**Senator Chris Evans**—No, and we grow that—experience is a good thing. As I say, this was a huge project, much bigger than anything the department had had before. One of the things we are looking at is how you respond now, ensuring you get the balance right between having the capability inside the department and building another super structure inside the department that is underutilised because of the nature of the thing. I raised this again with the secretary—what do we really need that is going to be value for money in terms of the unit? Often, their response to these things is, 'We need to build another huge bureaucracy' that may not be required. So we need to have an intelligent response and Mr Orgill has outlined how he sees that working. We will take on expertise. I also want to make sure that I do not have a thousand surveyors and quantity people inside the department who are not giving good value for money, because we are not doing a building program of this size in the future. Hopefully, we will get that balance right. It is important that we learn the lessons and, as I say, his focus is very much on that and on systems and databases and I am sure we will hear more about that in his November report.

**CHAIR**—We have moved from significant disagreement to what appears to be massive agreement. On that basis, we will now take a break.

#### **Proceedings suspended from 3.44 pm to 4.00 pm**

**Senator MASON**—Minister, I have a question about remedial action that is perhaps a bookend for the audit report and the BER itself. I wonder whether it would assist in future if the Commonwealth Auditor-General were to have greater powers to pursue the Commonwealth money trail through state instrumentalities. Mr McPhee raised at one stage, and it has been flagged elsewhere, that if he had those powers he could use them to better oversight Commonwealth expenditure, but that without them it is essentially left to the state auditors-general. I was just wondering whether the government has given any thought to that idea—not just for the BER, but across the board.

**Senator Chris Evans**—I would want to take that on notice. I do not know what the financial ministers' view of that is. As you know, we live in a world of cooperative federalism and we are trying to build mechanisms that allow common reporting and better visibility and

transparency but, as you know, there are always tensions and there is a long history of non-cooperation. But I think we are getting better cooperation. On the proposition you put, I do not pretend to have any specific knowledge of that nor expertise in financial matters, so I would be really slashing outside the off stump. I understand the objective—proper transparency and accountability for Commonwealth dollars—but I would want to ask the Treasurer and the finance minister for their views on whether or not Mr McPhee's suggestion is viable or achievable.

**Senator MASON**—I should not say 'suggested'. I know I said that, but I think he sort of flagged it as a possibility. It just seems to be another way that we could increase oversight of the expenditure of Commonwealth moneys by state instrumentalities—if he had that power to pursue it. That was all.

**Senator Chris Evans**—I would like to think we could do that inside the defence department, but we—sorry, I should not say that. I had to catch myself there.

**Senator MASON**—Perhaps that is right. While still on the BER, I will move now to the New South Wales Legislative Council. On 27 September, they delivered their report into the Building the Education Revolution program. The findings of the inquiry, it is fair to say, essentially echoed those of other inquiries and reviews: failure to achieve value for money, overcharging, lack of flexibility, et cetera. But there are a couple of interesting additional and troubling findings.

The first one is silencing dissent. What the legislative council found was that:

... the Committee heard that there was a 'culture of fear' for speaking out, with principals actively discouraged or 'barred in most cases' from making public comment. The NSW Teachers Federation stated that when teachers and principals had publicly voiced concerns about the BER Program: '[S]enior managers have used the DET—

that is the New South Wales Department of Education and Training—

Code of Conduct in attempts to deny teachers their democratic right as citizens to raise legitimate concerns in this way.'

I am just wondering, Minister or Ms Paul: are you aware of that allegation?

**Ms Paul**—I do not think we are broadly aware, and I would imagine that the department in New South Wales would refute it. But it is not one that has been brought to my attention, no.

**Senator Chris Evans**—Certainly, Senator, I am not aware of it. I have not followed the New South Wales parliamentary inquiry. But there was obviously some reporting of concerns about speaking out from some of the projects where there were issues being raised. I note that there was reporting of those concerns, of people who were speaking out, so, clearly, it was not effective in many cases if there was an attempt to stifle that. But obviously one would be concerned if there was.

Obviously, though, like any organisation, there are appropriate reporting processes for people in dealing with concerns they have. But we live in a democracy and we generally are of the view that people ought to be able to raise concerns. As you know, a number of P&Cs and presidents of P&Cs and others have been out there raising issues in their particular schools. But it is not something we have been engaged with.

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**Senator MASON**—I accept that, because it is not really a Commonwealth responsibility.

**Senator Chris Evans**—No.

**Senator MASON**—But when it is the New South Wales Teachers Federation in one case, and also the deputy chairperson of the Public Schools Principals Forum giving evidence, in June of this year, that is fairly senior and fairly important evidence. I am just wondering if perhaps the New South Wales government is doing something about it, because it is quite a serious allegation. But, anyway, I accept it is not a Commonwealth—

**Mr Manthorpe**—I could make one comment, Senator, and that is that the New South Wales government has made it clear that it accepts the Orgill recommendations, one of which goes to—the extent possible in the residual part of the program—consultation, business as usual, and so forth; recommendations 2 and 3 in particular. I do know that they are working their way through the schools where issues of one kind or another have been identified and they are seeking—I think in good faith—to work with those schools to resolve problems where they can.

**Ms Paul**—If we could bring it more into our space, Senator, and how Mr Orgill found the finding of data, he was asked in one of his press conferences by a journalist: ‘At any stage, did you or any member of the task force feel that information was being withheld from you or you weren’t getting enough details that were needed to continue your investigation?’ And he said, ‘No. In fact every stakeholder—of which there were over 90 and they included construction firm Elders and the educational authority—every one of them, took our meetings and was open with the data. We have not been lacking for any piece of information that we want.’ So that is the only indication we have got. I do not know about the New South Wales case.

**Senator MASON**—I accept that. But they are slightly different questions, because what they are talking about—Mr Chudleigh and the New South Wales Teachers Federation—is making public comment, you see, which is slightly different.

**Ms Paul**—Sure.

**Senator Chris Evans**—But there is always a tension, isn’t there, Senator—I mean, if you have got a concern inside the Liberal Party, people would expect you to raise it in the Liberal party room first. I am sure if a principal of a New South Wales government primary school had a concern, they would expect them to raise it through the normal channels first. So there is a legitimate process. Clearly, if one thought that went to the point of actually stifling people’s ability to raise legitimate concerns, you would be concerned about that. But it is not something we have been closely engaged with because, as you know, the various education providers were responsible for largely managing the projects.

**Senator MASON**—There is another one, and this is perhaps more pertinent to the Commonwealth. On page 23 the committee says it found:

In addition to the fees and charges paid to managing contractors, fees and charges were also paid to NSW Government agencies.

Fee double dipping by the New South Wales government. It goes on:

DET was paid 1.5 per cent of its total BER funding by the Commonwealth to cover administrative costs. This payment was made to all of the education authorities, and amounted to \$51.4 million for the NSW Government.

Fine. However:

Additionally, the NSW Government imposed a charge of an extra 1.3 per cent of each school's construction costs (amounting to \$45 million) for the BER Integrated Program Office's management costs. The Committee was advised that this covers the costs of managing the procurement of projects, including contract administration, scope and nomination management, variations and reporting requirements.

And on page 24, under Finding 2, the committee found that this amounted to 'double dipping'. What is the Commonwealth going to do there? Is it going to recover the money from the double dipping?

**Mr Manthorpe**—Senator, I would make a couple of points. First of all, Mr Orgill's report does not find that the New South Wales education department has breached our guidelines in this area. I make the point that New South Wales advice to us on this issue, which we have asked them about—

**Senator MASON**—You have asked about the issue?

**Mr Manthorpe**—Yes, and the New South Wales advice to us is that the—you might recall from previous hearings of one kind or another that there are two pieces of money in play here: there is the 1½ per cent we pay the education authorities for administration, which we have indeed paid to the New South Wales government, and there was guidance in our guidelines about four per cent on project management costs. New South Wales have structured their arrangements in such a way that 1.3 of that four per cent is directed to on-the-ground project management activity in the form of their regional project teams working with the managing contractors, and that the managing contractors, on average, charge 2.7 per cent for their project management activity. In other words: the 2.7 plus the 1.3 is the four, and the 1.5 is separate. Therefore, their advice to us is that they have complied with the guidelines in setting aside for the project management 1½ for program management in the departmental integrated program.

**Senator MASON**—Mr Manthorpe, does that make them the most expensive government to deal with in the country?

**Mr Manthorpe**—I beg your pardon?

**Senator MASON**—Does that make them the most expensive government, by virtue of commissions, in the country? It does, doesn't it?

**Mr Manthorpe**—I did not use the word 'commissions'.

**Senator MASON**—Fees and charges.

**Ms Paul**—Four per cent was the allowed amount.

**Mr Manthorpe**—The guideline amount for project management, as distinct from program management. The 1½ per cent is the same for everybody.

**Senator MASON**—So New South Wales is no more expensive, all up, than other states on project management?

**Mr Manthorpe**—What I am saying is that their advice to us in response to the point that you have highlighted is that they are complying with our guidelines on the four per cent and they are complying with our guidelines on the 1½ per cent.

**Senator MASON**—And you have checked this and that is right?

**Mr Manthorpe**—We are prepared to accept their view on that. However, if Mr Orgill were to find anything to the contrary, we would look at it. But that is the current position.

**Senator MASON**—Do you investigate it yourself, Ms Paul?

**Ms Paul**—At this point we are relying on Mr Orgill because it is part his terms of reference and it is the sort of thing he will be looking at. He did make some remarks in the interim report. We expect to learn more, if it is relevant, in the November report. If his report does not satisfy us then of course we would look at it ourselves. But in the first instance we will have regard to what he is saying.

**Senator MASON**—Okay, and if you were not satisfied then you would pursue this matter yourselves?

**Ms Paul**—We certainly could do so if we were not satisfied.

**Senator MASON**—All right, I understand that. Minister, this will definitely interest you. The next finding of outrage from New South Wales Legislative Council will certainly grab your attention.

**Senator Chris Evans**—You have got me interested now. I hope you deliver.

**Senator MASON**—Allegations have also been made that the New South Wales government might have cut its own school infrastructure spending in breach of the COAG agreement. My source is the *Sydney Morning Herald*.

**Senator Chris Evans**—I would certainly be concerned if that was the case. As you know, we are in a negotiation with New South Wales about our concerns with various projects there and we have held \$75 million in payments. The officers may be able to help you with a response to this matter, but I certainly know Mr Orgill will be all over these issues. I would be interested to see what he has got to say. I do not know what the political composition of the New South Wales Legislative Council is.

**Senator MASON**—Sorry, I misled you. This is from the *Sydney Morning Herald*:

The opposition spokesman for education, Adrian Piccoli, said a NSW budget brief showed that capital expenditure on schools by the state had fallen from \$2.79 billion in 2009-10 to \$2.028 billion in 2010-11 - a shortfall of \$762 million.

About \$600 million of that shortfall could be explained by the tailing off of the Building the Education Revolution stimulus funding from the federal government but \$162 million was unexplained in the budget papers.

Are you looking at that \$162 million?

**Senator Chris Evans**—Having read the full article, I am not quite as interested as you thought I might be. You now tell me that a Liberal opposition spokesperson has made an allegation based on a paper that could explain a concern he has. In terms of where I rate things raised with me, I would have to say it is not among the highest.

**Senator MASON**—You are not going to say something nice about the New South Wales Labor government are you? You would be the only one in the country that would. Not even the PM will do that.

**Senator Chris Evans**—I made the mistake as a new senator many years ago of debating state politics in the federal parliament for about two weeks. I think I have given people like Senator Cash this same advice: don't do it. If you want to debate state politics, go into the state parliament. All I am saying is that I don't find that a very authoritative report, with all due respect to the Liberal spokesman.

**Senator MASON**—But is it being looked at? That is a fair question.

**Senator Chris Evans**—I could not tell you that, but if the department has read what the Liberal spokesman in New South Wales has had to say, I will ask them.

**Senator MASON**—He has written, according to the article, because he is concerned 'whether New South Wales had breached its pledge under the Council of Australian Governments agreement to maintain state funding for new school buildings.' It is a fair question.

**Senator Chris Evans**—Have you spoken to him about this, Senator?

**Senator MASON**—No I haven't, but I want to find out whether it is being—

**Senator Chris Evans**—That is your level on interest in what he has had to say, but I should be more interested than you are!

**Senator MASON**—I trust him more than the New South Wales Labor government. No-one trusts them.

**Senator Chris Evans**—You are not interested enough to ring him and talk about it, so I do not think I will spend a lot of time worrying about it either.

**Senator MASON**—It is \$162 million, Minister. I think you could at least have a look at it. Is it being looked at?

**CHAIR**—He has got his headline. Now the question is: does anyone know about it?

**Senator Chris Evans**—I don't think he has actually.

**Ms Paul**—It has to be looked at by definition because under the COAG agreements treasuries are actually responsible, not our departments, for looking at whether there has been a maintenance of effort against the COAG agreements. I have no knowledge of this allegation at all, but we know that the New South Wales department itself has had these allegations made and they vehemently deny them. The actual activity to prove maintenance of effort rests with treasuries.

**Senator MASON**—Yes, I put nothing beyond the New South Wales government at this stage, Ms Paul. I have lost my generosity.

**CHAIR**—That is all right but let's keep to the questions.

**Senator Chris Evans**—It is just as well you speak much more highly of us.

**Senator MASON**—Of course I do. Mr Chairman, I have just one more section left.

**CHAIR**—That somewhat disappoints me.



**Senator MASON**—I understand that under the P21 program 3,009 libraries have been built at a cost of \$3.6 billion. There is one thing I agree with Germaine Greer on: that if there is a heaven it is probably a library.

**CHAIR**—Oh, no, I am so disappointed.

**Senator MASON**—You think I do not listen to Germaine Greer. I was listening to her the other day and I thought she was probably right. So there you go.

**Senator Chris Evans**—I think that means I must be very base.

**Senator MASON**—According to the Australian Library and Information Association, there is a shortage of over 3,000 teacher librarians in Australia. Is the government aware of that shortage?

**Ms Paul**—That would not be a question as to the BER. We could go there when we come back to schools.

**Senator Chris Evans**—I do not know the answer, but I have heard reporting that they have had trouble attracting librarians and I know that at the school of one of sons they have had trouble finding suitable staff. So it is not counter-intuitive.

**Senator MASON**—No, I raise it because the issue has been raised with me. I had some representations on this. What we want as a community is libraries to be staffed by qualified librarians. We have these facilities built—over 3,000 libraries at over \$3½ billion being built over the last couple of years. In a sense, to get the best out of them, you would want qualified librarians. I was just wondering if the government, along with the states, is doing anything to attract and to train further librarians. Was this issue even considered when the libraries were being built?

**Senator Chris Evans**—I think it is a reasonable concern. The best thing is for us to take it on notice because obviously the state authorities or the other school systems are the employers.

**Ms Paul**—I am happy to do so.

**Senator Chris Evans**—I cannot help with anything that is detailed at the moment, but I take your point.

**Senator MASON**—Yes, ultimately state governments, in a sense, are responsible for training teachers and so forth. It is clearly a state responsibility. It is like these national partnerships. In effect, you have state and federal governments spending billions on buildings and, over the other side, to staff those buildings the state governments have to do something. Perhaps more thought might have been given to what would happen two years down the track. There does seem to be a shortage. That is what I am told.

**Ms Paul**—No, that is a good point.

**Senator Chris Evans**—But I don't think that is an argument for us not to build libraries.

**Senator MASON**—Oh, no.

**Senator Chris Evans**—We have workforce problems, as you know, in aged care and teaching, and it sounds like we have them as to librarians in schools as well.

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**Senator MASON**—Thank you. I have concluded on the BER.

[4.24 pm]

**CHAIR**—We now move to outcome 2.10, Youth support.

**Senator NASH**—Can I just have a general update on the Compact with Young Australians—where it is at and how the department is tracking the success of the program?

**Ms Paul**—Sure. Organisationally speaking, the Compact with Young Australians would often have come up yesterday but I think we are right to cover it.

**Senator NASH**—I am certain that there is not going to be anything detailed. If there is something you cannot answer now I am happy for you to take it on notice. I am really just after a background briefing of where it is at and how you are going to measure its success.

**Ms Paul**—As far as I am aware, and I will take it on notice to give you a precise picture, it is going quite well. It was reasonably slow to start because Centrelink and others had to get used to the concept of ‘earn or learn’ in particular. But that seems to be working well. We can measure it to some extent through the Centrelink administrative data to see what young people are doing—how have the gone off income support and so on. That is our best approach to measuring it.

**Mr Griew**—The sources of data come from Centrelink, as the Secretary said, plus the information we get from the job services who handle young people coming through, and from both the implementation and evaluations we do with state governments through the training authorities. But it is a good story in terms of how the job services have taken up the cause of shifting young people without year 12 or equivalent qualifications towards training rather than job searching. We then have to ensure that that follows all the way through the training system.

**Senator NASH**—In terms of the requirement now to ‘earn or learn’, do you know how many youth allowance or FTB payments have been cancelled or reduced as a result of the changes?

**Ms Paul**—We might not know about FTB.

**Mr Griew**—We have some figures here.

**Senator NASH**—I am happy for you to take it on notice if you would prefer to give the committee the right figures.

**Mr Griew**—We have the figures we have here and we can take more on notice. The people who are experts and responsible for administering this were here last night, under program 4. They make come back, otherwise we will give you what we can and take the rest on notice. There are 50,000 early school leavers on youth allowance and now all have been tracked down or chased through the system and are either in one of the various exempt categories, so they are a stream 4, or a disabled young person. We know that they are connected actively to education or training activities or we know that the Job Services provider is in the process of finding them, engaging with them and directing them towards those activities.

**Senator NASH**—Thanks. It is done through the states and territories?

**Ms Paul**—There are a number of components. Yes, is a short answer, but not all of it. Some of it is the responsibility of states and territories in terms of guaranteeing a training place for young people of a certain age and some of it is done by us by way of Job Services Australia having to do certain things for the allowees—the requirements on the income support. It is a partnership, if you like.

**Senator NASH**—In terms of the state and territory responsibility, does the Commonwealth have any oversight in any capacity of how they deliver their responsibilities?

**Mr Griew**—There is an agreement that was entered by the first ministers of the Commonwealth, state and territory governments that the states would ensure that their training systems provided access to training places for young people who had not got year 12 or equivalent. That is the state side of the deal. Then the Commonwealth side of the deal is that we have been working with our job service providers to make sure that is where they direct young people who come into the youth allowance and therefore the job services system.

Certainly I can say there has been a lot of effort from the job service providers and from our staff and many of the people we talk to in the training system. There is a very strong alignment of values here. People accept that the outcomes for young people who enter youth allowance without year 12 are much, much less favourable than for young people who have got year 12 or equivalent. So there is a very strong values alignment. It is a very big task. It is a big change and it is a very good change.

**Senator NASH**—How many staff do you have within the Office for Youth and what are its key roles and challenges?

**Dr Morehead**—There are some 30 staff who work in the Office for Youth within the department. The Office for Youth covers a range of programs that deal with youth and a range of policy work as well. The staff there work on making sure that all facets of youth programs within DEEWR are serving youth well. It undertakes policy development work with people who are vulnerable youth. Also, the Office for Youth works across the whole of the government. The Office for Youth is a resource for all Commonwealth government agencies, so in that sense it is located within DEEWR for obvious reasons, however it is a cross-agency function and service.

**Senator NASH**—Before that was created there wasn't a single entity that was working across the government like that in one place—this is a new iteration?

**Dr Morehead**—It is a relatively new iteration, but there have been things around for many years. Many years ago there was a youth bureau. There is usually something that is dedicated to youth, with a number of staff. In terms of the programs that are looked after by the Office for Youth or the exact functions that the Office for Youth does, they have changed emphasis over time.

What the Office for Youth is focusing on now is to make sure, for example, that all Australian youth have a voice with government. There is quite a strong emphasis on voice aspects, to empower young people to participate and engage in society. It has not just got a focus on the disadvantaged youth that we have been talking about. The Compact with Young Australians really focuses on youth who need a hand up. As Mr Griew and Ms Paul have said, the aspects of that compact really are three different focuses. It is focused on participation,

education and employment. But the Office for Youth more generally involves making sure that youth can have a say to government and are empowered to do so. In terms of the things the Office for Youth runs—I think you were asking about what sorts of things it does—we fund various youth organisations to make sure that they are enabled to do their work to engage with youth and ensure they have a voice to government.

**Senator NASH**—Could you take on notice for me the specifics of the types of programs you have and types of things you do to ensure that youth has a voice. It is a pretty general term—though a good one—and I would be interested to get more specific detail on what the office is doing to ensure that that happens.

**Dr Morehead**—I could give you some general things now if you like. For example, there is the Australian Youth Forum. They receive \$8 million over four years. We have the Australian Youth Affairs Coalition, which is a youth organisation. Historically in Australia sometimes a peak youth group is funded and sometimes it is not. We have now re-funded a peak group for youth, the Australian Youth Affairs Coalition. That gets \$400,000 a year. We have National Youth Week, which has been a longstanding week that is funded. We are working towards a Commonwealth Youth Forum in 2011, which is a large Commonwealth activity of which Australia is a part. That is obviously a very good way for youth to have a voice to government. We have a much smaller project, Online Community Youth Spaces, recognising that often youth engage and want to have a voice through the use of technology. We put \$50,000 into that.

**Senator NASH**—Where does that go—the IT pipeline, if you like, to give them a voice? They all talk on Facebook to each other anyway, so I am assuming this has a different sort of end point.

**Dr Morehead**—It is not to encourage socialising amongst youth; it is to encourage youth to talk to people who can act on their behalf. For example, the Australian Youth Affairs Coalition might run some forums via websites and via blogging asking ‘what do you think’ about various things and then let government know what youth are talking about on various topics. There are many ways that youth practise their engagement activities. As you know, at school there are many ways that they seek to be involved. There they are learning about policy processes and political processes, but what the Office for Youth helps them to do is to find a way to actually put that into practice, either while they are at school or after they finish school, through these sorts of things where they can become engaged and hooked in. A youth may generally find out that these things are available through their surfing activities on the web. That might be the way that they are actually brought into the capacity that we provide them by saying: ‘Look, there are events coming up that you can attend. There are ways that you can come to Parliament House and see someone if you want.’ They are the sorts of activities that we do.

**Senator NASH**—How do you measure how successful it is?

**Dr Morehead**—We have the usual way, which is by counting how many people are engaged, but also we look at the quality of the voice that they are giving to government and analyse the types of issues that they are talking about. The Australian Youth Affairs Coalition will meet with us regularly to say, ‘These are the sorts of concerns there are with youth,’ or ‘This is what we got out of this event.’ I guess what we hope to see is fairly high quality

engaged work as well as just being able to say there were a certain number of youth who actually responded and engaged, who made a hit on the website, who contributed to it or who turned up to an event.

**Mr Griew**—For the context, all of what Dr Moorehead has been talking about is very important in terms of engagement. Important also is the first part of the discussion we had about the substantive policy issues that go to healthy and successful transitions to productive adulthood, and particularly focusing on action we can take across government for young people who are in danger of going off the rails and not arriving at a healthy, educated and employed adulthood. That is the other really strong focus and overwhelming driver of DEEW's engagement space. That is why it is fortuitous that we have this engagement function but it is sitting nested in with a whole-of-government substantive kind of engagement on how we actually pull together the efforts of Health, FaCSIA, ourselves and Centrelink in pulling this off for young people.

**Dr Morehead**—The Office for Youth basically covers four million youth—that is the target for the work of the Office for Youth, which is the number of people in Australia between 12 and 24 years of age. It covers that range of Australians across all aspects. While we focus on disadvantaged youth, it is important to remember that 90 per cent of Australian youth are on the right pathway and are seeking to have a voice on important issues, for example. But, obviously, a lot of resources do have to go into the 10 per cent who are not as engaged or who are not finding the transitions as easily as they could. So, while the Office for Youth covers all four million youth, the focus is on the 10 per cent who possibly are not making the transition well. That is of high concern for all the government agencies that have input into the Office for Youth.

**Senator NASH**—Thank you.

**CHAIR**—I think that is it for outcome 2, except for ACARA.

[4.43 pm]

#### **Australian Curriculum, Assessment and Reporting Authority**

**CHAIR**—I welcome the officers from ACARA. Do you have any opening remarks you would like to make?

**Dr Hill**—No, thank you.

**CHAIR**—Then we will move to questions.

**Senator MASON**—ACARA has been in the news recently so there is a little bit to talk about. There have been concern, and indeed some complaints expressed by the New South Wales Board of Studies, the Science Teachers Association of New South Wales, the New South Wales English Teachers Association and the New South Wales Computing Studies Teachers Association, about the state of the draft national curriculum. Is there a concern within ACARA that in the end the New South Wales government may not adopt the national curriculum?

**Dr Hill**—There has indeed been a lot of concern recently about the curriculum. Sadly, a lot of that criticism has been on the draft that was finalised last February and that went out for consultation between March and May of this year. After that there was quite a bit of

feedback—in fact, massive feedback—and we have been redrafting. Where we got to was that by the end of September we had a new draft and we have since then been to the various jurisdictions and said, ‘What are your outstanding issues?’ Five of the jurisdictions said, ‘No further issues. We are happy with where you have got to.’ The three jurisdictions that had outstanding issues were the big three states—New South Wales, Queensland and Victoria. This is not surprising. This is what one would expect given their size, their commitment to their quite very different approaches to curriculum. So we decided the best way to do this was to work with those jurisdictions, working as a workshop with all of them in the room. Those meetings took place over the last two weeks.

In English there were nine outstanding issues. Eight of them have now been resolved. One is in the process of being resolved, and that relates to being able to see the curriculum not just by the strands that we have, which relate to literacy, language and literature—or seeing them by speaking, listening, reading and writing, which is the traditional way. We are allowing schools to see them both ways, but just how we do that is still being resolved. So, that is English.

Then I move on to mathematics. Similarly, there were nine issues, one still to be resolved, and that relates to the use of computers and when you introduce computers in schools. Once again, we believe that will be resolved over the next few days.

In the case of science, there are eight outstanding issues, and they have had more meetings than the others groups. There are more issues to resolve, actually. They have got to a stage where they are on top of the issues but we now believe we need to bring back all the states and territories for one last look at that, and the deans of science will be a part of that because they have expressed some concerns, which we take very seriously, and we are very confident that with the way in which those eight issues are being addressed we can reach a resolution.

Regarding history, there were six outstanding issues. They have all been resolved. This is including the representative from the New South Wales Board of Studies on each of those groups. Of course, that is at the level of officers, this still in New South Wales has to go through their Board of Studies and that is a process that has to happen later on.

**Senator MASON**—Are you confident that New South Wales in the end is going to adopt the national curriculum? Ms Keneally has been difficult in other contexts, even disputing the Prime Minister over law reform. So, what is going to happen? Is New South Wales going to adopt the national curriculum? What is your best guess?

**Dr Hill**—Looking at the statement that came out of the ministers meeting on Friday, the minister said—

**Interjector**—Estimates for a best guess!

**Senator MASON**—Well, that is all we have got, isn’t it? I wish we had better than that.

**Dr Hill**—Yes, we are on track to meet this, but the ministers did say back in June—and I think this is an important thing—that when it comes to it, quality comes first, not the timeline.

My best guess—and I did not quite get it right for the election—is that, yes, we will be ready and, yes, there will endorsement of the curriculum by December.

**Senator MASON**—Do you think there will have to be any delays in the implementation of the national curriculum because of this concern about the curriculum?

**Dr Hill**—No, I do not. One of the issues that has arisen is whether the resources are there to support the curriculum and whether all the elements that go with a curriculum can be in place. Clearly, they cannot be in place until you have agreement on the curriculum itself. Most systems, however, were not seeing 2011 as a year of full implementation, but a year of trialling and familiarisation. Given that, I think that most systems and jurisdictions will be content with the time line as it currently stands, which is that all the jurisdictions have committed to substantial implementation by 2013.

**Senator MASON**—Right, so all jurisdictions are committed to that—and they remain committed?

**Dr Hill**—Absolutely. There is the point that is made by Western Australia that all these things have to be in place before we can really seriously talk about implementation, and I think that that is accepted by—

**Senator MASON**—Western Australians are always right, I know that.

**Senator BACK**—Whilst you are focusing on that, particularly with regard to history, Dr Hill, we note that there have been concerns and questions asked about flexibility within the new national curriculum around the capacity to be able to localise certain areas, and history would be an example. Can you lead us through the outcomes of those discussions?

**Dr Hill**—That is an important point. History does not make sense unless you can localise it. That is certainly a feature of the current curriculum where there is ample space and encouragement for that to happen. I think in the initial draft there were problems because we had too much content there. So considerable emphasis has been given to two things, really: one is to reduce the content so that it is teachable and not overloaded, and of course that does allow for the local issues to be raised; and the other thing that we have been doing is making sure that the balance between Australian history and world history is better managed, and I think that has been attended to as well.

**Senator MASON**—You mentioned that there has been concern that the curriculum is overcrowded with content. Do you accept that criticism?

**Dr Hill**—We accept it of the first drafts. That was the consistent feedback that we got and so that was something we had to attend to particularly, I would say, for science and history. But there were concerns also in areas of mathematics particularly at the junction between primary and secondary.

**Senator MASON**—With the new drafts, those criticisms have moderated and largely disappeared, have they?

**Dr Hill**—They are no longer issues for the jurisdictions. They believe it is teachable within the current allocations.

**Senator MASON**—I did not read this out because chairman would not like it if I did, but I have very good staff and they go through all these submissions from the board of studies and the teacher associations and even the Royal Geographical Society of Queensland and so on.

Really, there is a chorus of criticism about the national curriculum, but you are telling this committee that in fact it is looking up. You have good news for the committee.

**Dr Hill**—Inevitably curriculum does generate a lot of debate, and I believe it is healthy. I think it is a good thing. Often one does not hear from those that are actually very happy. The best news was that the results of the evaluation of those schools and teachers that trialled the curriculum was probably the most positive of all the feedback we got. Those teachers on the ground that actually implemented it liked it. That is not to say there were ways in which we could not improve it, there clearly are. It is not to say that we ignore the voices of those that find there are ways in which we can improve it—clearly, we have got to do that.

**Senator MASON**—You might recall that I asked some questions last time of you concerning—and I am sure that you will remember this—the national curriculum and what I described as the ‘overarching perspectives’. Do you recall that?

**Dr Hill**—Very clearly, Senator.

**Senator Jacinta Collins**—I do also, Senator—in Judeo-Christian principles was it not?

**Senator MASON**—That is right. Has there been any sort of further reflection on that?

**Dr Hill**—We did reflect quite heavily upon that, yes. First of all, as you know, the structure of the curriculum, particularly around cross-curricular perspectives or priorities, was part of a document which was called the Melbourne declaration, which got incorporated into a shaped paper that ministers endorsed. That is how they came out.

**Senator MASON**—That was the origin?

**Dr Hill**—That was the origin. But, regarding the things you mention, there is no question that, for example, the Judaeo-Christian tradition and the whole issue of history—particularly democracy and its origins—are important things. We are confident that they are in the curriculum. They are embedded particularly in history and in English, and they will be even further developed when we come to phase 3 and talk about civics and citizenship. These are the areas where they will be part of the mainstream curriculum. So our view is that they are important, we want them to be there and we believe they are there. As we move on to complete it, they will be more evident.

**Senator MASON**—My concern last time was that it seemed to me to be conceptually untidy to have three overarching perspectives: Indigenous, environmental and Asian themes. My question was whether we needed them at all, and, if we do have them, I had some other suggestions. Minister, you will recall.

**Senator Jacinta Collins**—Please remind me what they were.

**Senator MASON**—The impact of the Judaeo-Christian Western tradition that touches on every aspect of our lives, the role of science and technology in the material progress of humankind and so forth. They are quite legitimate overarching perspectives, one would have thought. What makes your three more legitimate than my two?

**Dr Hill**—I was not here when the ministers came up with the Melbourne declaration, but I can understand that at the time the thinking was that these are areas which are not naturally picked up in the curriculum in the way that the Judaeo-Christian tradition would be or in the way that democracy would be in any case through history, civics and citizenship, and so on. In



other words, they did not have a natural place and, for a time, we needed to have these as priorities to ensure that they were embedded into the curriculum. So I think that was the thinking behind it, but I was not a part of that, so I cannot really speak on behalf of ministers.

**Senator MASON**—You are right; they do not fit naturally, and the ones that do are not mandated as overarching perspectives. I wonder whether we need any of them and, if we do have to have them, why can we not have these other ones as well? I find this national curriculum very conceptually untidy even without going into the history wars and culture wars. Wouldn't you agree, Chair?

**CHAIR**—I think this debate is pretty self-indulgent. Let us move on.

**Senator MASON**—It is pretty important how you teach your kids. The curriculum is pretty important.

**Senator Jacinta Collins**—I think the chair has been very generous in the amount of debate he has allowed for this.

**Senator MASON**—The chair is a very generous man. But it is good to have that on the record because, I suspect, in the future this will become an area of some contention. I have no doubt it will.

I am not sure you are the person I should ask this of, Dr Hill, but are you or is the department aware of a growing body of research showing that testing and making results of tests like NAPLAN public has failed to raise standards and strengthen schools? This is perhaps more NAPLAN, but help me if you can. I am generally a supporter of NAPLAN testing—I think it is a good accountability mechanism and also a good teaching mechanism—but there is an increasing body of research that seems to question whether, in fact, that is the outcome. Can you shed any light on that? I have some papers here from Dr Wu from Melbourne University and the Rose report from the United Kingdom that seem to go some way in saying that.

**Dr Hill**—Yes. I think much of the research is drawing upon the experience of the UK and the USA. Those two countries got into accountability in terms of having really-high-stakes assessment well ahead of others, often with quite severe consequences for poor performance. I was in the USA when President Bush introduced No Child Left Behind and if you failed to meet satisfactory progress targets then there was a consequence: you were on watch the next year; in the second year there was one set of consequences and in the third year another set of consequences. This, of course, led to a lot of contention and debate. Now we are seeing some of the research into whether it really did make a difference and so on.

What happened in that case was that the emphasis was based on a naive view that, if you tell people they have to perform better but do not give them the support to do it, somehow they will improve simply because you have told them to improve. That is a naive view of how it must work. The thing about testing is that, if you want it to lead to improvement, it has to be part of a bigger package of what you are doing to improve learning in the schools.

The important thing is that you have to be able to use that information to best effect to target where you need to improve and then be supported with good materials and other supports in order to get the improvement you want. Australia has not made the mistake of the UK and the USA of having those extreme high-stakes consequences. We are in a position

where we can have a good look at the data and say, 'Let's look at other schools that are doing a good job. What can I learn here?' within an environment where you are not expecting to be closed down next year for poor performance, and to really look at how you can improve.

The answer I would have to those critics is that we are in a different context to the research that you are reading. We are in a situation where I think we are having a more intelligent approach to accountability and a more intelligent approach to the use of that data, particularly in not comparing schools against others where it is an illegitimate comparison but having comparisons with schools that have similar students.

**Senator MASON**—You think that is a far more useful test?

**Dr Hill**—It is.

**Senator MASON**—Dr Wu's results talk about NAPLAN specifically and she states that the validity and reliability of these tests is under threat from multiple sources including measurement error, sampling error, measurement disturbances and administrative challenges. Without going into that, as it is not the right context here at estimates, I flag that there is a lot of support throughout the community for NAPLAN but that this emerging research makes me a bit more concerned than I was about it. I was very much a supporter but there are a lot of people having second guesses. What you are saying, Dr Hill, is that we have to look at the broader picture and that it is still too early in Australia to make any assessment anyway.

**Dr Hill**—Yes, I think so.

**Senator MASON**—That is fair enough. On that—even though the chairman does not like these issues—with overarching perspectives, has any thought been given to reforming them and indulging people like me, or are we stuck with the three that I do not like? It is not that I do not like them; it is that I am not sure that it is consistently accurate.

**Dr Hill**—The direction we have been given has been given by ministers. Of course, it is in their gift to give us new directions to take.

**Senator MASON**—If I had been a minister, Dr Hill, it would be different. However, that is the way it is.

**Senator BACK**—Can I get a question back onto Society and Environment, if that is all right?

**Senator MASON**—Yes, please.

**Senator BACK**—If you want to pass on—

**Senator MASON**—No, I have more questions.

**Senator BACK**—Thank you. Dr Hill, if I can go back to the areas that you described in the consultations you have been having, we had a very strong representation from a teacher in Perth specifically regarding the Society and Environment program and its likely changes under the national curriculum. The point she was making was that currently, I understand—it is not my field—in the Society and Environment program children at year 8 level, starting secondary school, would be studying some of history, geography, politics, economics and no doubt some other social sciences, but that under the proposed changes history would be the

only one which they would actually be studying, and geography, politics, economics and others would fall by the wayside. Am I correct in my summary of what she was telling us?

**Dr Hill**—Not quite. The situation is that the first four subjects we are developing are English, mathematics, science and history. In phases 2 and 3 we do all the rest. In phase 2 we are well advanced for doing geography. We are going to have a wonderful geography curriculum for the whole nation.

**Senator BACK**—As the transition occurs, will the students be only studying in history in this area?

**Dr Hill**—No, in the transition—until 2013 they do not have to implement any of this. Judging from what Minister Constable has said, she does not want to move Western Australian schools into it until all the stuff is ready. So I would imagine that in the interim period, until geography is fully approved, schools will continue to teach society and environment but ensuring that the history part of it is the national curriculum part, but all the other parts will be there.

**Senator BACK**—So they will remain and as the transition occurs they will then move across into it.

**Dr Hill**—Exactly.

**Senator BACK**—The students themselves will not then miss out on—

**Dr Hill**—They will not miss out on geography, on economics or on any of these areas.

**Senator BACK**—Thank you very much. I appreciate that. That makes it much more clear for me.

**Senator MASON**—Are there any moves to change the way ICSEA—index of community socio-educational advantage—is calculated to move it from the current census-based data to a model where information gained from parents is used?

**Dr Hill**—Absolutely. Our minister has asked us to look at that for last year but the data was simply not available for us to get direct measures at the student level. We have looked at it and now we have a new formula, which will mean that the ICSEA value of at least 70 per cent of schools, the socio-economic status component, will be based on direct student measures.

**Senator MASON**—That is more reliable, is it?

**Dr Hill**—Yes. It improves the predictor of validity by seven per cent. It means that we will not get the anomalies we have had in the past where the census collection district does not properly characterise the nature of the students who live in them.

**Senator MASON**—There are anomalies. I accept that.

**Dr Hill**—The only instances where we will revert to census collection data is where we do not have the individual level data and that relates particularly to schools in very remote areas of the Northern Territory or in cases where the number of students for whom we have this direct data is too small to get a reliable fix.

**Senator MASON**—That is fair enough, too. How far is this process advanced?

**Dr Hill**—It is advanced to the stage that ministers have endorsed the new formula and we will be publishing the new web site in December using the new formula.

**Senator MASON**—But she would not allocate money based on a formula until all schools have done it, would you?

**Dr Hill**—ICSEA will only be used to group the schools to show their NAPLAN results. This is not part of a funding formula.

**Senator MASON**—No, but you would not be making assumptions about schools until such time as all schools have been assessed.

**Dr Hill**—Absolutely.

**Senator MASON**—You wait until the process is completed before making assumptions about socioeconomic status?

**Dr Hill**—Yes.

**Senator MASON**—I have some questions about curriculum—it is a big issue in Queensland, my state—and about examinations. We touched on this last time. We are seeking to standardise the curriculum across Australia, yet there could be about 10 different forms of assessment. Why is that? It seems to me, again, conceptually untidy. Are we doing that simply because the states are putting their foot down or is it because you think educationally that is appropriate?

**Dr Hill**—Are we talking about years 11 and 12?

**Senator MASON**—Yes, particularly the end of year 12.

**Dr Hill**—This is a matter of our history. As you know, Queensland called in Bill Radford from the ACER—about 40 years ago; it was a long time ago—to do this review. At that stage in Queensland, the recommendation was that examinations be abandoned in favour of very sophisticated approaches to moderating teacher assessments. So that has happened. In other jurisdictions, examinations have been retained but school based assessment has been brought in alongside it. In many ways, Queensland has seen itself as leading-edge practice.

**Senator MASON**—We often do, Doctor Hill!

**CHAIR**—Thirty years ago, you said. Who would have been Premier? Who was Premier then of this leading-edge state?

**Senator MASON**—Your old friend!

**CHAIR**—My old friend, yes!

**Dr Hill**—I think the rest of Australia follows a fairly common approach of examinations and school assessments and combining them.

**Senator MASON**—I wonder why that is not the approach—a mix, in effect—adopted across the country. That would be conceptually coherent because you would have the same curriculum with the same method of assessment. Surely that is logical, or is this again the problem with these ministers that you were speaking about, Dr Hill? Is that the problem?

**Dr Hill**—What we are doing at year 12, and what I can speak about—because this is moving in the direction of consistency—is that ACARA has been asked by minister to

develop, first of all, content for a number of subjects at the year 12 level, so we will have common content. That is a big step forward. In addition, we have been asked to also have achievement standards—that is, five achievement standards for each course—which gets us towards consistency in assessment, consistency in reporting and indeed, hopefully, consistency in terms of standards. I think step by step we are moving in the direction of greater national consistency in that area of schooling.

**Senator MASON**—Greater national consistency, if not national consistency. I know that, clearly, ACARA hasn't a brief to do that, but it strikes me, again, as messy to have different forms of assessment. Twelve years of common curriculum and then students walk in and do different examinations, depending on whether they are in Cairns or in Bunbury. It does not strike me as being particularly logical.

**Senator Jacinta Collins**—But what is logical is to make progress.

**Senator MASON**—We agree on that, Minister. You are right there. Can I ask about the introduction of the Australian baccalaureate?

**Dr Hill**—I am not able to say much.

**Senator MASON**—You cannot say much about the baccalaureate?

**Dr Hill**—Only that it was an election policy of the Labor government. But, at this stage, ACARA has received no brief from ministers regarding this policy.

**Senator MASON**—I am still interested in it being discussed. I was going to ask—I do not know if Ms Paul can help; she is usually very helpful—how different is the Australian baccalaureate from the international one? Why do we need one? I am not saying we should not have one, but what is the—can you help me, Ms Paul, or do I have to go out into the yonder by myself?

**Senator Jacinta Collins**—We were just wondering if you were going to answer your own question!

**Senator MASON**—It is still a bit early, is it? You are still at the stages of development; is that right?

**Dr Bruniges**—It is early. The intention from that commitment was that it be a volunteer senior secondary credential that both benchmarks student achievement nationally and has international standing. It could turn out to recognise both traditional academic and vocational education courses. The parameters of that are still to be decided. Probably the senior work in the secondary curriculum that ACARA is indeed starting to do would, I guess, form the foundations or basis for looking at what that credential would be. But I think the two important points at this stage would be both that it looks at students in a national sense—the point you are making: an Australian international baccalaureate—and also that it picks up the concept of the international standing.

**Senator MASON**—That is fine. I know that it is early. In a sense, these are very early days. Indooroopilly high school, I think it is, in Brisbane, offers it—and schools, I think, in Canberra; Narrabundah College, I think it is—

**Dr Bruniges**—They do indeed.

**Ms Paul**—They offer the IB.

**Senator MASON**—Will they be able to offer the Australian one as well?

**Dr Bruniges**—Yes, they certainly will. It will be a voluntary thing.

**Ms Paul**—But indeed, of course, the Australian baccalaureate might end up being credentialled internationally, which is part of the point, so they might not need to, if you see what I mean.

**Senator Jacinta Collins**—Picking up Senator Back's point before: context is very relevant. If we can have an international baccalaureate that contextually relates to Australia a bit better then there will not be the need for the other.

**Senator MASON**—We cannot really progress any further on that. I am interested in the project, and I suppose we will wait and see what happens. Thank you. In the forward estimates, the cost of the Australian baccalaureate system is listed at \$2½ million. No money will be spent in the program until 2013-14. Is there any particular reason for that?

**Dr Hill**—In terms of developing the concepts and doing the planning for it, this is not something that really would involve much expenditure. But, if one needs to implement it, one needs to give at least two years notice of a change, so you could not introduce it until around then.

**Senator MASON**—So the \$2½ million would be for the cost of the implementation of the program in a couple of years time?

**Dr Hill**—Later down the track.

**Senator MASON**—Chair, I have no further questions of ACARA. I have some for NAPLAN, but they are really about problems associated with allegations—some proven, unfortunately—about teachers assisting students in cheating, to be frank.

**Ms Paul**—That is ACARA.

**Dr Hill**—That is us, yes.

**Senator MASON**—I will quickly go there, if that is all right. I must say that some of the proven allegations come from Brisbane. As of 2 October there were 51 reports of cheating in the NAPLAN tests which were unresolved or verified. How many of those are currently outstanding, do you know?

**Dr Hill**—Yes. We have two that are under investigation in terms of security breaches. We have 10 under investigation that involve cheating and four that involve breaches of the protocols of administration. They are of varying degrees of seriousness. Obviously, the ones that involve cheating are the ones that are of concern to us, and there are 10 of those under investigation, but there have only been two that have been confirmed at this stage, so we are talking altogether about 12 allegations that have either been confirmed or are still under investigation.

**Senator MASON**—When are they expected to be resolved?

**Dr Hill**—These are matters which are being done by the test administration authorities in each state or territory. Because they can have very serious consequences for the individuals

concerned, they do tend to take rather a long time to finalise, so we cannot put an end date on them.

**Senator MASON**—I think one in Brisbane was substantiated, wasn't it?

**Dr Hill**—Two of them have been, yes.

**Senator MASON**—So there could be a while before they are resolved?

**Dr Hill**—There could be a while, yes.

**Senator MASON**—Is there a procedure for informing parents whose child's score might be affected by this?

**Dr Hill**—Yes, the jurisdictions then take it upon themselves to notify parents, and in some cases they may need to withdraw results.

**Senator MASON**—Because they might have been compromised?

**Dr Hill**—Yes.

**Senator MASON**—Would that be notated on the My School website?

**Dr Hill**—In that case, post hoc, we would then withdraw the results for that school if that were indeed the situation—that is, for that year.

**Senator MASON**—And they would be on the website's statistically similar schools average, and they would be removed from that as well, I suppose, because it would taint the average.

**Dr Hill**—Yes, but the impact that any of these would have on the averages for statistically similar schools or for all schools would be completely negligible.

**Senator MASON**—Of course it would be.

**Dr Hill**—We are talking about 10,000 schools.

**Senator MASON**—But that particular school would be removed?

**Dr Hill**—The particular one, yes.

**Senator MASON**—That is fine. There were 51 reports as of October. Is that worse—

**Ms Paul**—Senator, can I just clarify something? I do not want to cut across ACARA's evidence, obviously, but I was just a bit concerned that you were concluding, possibly, that the school could be removed from ICSEA as well, and I do not think that is the case.

**Senator MASON**—No.

**Ms Paul**—Sorry, I beg your pardon.

**Senator MASON**—That is all right. Just the test results could be.

**Dr Hill**—Just the test results, yes.

**Senator MASON**—Chair, that concludes my questioning for ACARA.

**CHAIR**—No other questions for ACARA have been indicated to me. Thank you very much, Dr Hill, Mr Randall and Mr Adams.

**Ms Paul**—Chair, can I just confirm that there are no questions for Skills Australia?

**CHAIR**—There are none.

**Ms Paul**—Thank you.

[5.24 pm]

**CHAIR**—We will now move to questions on outcome 3 and program 3.1, Higher education support.

**Senator BACK**—My questions relate to the provision of funding in the tertiary sector as it relates particularly to regional and rural university campuses. Is that relevant in this section?

**Ms Paul**—Yes.

**Senator BACK**—Thank you. The concern I have relates particularly to the provision of education services in agriculture and agribusiness and to a similar extent in mining. My question in the first instance relates to a concern as to the decline in the number of agriculture-specific campuses around Australia. In fact I think the only one that exists specifically for the purpose is the Muresk Institute in Western Australia, but it is about to undergo a major change as a result of Curtin University withdrawing. In Victoria the four colleges have been basically merged and then been subsumed into a larger city campus, the same as has happened in New South Wales now, under Charles Sturt, and with Roseworthy in South Australia. My questions relate to this fact. Is the department cognisant of this and is the department actually plotting it, watching it and making any provision to support ongoing education in agriculture, agribusiness and mining in rural and regional areas?

**Ms Campbell**—The government responded to the Bradley review, so demand-driven funding with autonomous universities taking responsibility for those courses in cooperation with employers and the market to determine what courses are attractive to students. So the government has decided on, and is in the process of implementing, a system where given however many students are interested in a course the government will provide funds for those courses. So with the universities the government looks at what courses are attractive and what market there is for those courses, so the universities are working, generally also with state governments, on what courses can be offered. In these agriculture areas often the TAFE colleges work very closely on pathways into the universities by offering courses—at either certificate IV, the diploma or the advanced diploma level—to provide that support. But the government does not have a policy of closing down such colleges.

**Senator BACK**—It is interesting that you make that point, and I speak of Muresk. There are four government secondary agricultural colleges, so they are at a secondary level, and one Catholic one and all five of those are full and they have enormous waiting lists. Yet the Muresk Institute has not been able to sustain its numbers, being one of the reasons given by Curtin as to why they want to close it. Is there recognition in this funding model for the added cost per student in these two areas? The first one is actually recognising the added cost in a rural and regional campus, as opposed to a city based, campus. The second part of the question is recognition of the higher cost per student to present, for example, a course in veterinary science or agriculture or agribusiness or mining or, indeed, even medicine over and above the unit cost per student of a program for students in arts or law.

**Ms Campbell**—If I may answer those two separately, the government does provide funding for regional loading in recognition of the additional cost of delivering university



places in rural Australia, and I think that is some \$30 million across the universities in rural Australia.

**Senator BACK**—How do they bid for that funding specifically?

**Ms Campbell**—I will ask Mr Hazelhurst to outline how that funding is distributed amongst universities.

**Mr Hazelhurst**—The regional loading arrangements provide in 2010 \$31.8 million. The basis upon which that money is distributed is based on block funding arrangements that were set in 2006. Prior to that time it was on the basis of the numbers of students in regional campuses and at that time a decision was taken by the then government to provide greater certainty to the institutions by holding constant thereafter and just indexing the amount that goes to those institutions.

**Ms Campbell**—The funding arrangements are currently under review.

**Senator BACK**—That deals with the first issue, which is rural and regional; the second issue is the added cost of some faculties over and above others.

**Ms Campbell**—Each discipline is provided with an amount of funding support from that, for the Commonwealth support places, and that does vary according to the subject or the discipline area. Such things as veterinary science receive more funding than, for example, economics. There is recognition that some courses cost more to deliver.

**Senator BACK**—Do you know how that formula is worked out?

**Ms Campbell**—It has been enacted in the legislation. There was a review a couple of years ago to determine how much would be provided by the Commonwealth to each of those disciplines.

**Senator BACK**—As an extension of the questions I have been asking, is it legitimate for the department to give consideration to education requirements in—let's call them this—the wealth-creating industries as opposed to others? I ask the question not flippantly at all. The industry commission came to the conclusion recently that only seven per cent of all personnel involved in agriculture and agribusiness in Australia has any form of tertiary qualification. That figure is very much lower—I do not have the actual comparators—than other OECD countries. Is that something that the department ought to address, especially—and I will not go on, given time—because of the challenge we have in this country and in the region in, obviously, providing sufficient food security into the future?

**Ms Campbell**—The government does consider areas of skill shortage. The National Resources Sector Employment Taskforce, which was conducted earlier this year, looked at—particularly in the mining industry—how the government and various measures could be put in place to support workforce development in that way. The government has also provided incentives, with respect to science and mathematics, to encourage more graduates to take up that strategy. So the government has considered these activities in the past.

**Senator BACK**—How would the agriculture industry, the agribusiness industry and the mining industry communicate with and interact with the department in terms of putting their case to the department with a view, no doubt, for the department to understand, recognise and recommend policy to government?

**Ms Campbell**—The industry skill councils already provide that advice to the department as well as to Skills Australia, which is an independent statutory body which then provides that advice to government.

**Ms Paul**—We have a lot of interaction, whether it is at the peak, through the Mining Council and the other peak bodies—ACCI, AIG et cetera—or whether it is through representation on a relevant industry skills council. They are ongoing and quite strong relationships.

**Senator BACK**—I fear that is where part of the problem exists, particularly for agriculture and agribusiness. Given the fact that seven per cent of those are graduates, I do not think the industry yet has come to see its importance. The final comment I would make—Senator Evans would obviously know where I am coming from—is that it is interesting that the Muresk Institute will probably close through lack of capacity for some capital funding, even in areas like keeping its sewage going, and only eight or 10 kilometres away we know there is going to be \$156 million of expenditure at the northern Army barracks. I have previously, in another committee, said that that is an interesting decision. Nevertheless, it speaks of the inability of agriculture and agribusiness to be able to put their case eloquently on the national scene when one institution of 85 years duration will not survive in light of the other.

**Senator CHRIS EVANS**—Senator, I share your concern about that. I actually made some inquiries about the future of Muresk recently and spoke to Curtin University about it. I gather the major problem is that student numbers have dropped and they have been struggling to attract people to agriculture and all those sorts of issues. I understood that one of the TAFEs was looking to take up the property.

**Senator BACK**—At the moment it looks like the O'Connor College of TAFE, but I should have declared an interest as a past academic of Curtin and Muresk. It really is a question as to when they made that decision to downgrade Muresk and I fear it was several years ago, but that is not the subject of this. I do thank you, Chairman, for your indulgence and thank you for the answers.

**Senator MASON**—Minister and Ms Paul, can we commence with the Education Investment Fund which we have examined at previous estimates? What is the current balance of the Education Investment Fund?

**Mr Hart**—As at 30 June 2010 it was \$5.516 billion.

**Senator MASON**—Have there been any new injections of capital into the fund since 22 January 2008?

**Mr Hart**—No, there have not.

**Senator MASON**—Has the government announced when the next capital injection, if any, is planned?

**Ms Campbell**—No, Senator, there has been no announcement.

**Senator MASON**—How much has actually been paid out or spent to date on infrastructure projects funded under the EIF, that is, money leaving the fund?

**Mr Hart**—As at 30 September 2010 \$1.424 billion has been spent from the fund on infrastructure projects.

**Senator MASON**—How much of the money sitting in the fund has already been committed?

**Mr Hart**—Including the amount that has actually been spent there is \$4.154 billion in commitments.

**Senator MASON**—That includes the \$1.4 billion?

**Mr Hart**—That is correct. That means there is \$2.73 billion of remaining commitments in the fund.

**Senator MASON**—There is \$2.73 billion which is committed but has not been spent.

**Mr Hart**—That is correct.

**Senator MASON**—Would it be possible to provide a complete update of the list of specific projects and grants allocated in each state under rounds 1, 2 and 3 indicating the project, the amount and the institutions involved, and any relevant information about milestones for funding? Is that possible?

**Ms Campbell**—We can take that on notice.

**Senator MASON**—When is the next EIF funding round expected to be announced?

**Ms Campbell**—There is currently a structural adjustment fund round existing which has already closed. The government has announced a regional priorities round of funding for EIF up to \$500 million.

**Senator MASON**—The government has already announced that?

**Ms Campbell**—Yes.

**Senator Chris Evans**—Then we will have the round.

**Senator MASON**—Are any further rounds being foreshadowed?

**Ms Campbell**—No, Senator.

**Senator MASON**—It is a regional round.

**Ms Paul**—Yes.

**Senator MASON**—Senator Nash would be interested in that. Can I refer you to page 89 of the PBS. I may have to use yours, Ms Paul, because I have left it behind. I will see how I go. How many projects are forecast to be funded in each year of the forward estimates?

**Mr Hart**—It is not possible to predict how many projects will be funded through future rounds of the Education Investment Fund branch, but I can advise that in EIF rounds 1, 2, 3 and the sustainability round to date there are 61 projects which the government has committed to fund. They span the higher education, the VET and the research sectors.

**Senator MASON**—The VET and research, because there was a change of policy by the government to extend the umbrella of potential. Were any projects rejected by the minister that were recommended for funding by the advisory board as part 2 or part 3 applications?

**Mr Hart**—As part of the independent EIF advisory board's role, they make recommendations on projects that satisfy the EIF evaluation criteria and then those projects

are funded by the government. In the previous round, there were more projects that met the evaluation criteria than there was funding available.

**Senator MASON**—The minister selects which ones get it?

**Mr Hart**—It is a matter for government.

**Senator MASON**—Do we know which ones missed out?

**Ms Paul**—I would say that we would, but I do not know that we would disclose them here.

**Senator MASON**—You know which ones, Ms Paul, but could you tell the committee?

**Ms Paul**—I would be a bit shy of doing so because it could be damaging to reputations. If you want the names, I would prefer to tell you privately.

**Ms Campbell**—The institutions of course are aware and they often seek to resubmit the projects in a future round.

**Senator MASON**—So it could be compromising. I see your point.

**Ms Paul**—It could be.

**Senator Chris Evans**—I think we are happy to tell you, but those who missed out know. It is just a question of getting the balance right.

**Ms Paul**—They will know it as soon as.

**Senator Chris Evans**—We are happy to let you know for your information.

**Ms Paul**—We give detailed feedback.

**Senator MASON**—That is fine. What about projects approved for funding that were not recommended by the advisory board?

**Mr Hart**—That is not known.

**Senator MASON**—They have to be approved and then government makes a decision.

**Ms Paul**—Yes.

**Senator MASON**—If too many have been approved?

**Mr Hart**—The EIF advisory board determines whether they satisfy the evaluation criteria.

**Senator MASON**—I noticed a statement by the chair of the EIF, Mr Marcus Clark.

**Ms Paul**—Phil Clark.

**Senator MASON**—Philip Marcus Clark said that the board was aware that fast-tracking round 2 did not provide time for consultation with the sectors before the round. Has the department received any adverse feedback from applicants, including some unsuccessful applicants, from the second and third funding rounds including about the use of a single application stage process for round 2?

**Ms Campbell**—I do not think we have that information here at the table. We could take that on notice for you.

**Senator MASON**—Thank you. Since the inception of the board, has the board membership changed?

**Ms Paul**—My recollection is that one or two members have been added, but I would not want to swear to that. Can we take it on notice?

**Senator MASON**—Yes.

**Ms Paul**—Why don't we give you the ons and offs with the dates, because some have gone and some have come?

**Senator MASON**—Thank you. Do you know whether the functions and the objective of the EIF have changed since its inception? I do not mean from the coalition HEEF era, I mean from when the new government established the EIF.

**Ms Paul**—They have changed to include vocational education, which you mentioned earlier.

**Senator MASON**—Sure, but I mean within the EIF itself since the Rudd government came to power. Has there been any change other than that?

**Ms Campbell**—Apart from vocational education, not that we are aware of.

**Senator MASON**—The functions and the objectives have stayed the same.

**Ms Campbell**—They have.

**Senator MASON**—Is there any intention to review the funding and allocation principles and arrangements for EIF and the operations of the advisory board? Is that under review?

**Ms Campbell**—No, not by the department.

**Senator MASON**—I know very little about accounting, but is the EIF set up as a special account?

**Ms Campbell**—It is.

**Senator MASON**—Why was that done? I do not understand. Is there a specific reason that is the case?

**Ms Campbell**—The money is actually invested by the Future Fund, so the establishment of the special account facilitates that investment process.

**Senator MASON**—Okay. So it is in with the Future Fund?

**Ms Campbell**—It is.

**Senator MASON**—With a special component, is it?

**Ms Campbell**—Yes, the Future Fund—

**Senator MASON**—You can disaggregate the fund?

**Ms Campbell**—In fact, the Department of Finance and Deregulation does the accounting for those funds, for the EIF, as it sits within their portfolio responsibilities—the actual investment element of it—and then we draw down the funding to pay to the individual projects. So it is probably best to direct those questions to the department of finance.

**Senator MASON**—I understand. Have you received any correspondence or advice from the Auditor-General or from Finance, expressing any concerns about the management and accountability of this fund—the special account, in effect?

**Ms Campbell**—Not to anyone's recollection, no.

**Senator MASON**—No-one's recollection? All right.

**Ms Campbell**—These special accounts were established in the legislation, so there was significant consideration, and they have not changed considerably since the HEEF was established.

**Senator MASON**—Since HEEF was established by the Howard government?

**Ms Campbell**—Yes.

**Senator MASON**—So there have been no expressions of dissatisfaction with this management to the department?

**Ms Campbell**—No, not to our knowledge.

**Senator MASON**—All right. Thank you. Moving on to the Tertiary Education Quality and Standards Agency, TEQSA, can I have an update on the drafting of the relevant legislation to establish TEQSA. What is the time frame for that? Do you have a time frame?

**Ms Campbell**—Mr Hazelhurst can detail that.

**Mr Hazelhurst**—Yes, Senator. The government's stated intention is to introduce the bill establishing TEQSA before parliament rises, in these sittings.

**Senator MASON**—So by the end of November?

**Mr Hazelhurst**—That is correct.

**Senator MASON**—I think it is fair to say, Mr Hazelhurst, that there are some strenuous objections to TEQSA. Has the department received a lot of feedback about this?

**Mr Hazelhurst**—Certainly, the establishment of the new regulator naturally attracts considerable feedback and input from the relevant sector, so yes.

**Senator MASON**—And are you trying to accommodate these objections?

**Mr Hazelhurst**—Senator, you would be aware, I imagine, that in July this year Denise Bradley and Ian Hawke were appointed interim chair and CEO of TEQSA. They were appointed by the then minister to take the lead on engaging with the sector and on developing the actual establishment model, if you like, for the operation of the new regulator. Indeed, they are engaging very heavily with the sector and taking on board the feedback. Some of that goes to the actual building of the regulator itself and some of it will go to the precision, if you like, of the legislation that underpins its establishment. So it is yes on both counts.

**Senator MASON**—We might get to that in a minute. I speak to a few vice-chancellors now and then, and others in this sector, and I think it is fair to say that there is concern that in some cases TEQSA might override the autonomy of universities in setting their own standards—I am sure you have received that feedback; I do not think this is anything new—in terms of objectives, learning experience, assessment and so forth. Do you accept that criticism? Do you think that TEQSA will do that? I hear this quite a bit from the sector.

**Mr Hazelhurst**—Particularly earlier on in this process considerable feedback was received by the government from institutions along those lines. As was reported in the media several weeks ago, Denise Bradley recently attended a Universities Australia plenary of all the vice-

chancellors and had a very constructive engagement. It would be fair to say vice-chancellors as a group remain cautious about how exactly TEQSA will pan out, but I think they are reassured—

**Senator MASON**—‘Cautious’ is not the word I would have used but, okay, we will use your word!

**Mr Hazelhurst**—They have been reassured by the discussions that they have had more recently with Professor Bradley and with Ian Hawke. It remains the case that the intention with TEQSA is for it to be risk based and proportionate, applying standards of quality across the sector. What that means in practical terms is that the intention is that self-accrediting institutions like universities will still be self-accrediting and will go about their business in largely the same way as they have to date, with TEQSA adopting, as I said, a risk based and proportionate approach to ensuring quality across the sector.

**Senator MASON**—I except that, and I have heard before about that risk based assessment. But how will risk be assessed in the context of universities? How are you going to do that within a regulatory framework?

**Mr Hazelhurst**—The actual approach will be a matter for TEQSA. Indeed, the precise form of that is one of the things that Denise Bradley will be advising the minister on.

**Ms Paul**—Do not forget, Senator, that the legislation will cover all 200 higher education providers.

**Senator MASON**—Sure, not just the university; I know that.

**Ms Paul**—So ‘risk based and proportionate’ means the application of a risk framework across 200 providers. Some of the early feedback was that the universities had not quite grasped that it was all 200. But on the basis of 200 you have a much different risk framework.

**Senator Chris Evans**—Can I just say too, before the officer answers your more particular question, that I have met with Ms Bradley and with Mr Coaldrake, the chairman of Universities Australia. I understand that there are issues that people want reassurance on. But I also think that after the last meeting Ms Bradley had with their plenary a much more positive attitude came out of that, because I think some of their concerns were addressed and there was a frank discussion about the issues.

I just wanted to stress that I am new to the area and I am not across a lot of the technicality yet, but I want to make it clear that we are not about restricting the independence of universities and we are not about reducing the diversity of them. In fact, we are interested in encouraging diversity in the sense that they have particular profiles within their interests to meet the needs of different students et cetera. It is not about dragging everyone into some sort of standard formula. But you are right to highlight the fact that vice-chancellors are independent and have strong views and want to make sure that their interests are taken care of. I think Mr Coaldrake, following that last meeting, made it clear that they appreciated the consultative process and the fact that they continue to be engaged in the standards’ development. I think it is going all right. I think there will still be that strong level of interest and people will be concerned to make sure that their interests are protected. The feedback I have had is that some of the concerns have been addressed, but it is about taking the university community along in the process.

**Senator MASON**—You are right, and I suspect that TEQSA has been seen perhaps slightly more benignly in recent weeks. However, there is a fundamental concern about whether it is really necessary, whether there has been a cost-benefit analysis done, whether Australian universities deserve this approach and whether in fact they have failed to produce the goods in the past. In other words, there are really fundamental questions about the performance of Australian universities, the vast majority of which I think we would all agree are marvellous institutions. TEQSA is seen by many, I think, not only as an unwelcome encumbrance but as an unnecessary one.

**Ms Paul**—I think the policy was really clear. It came out of the Bradley review. The recommendations there were that the higher education sector was not subject to any regulation with teeth, as it were, and that a more harmonised approach would actually advantage students and the future of higher education in this country. That is not a reflection on performance; that is a reflection about the entire sector and about consistency and transparency. For example, you were talking about standards. There are five different types of standards that are being worked on, and they are important. They will not only deliver consistency to students across Australia but they will deliver transparency as well, in due course. That is important too. In addition, Bradley in her initial report, the Bradley review, recommended a joining up across the whole of the tertiary sector, in due course, not just a focus on higher education. So it is important not just to think about the universities here but to think about the universities within the 200 higher education providers and then to think about the vocational education providers as well.

**Senator MASON**—And then of the articulation.

**Ms Paul**—That is right. So the intention is that, in time, TEQSA, for higher education, and the national vocational education and training regulator, which is also in an interim format at present, would eventually potentially join up. There is a lot of water to flow under the bridge before that might be achieved, but nonetheless that is the sort of pathway that is made possible.

**Senator MASON**—I think there will be further policy debate about this, because while you are right and generally I think Professor Bradley's report was terrific—certainly the coalition endorses most of it—I see it as a sort of pathway rather than the Bible myself. This is a policy debate, I know—it is not for the Public Service as much—but I think whether this form of regulation can be justified is an issue that is yet to be played out and yet to be resolved.

**Ms Paul**—Sure. We should also note that it is not as if universities have not been audited before. They have been under a full audit program from AUQA, the Australian Universities Quality Agency. There is no guarantee yet, I would have thought, that there is going to be any more burden on universities than there already has been.

**Senator MASON**—That was my next question. Will there be a regulatory burden?

**Ms Paul**—I do not think that is necessarily the case. I do not think it is entirely settled yet either. I am not going to make a commitment one way or the other, but universities have been subject to really quite intensive focus from AUQA, and the whole concept of 'risk based and proportionate' is of course to spread the burden disproportionately.



**Senator MASON**—I have a legal question. The Commonwealth's power to regulate in this area—is that the corporations power?

**Ms Paul**—Yes. We have relied on the corporations power.

**Senator Chris Evans**—I am a bit worried if we are going here to the discussion about Commonwealth powers. Tell me we are not going to have a legal debate over clause 4!

**Senator MASON**—I might be launching a High Court challenge, Minister! I don't know!

**Senator Chris Evans**—Even Senator Cash went a little grey: 'Oh no, not again'!

**Senator MASON**—In the end, we are going to have a Commonwealth act here that is going to be interacting with state legislation establishing universities—with the exception of the ANU. This could be quite a complicated legislative framework.

**Ms Campbell**—I am not sure we would say it was complicated, but we do need to take into consideration the state powers, and we have taken legal advice on that.

**Senator MASON**—The minister mentioned diversity before. There is concern that TEQSA will encumber that diversity. I am just reflecting what I have heard. Are you confident that that will not happen, that TEQSA will not circumscribe—

**Ms Paul**—I think it will be the opposite actually. The notion in the Bradley review was that TEQSA was the counterbalance to opening up universities to be demand driven, which is such a major deregulation, which comes in from 2012, and that quality must be maintained. Those were the two sides of the equation. There was considerable new funding for equity for students from low socioeconomic status background in the Bradley review so in terms of students—and my expectation is that diversity must by definition increase with an open demand and so on and in terms of universities—

**Senator MASON**—Students are determining need.

**Ms Paul**—Students are more in the driving seat. We will see a more diverse population of students because students who were not entering universities will through the equity funding. In terms of universities diversity as an institution I think we are seeing already interesting moves amongst universities particularly in the pursuit of equity. We are seeing actually more partnerships both between universities and into the TAFE sector to achieve more clear pathways for students. I do not see any indicators that diversity would be in any way diminished.

**Senator MASON**—In what areas will TEQSA mandate common standards?

**Ms Schofield**—In terms of common standards the government has indicated that TEQSA does mark a shift in a new style of regulation in higher education in Australia. As Ms Paul mentioned, there are a number of different parts to that. There were five different types of standards that the government indicated would come into effect with TEQSA. They were across things like learning and teaching standards, research standards, provider registration standards, information research—those elements. I think the view is that that the provider standards will be those common market entry type standards. I think at the market entry level there is an expectation that there will be a common set to determine who it is that gets to enter the market. I think that the other standards, while this would be a decision for TEQSA and the standards panel and ministers, there would be a view that across teaching and learning and

research that it would actually encourage diversity and would look to best practice that would exist across the sector.

**Senator MASON**—Just so there is no confusion about the aims of TEQSA, are we looking at entry standards? Is the role of TEQSA, therefore, in assuring the community that minimum standards are being met or is it validating how well universities perform?

**Mr Hazelhurst**—Both. TEQSA will take on the role that currently is undertaken by the state regulatory bodies for actual registration of higher education providers.

**Senator MASON**—Those entering?

**Mr Hazelhurst**—Yes. It will do that through, as Ms Schofield suggested, the registration standards which will be, in effect, a translation of the current national protocols that relate to entry into the sector. In addition we will be adopting, as I mentioned before, a risk based and proportionate approach to regulation. We will also then be responsible for ensuring that quality is maintained in the delivery of education services in the sector.

**Senator MASON**—Let us go to the quality. Will TEQSA set standards for curriculum, for teaching, for assessment?

**Mr Hazelhurst**—The precise details of the way in which standards, for example, for teaching and learning will be set is still a matter for TEQSA to consider.

**Ms Paul**—There are standards which will be developed to go to those themes.

**Mr Hazelhurst**—One of the five areas of standards will be teaching and learning.

**Ms Paul**—There are five different areas where the standard is being developed which cover the life of the university basically.

**Senator MASON**—Was that in the curriculum on how many hours you need to study for a degree; all that sort of stuff?

**Ms Paul**—I do not think that has been determined yet. I think it is early days. There is still an interim arrangement. It is the sort of thing that Professor Bradley and Dr Hawke are working through.

**Mr Hazelhurst**—As well as teaching and learning standards there will be qualification standards. So that is the second of the five areas in which there will be standards.

**Senator MASON**—There is a long way to go here, isn't there? I can see us discussing this for years to come. It will be such fun. Are there any international precedents that give you confidence that the TEQSA approach will work and will enhance higher education? Is this a proposal that has been copied or adopted from other countries?

**Ms Paul**—I think Professor Bradley in her original work did look to overseas models, but I cannot remember the details. I am not sure whether any of my colleagues can.

**Mr Hazelhurst**—My understanding is that the TEQSA model draws on a range of models operating already within Australia through the state regulatory bodies and indeed AUQA, as Ms Paul referred to before, and indeed the best of the regulatory approaches that operate overseas but I do not believe there is an example of TEQSA operating exactly the way TEQSA is intended to operate.

**Senator MASON**—Perhaps in five or 10 years time whoever the government is then will have a review of whether TEQSA has worked. What will happen if universities fail TEQSA's tests for teaching standards or assessment standards? What are the consequences and potential sanctions for failure? What is going to happen?

**Mr Hazelhurst**—These matters will be set out in the bill. As I imagine you would expect, like with any regulator there would be an escalating series of possible things that TEQSA would be able to do. The starting point we are expecting for TEQSA is that they will simply work with the institution, so in the first instance they will say: 'This looks questionable. Tell us some more about it.' Perhaps that will be sufficient for TEQSA to be assured that what might look a little odd at first glance is okay, but of course thereafter they would be able to make recommendations to the institution to make changes to what they are doing and probably then talk about a time frame over which that would occur.

**Senator MASON**—In a graduated response, could it lead to deregistration in the end?

**Mr Hazelhurst**—Yes.

**Ms Paul**—In the review Professor Bradley talks about this also introducing the concept of reaccreditation for the first time.

**Senator MASON**—I only raise it because if a university were deregistered it would have consequences for graduates; it would be problematic for graduates.

**Ms Paul**—The concept was to have a regulator with teeth that is risk based and proportionate, so you take a risk perspective to start with but then you do have the full sliding scale of possibility, depending on the issues.

**Senator MASON**—I can see why, but there are all sorts of consequences of course.

**Ms Paul**—Of course.

**Mr Hazelhurst**—It could also be quite finely tuned so, for example, if there were a fundamental disagreement on a particular course or a particular area of study that might lead to intervention by TEQSA in respect of that course but not necessarily lead to deregistration of the whole institution.

**Senator MASON**—I understand—just a course or a faculty or whatever. In relation to performance funding, some have argued again that universities—and this has been said to me—have been entrapped by having to sign on to institutional performance targets as a condition of access to indexation without knowing what performance measures and associated targets will apply. What do you say to that?

**Ms Paul**—I am not sure I quite understand what those institutions would be getting at. How indexation works—

**Senator MASON**—Because indexation is now being given to universities but to get the advantage of indexation they had to sign on to performance targets.

**Mr Hazelhurst**—That is not correct.

**Ms Paul**—I do not think that is correct, Senator. We are just in the process now of going out—

**Senator MASON**—Transitioning to indexation.

**Ms Paul**—Yes, but actually where I was going was: we are in the process of introducing the performance funding model. It has not been introduced yet. It will be consulted on. Universities will have time to consider it. Unless I misunderstand that piece of feedback, which I actually have not heard from them, I cannot see a way really in which they will have to sign on to something without understanding what the implications are.

**Senator MASON**—There will be opportunity for the universities to understand what they are signing up to.

**Ms Paul**—Absolutely. But there is no apology about the concept of a commitment to performance.

**Senator MASON**—As long as they know how performance is going to be measured.

**Ms Paul**—Yes, and what it is about. Absolutely right.

**Mr Hazelhurst**—Just to add, there are two separate things here. The general indexation arrangements are just going to happen. They are not connected to signing compacts.

**Ms Paul**—Yes, the performance fund is a separate fund. And they have to sign onto that to achieve the fund. But indexation has already been committed to.

**Senator MASON**—When will the indicators and targets being used to allocate performance funding be advised to universities?

**Mr Hazelhurst**—We have recently—in fact yesterday—communicated to the vice-chancellors that we expect that to happen in the very near future. Consultation on that will occur over the period from effectively now until the end of the year, with a view to then having the compact discussions scheduled from February. The compact discussions themselves will incorporate discussions around the performance funding arrangements. It is the intention that there be a period between now and the beginning of December in which both the compact template and the performance funding guidelines be the subject of further consultation with the sector.

**Senator MASON**—We have interim compacts at the moment, don't we?

**Mr Hazelhurst**—Yes.

**Senator MASON**—When those compacts are finalised with the universities will they be publicly available?

**Mr Hazelhurst**—Yes, that is the intention. There may be small parts of the compact that might be regarded as commercial-in-confidence. Those small parts of the compact will not be made public, but everything else, in other words, the statement of the mission strategy and indicators of the universities' objectives, will be public as well as all of the funding arrangements for teaching, learning and research that the university is in receipt of.

**Senator MASON**—You would be more aware than I am, Mr Hazelhurst, that this is another policy rub. Some universities say that the compacts will shackle them; others say that it will force universities to look at their strengths and their specialities and then potentially enhance diversity. So there is another policy rub here. I do not know the answer. I have heard a lot of discussion about compacts, but I am sure you are across it far better than I am. That will play out again over the—

**Ms Paul**—Certainly, shackling them is the opposite of the intention. The intention of the compacts is to work with universities to achieve a compact which is very, very customised. It is definitely not a one-size-fits-all approach but is based around their own mission.

**Senator MASON**—Around their own specialties?

**Ms Paul**—Correct.

**Senator MASON**—Again, we will see how that plays out. It will be very exciting over the next little while. Can I ask you about the government's participation target in higher education, which we have discussed in the past. On page 80 of the PBS, table 2.3A contains—as you will recall, Ms Paul—the target of 40 per cent by 2025. What are the assumptions that that table is based on?

**Ms Paul**—We have based it on the current trajectory and some estimates about the effect that opening demand might have and the effect that the additional focus on equity might have. Beyond that, it is beyond my technical description capacity and I would look to others. But that is basically what it was, and as far as we can see it is pretty well on trajectory in the present early days.

**Senator MASON**—I am even hearing, Ms Paul and Mr Hazelhurst, that it may exceed it.

**Ms Paul**—Yes.

**Senator MASON**—You have probably heard the same thing.

**Ms Paul**—I have heard that too, yes. It is hard to tell—

**Senator MASON**—It is hard, yes, which of course brings other problems.

**Ms Paul**—Well—

**Senator MASON**—Or not problems but challenges. There are issues that flow from even a great take-up.

**Ms Paul**—It is still early days.

**Senator MASON**—It is early days.

**Ms Paul**—But universities certainly seem to be responding well to the invitation to free up demand.

**Senator MASON**—So basically those assumptions are just current projections, current forecasts and current—

**Ms Paul**—They are our best projection.

**Senator MASON**—It is your best guess; all right. I just thought it was a very convenient table, given that it was a perfect outcome aligning precisely with the government's commitments. You cannot do any better than that, can you? My final issue on higher education is an issue that I know that the minister will not mind me saying has been an issue of concern to the government and, indeed, to the opposition as well—that is, international education and support of international students. Minister, I am sure you will not mind; you have spoken about the challenges to the international student market and what they are. Could you briefly inform the committee of what you see as the greatest threats to Australia's buoyant overseas student market. 'Previously buoyant', I should say.

**Senator Chris Evans**—There are a range of quite complex issues. In my previous portfolio I engaged with the issue quite a lot. I think the explosion in VET sector students without the necessary immigration and education quality controls caused quite a serious problem, and I think that undercut Australia's reputation for quality education quite badly. This government moved to address that in the last couple of years, both through immigration and through the quality agenda. I think it has also hurt the higher ed. sector as a result of those reputation issues.

Fundamentally, I think there are issues now of exchange rates and increased competition that give us quite a mix of factors that are impacting negatively on the sector. I think we have a good reputation for quality in the higher education area and we have some very good quality VET providers—do not get me wrong—but we have also had a lot of bottom feeders who have undercut the market. In fact they have undercut higher ed by attracting students on the promise that they can do a VET course, qualify for permanent residency and then do a higher ed course as a permanent resident without the same fees and charges. So the whole thing has been quite destructive, I think. Anyway it is a complex set of issues but I think the thing that is largely driving our difficulties at the moment is the exchange rate. I am getting the figures pulled out but I think there is about a 40 per cent differential from what it was a couple of years ago.

The Americans, partly because of their economic woes, as I understand it, have become much more aggressive about marketing into markets like China, and Great Britain has changed some of its rules. So there is a really complex thing going on. I think the other things to say is that the Indian market has been hit badly by all those factors plus the concern about violence against Indian students and what have you. Some people have described it as a perfect storm. I am not sure whether that is right, but there is a lot happening in the space—most of which is not good for us. I am very focused on that. It is an important industry for Australia. It is one that we want to protect and enhance. Some of the growth in some areas has been unsustainable. There was always going to be a correction. Unfortunately what we are seeing now is, at the same time we might have seen a correction, all these other external pressures coming together in quite a negative cocktail. So I am certainly very focused on working with the sector to try to protect the sector from the downturn and to try to grow a sustainable, long-term international education sector based on our reputation for quality and based on a reputation which I think needs some work—which is about our treatment and support for international students while they are here. I have been quite critical of many of the institutions for the lack of that.

I do not want to ramble but the other thing that has always struck me is that we have ended up in a quite different model—from when we had the Colombo plan and we had a great reputation for international students having a really positive experience learning about Australia and mixing with Australian students to a model now where a lot of international students go to a particular campus or institution and only mix with themselves because they are the only ones doing the course. So the whole cultural experience in Australia is quite different, and I think we have not addressed some of the issues associated with that.

I am from Perth. The Malaysian connection is fantastic thing for Perth and for Western Australia. There are links of people who go back who have studied here, who now have

business links here and who send their children to university in Western Australia. There are really strong connections that develop and that is a tremendous thing. But I think those students today are not necessarily getting the same experiences and the same connections. So I think there are a lot of things that need to be addressed. But it is an important industry. It is an industry we need to protect and grow. We also need, I think, to address some of the issues that need attention here but there are a whole range of international factors at the moment that are putting a lot of pressure on the sector and I think it will impact on the student numbers in the next couple of years.

**Senator MASON**—There are no proposals to peg the dollar, are there?

**Senator Chris Evans**—They are only coming from the conservative side of politics these days. The National Party must be back in the ascendancy inside the coalition. What about some trade barriers, Senator Nash?

**Senator NASH**—You will bring out the agrarian socialists in me!

**Senator Chris Evans**—I tell people you are the only socialist left in the parliament. Sorry, Chair.

**Senator MASON**—It is probably true too, Minister, that in East Asia the richer countries are themselves spending a lot more on higher education, which again adds to the pressure. As you say, it is a negative cocktail. It is a difficult cocktail.

**Senator Chris Evans**—There are other opportunities. I went to India last year, in part to address some of the immigration issues and relationships, and of course the main issue at the time was the treatment of Indian students. I had some very hostile press conferences, with a quite unfair representation of the treatment of Indian students in Australia. One of the interesting things was that at the time—and people at the table will know much more about this than me—the Indian government was moving to take off the legislative restrictions on overseas universities operating inside India. They have got a large middle-class population seeking higher education and they do not have a system that can support the numbers who are in search of that education or who they want to get that education.

There are huge opportunities, I think, for international universities to actually teach and provide services inside India that will grow as well because there is a huge market and they have taken off some of those legislative restrictions. So there will be opportunities for Australian universities to sell services or provide services in India, just as we do in Vietnam, Malaysia et cetera.

**Senator MASON**—I think you are right. People say this century is going to be the Chinese century. Others are now saying it is going to be the Indian century with their democratic framework, but I do not know.

**Senator Chris Evans**—Also, they do not have a one-child policy.

**Senator MASON**—Indeed. Can I ask about DEEWR's international network, and I am quoting from the PBS at page 82:

DEEWR's international network of Australian and locally engaged staff that play a pivotal role in supporting Australia's international education links with overseas partners:

What sort of on-the-ground feedback are you receiving? Does it reflect what the minister has said?

**Ms Campbell**—I might ask Mr Walters to detail that.

**Mr Walters**—We have surveyed our staff together with Austrade staff. Austrade staff took over the marketing and promotion of international education from 1 July. We went out to them recently and what they said very much reflects what the minister has said. Particularly, the effect of the low value of the currency of the competitive countries is coming in; the fact of international competition particularly from the US, UK and Canada; then the steps which obviously have been made to tighten up the compliance of visa conditions, particularly in India and the other countries with a biggish Indian population; then the safety issue comes to the fore too. So very much the same story.

**Ms Paul**—Nonetheless, you want to put it in the context of coming off a 20 per cent per year growth rate. As the minister said, there was always going to be a correction.

**Senator MASON**—I accept that.

**Senator Chris Evans**—Also, despite some reports of it, I think last year was the third largest year for the number of students studying in Australia, coming off the peak of the year before.

**Ms Paul**—That is right.

**Senator Chris Evans**—But what the industry is saying is that the lead indicators are worrying, and I think that is right. I think you can have various takes on it. I am actually trying to nail it down, because a lot of claims are made that may not be sustainable. But I think all the lead indicators suggest that demand is dropping.

**Senator MASON**—So you are seeking to do some modelling about what might occur as a result of—

**Senator Chris Evans**—The department does some modelling already. DIAC does some modelling. But, to be honest, I think we can do more, bringing all the various indicators and data sets together. I want to have an informed debate on this. There are often claims made that, quite frankly, are not backed by fact. But I think all the lead indicators would say your demand is dropping. The English as a second language courses are dropping off. That has been a lead indicator for other courses. But, again, you have to drill down on that. We have had a large number of South American students coming in in recent times who have been coming in particularly for English language courses—a lot of Brazilians and Chileans.

**Ms Paul**—Yes, some markets are still growing.

**Senator Chris Evans**—So the markets have changed.

**Ms Paul**—It is not universally the same movement, and it never has been. We have always had different markets coming on as other markets decline. It is just that the overall trend is now one of decline for the first time.

**Senator MASON**—Okay. How is the implementation of the Baird review progressing?

**Mr Walters**—The previous government introduced a bill to introduce the first tranche of reforms to implement the Baird review just before parliament rose for the election.



**Senator MASON**—That is right: the ESOS bill.

**Mr Walters**—That bill lapsed, due to the rising of the parliament. We anticipate that it will be reintroduced, but of course that is up to the government business managers and Senator Evans. But that legislation was ready to be introduced. The remainder of the recommendations, particularly about the future of the tuition insurance schemes and the revision of the national code, are ready for a further round of consultations with the industry to see how we can implement those. If we can get that second bill up, that follows the re-registration bill, which happened earlier this year. So the reform process is still in full swing.

**Senator Chris Evans**—The bill will be coming into parliament quite shortly, Senator. I have approved it to come back in.

**Senator MASON**—It is a very competitive marketplace for bills at the moment, I understand, Minister.

**Senator Chris Evans**—There are very few advantages to being the Senate leader, but that is one of them—I get to authorise the order.

**Senator MASON**—Oh, all right! I think I have made my deadline, Mr Chairman.

**CHAIR**—You have done very well, Senator Mason. Such cooperation is admirable.

**Senator NASH**—I have some questions in 3.3, probably 3.4 and 3.5. I will start with the next on the list, tertiary student assistance. I have some questions relating to youth allowance. Also, I am assuming the Rural Tertiary Hardship Fund will fall into this section—tertiary student assistance.

**Ms Paul**—Yes, I think so.

**Senator NASH**—I was not quite sure where to place it, given that it is new. Can I start with one of the answers to questions on notice asked by Senator Back, EW0043\_11. It was regarding the cost of tertiary education. The question was:

Why is the cost for accessing a tertiary education higher for country students than metropolitan students? If a family does not have the means to pay for access to a tertiary education for their student, what assistance is available if it is farm assets?

You have very thoroughly answered the second part of the question—thank you—but made no attempt at all to answer the first part of the question, which is about the cost. Could you perhaps explain why it has not been answered at all.

**Ms Paul**—Are you saying the part about farm assets has not been answered?

**Senator NASH**—No. It is the part of the question that says:

Why is the cost for accessing a tertiary education higher for country students than metropolitan students?

No attempt at all has been made to answer the question.

**Ms Paul**—Would you like us to take it on notice and try to give you some exposition of that? I am not sure we necessarily accept the proposition, but I am quite happy to have a go at—

**Senator NASH**—Do you have a copy of it there?

**Ms Paul**—I do.

**Senator NASH**—I am not being difficult, Ms Paul. I am just trying to figure out why it has not been answered. There is absolutely no way you can read through that without realising that the first part has not been answered. Having taken it on notice three months ago, to take it on notice now for another three months is probably not appropriate. Maybe somebody could have look through over the next while, while we are having a discussion about other matters, and get some kind of response for us.

**Senator Chris Evans**—I think we are trying to be helpful. You want to know why it is more expensive—

**Senator NASH**—No, I want to know why the question has not been answered.

**Ms Paul**—I am not sure I would know.

**Senator Chris Evans**—I think they have had a reasonable go at it. If you are not happy with it, I guess all I can say is that we are sorry, but that was the answer. Are you seeking to debate that or are you seeking to get the answer to the bit you think we missed?

**Ms Paul**—We think we answered it, but clearly not to your satisfaction.

**Senator NASH**—Okay. Could you just point to me where in the answer the issue of cost of tertiary education for country students is addressed, then we will move on because I do not want to spend much time on this.

**Ms Paul**—We have gone through a long range of ways. Perhaps we have taken your first sentence as a proposition and we have answered what remediation is possible, and so there is a long list of remediations such as allowances. So in a way we have kind of agreed with you implicitly.

**Senator NASH**—All right. The benefit of the doubt would be a misreading of the question. Can I ask you to take on notice and come back to the next estimates for Senator Back with an answer to the cost issue in the question.

**Senator Chris Evans**—Can we just be clear, before we take it on notice and then end up having a similar discussion next time, that you want to identify what drivers make it more expensive for rural students to attend?

**Senator NASH**—There is right.

**Ms Paul**—Things like transport costs and that sort of thing.

**Senator NASH**—That is right, and relocation and all of those sorts of things. We are just interested in the department's view of why those costs are there and what they are. Obviously you have answered very well what the department does to address that.

**Ms Paul**—In a way, perhaps our answer has dealt with it implicitly. For example, we talk about the relocation scholarships, so implicitly we are acknowledging that there is a driver of distance or that, even beyond distance, there is the driver that some students must move even to be able to access higher education.

**Senator NASH**—That is right. You may well be right, that may all be in there implicitly, so perhaps just some clarity.

**Ms Paul**—I think that is really what it is. There is no mystery intended.

**CHAIR**—Let us leave it that the department takes it on notice again and, given the explanatory background to the purpose of the question, they can have another go at it.

**Senator Chris Evans**—There may actually be some data somewhere about the costs facing rural students.

**Senator NASH**—I think that is exactly what Senator Back was trying to get at. I have a question on youth allowance, excluding independent youth allowance: how many students are currently accessing youth allowance in the tertiary sector? I will leave the secondary aside for the purposes of all of the next discussion.

**Ms Milliken**—Your question is: how many students in the tertiary education sector are in receipt of youth allowance? As at the end of August, it was 142,000 in higher education.

**Senator NASH**—And how many were accessing independent youth allowance at that date?

**Ms Paul**—How many were accessing it under those criteria—is that what you mean?

**Senator NASH**—How many students are currently accessing youth allowance under the independent criteria at that date?

**Ms Milliken**—I do not have the breakdown with me of those who are independent and in the higher education sector. I can take that on notice.

**Senator NASH**—Can you take on notice for me that figure—so how many are accessing independent in higher ed—and the breakdown of how many of those are in their first year of tertiary education accessing independent youth allowance?

**Mr Griew**—That would include both for age and for workforce participation.

**Senator NASH**—If you could split them, do them separately, for me that would be great.

**Ms Milliken**—Yes, we can.

**Senator NASH**—I think you said these figures are as at August—is that right?

**Ms Milliken**—Yes.

**Senator NASH**—Can I also have the comparative figures for the previous August? That would be very useful, thank you.

**Ms Paul**—I just want to sound in a word of caution. I am not trying to be difficult at all but one of the things I think we have just taken on notice—unless I am misunderstanding you; as time passes, I may have misheard you—was whether they were in their first year or second year and so on of university. Is that right?

**Senator NASH**—Yes.

**Ms Paul**—I am not sure the Centrelink administrative data, which is what we had to pool to get these, will show that. I just sound that is a word of caution. We will give it a go.

**Senator NASH**—That is fine. Would they not have a date, though, that they started receiving independent youth allowance?

**Ms Paul**—They may well do. That might be the proxy for it.

**Senator NASH**—You would have to have a start date—so any that fall within that first 12 months would be close enough.

**Mr Griew**—It just a question of what we can search by.

**Ms Paul**—But we will give it a go.

**Mr Griew**—We will give it a go.

**Senator NASH**—Obviously, if you can't, you can't. But if you can, that would be useful.

**Ms Paul**—We will let you know.

**Senator NASH**—Thank you. Do you do any forecasting—and I am talking specifically about independent youth allowance at the moment—at all of where you expect to be in another 12 months, comparative to the amount of students accessing it now?

**Ms Paul**—We know that there is a significant increase in the number of students who are able to access youth allowance, because of the policy changes—

**Senator NASH**—No, I am talking specifically about 'independent'.

**Mr Griew**—Forecasting is a term which implies a whole lot of meanings. We have estimates, which are agreed between us and the department of finance, which are the basis of the forward estimates, and these are based on the modelling and calculations that we did on which the legislation was considered and then passed.

**Ms Paul**—We will take that on notice and see what we can get for you, Senator.

**Senator NASH**—That would be great. What sort of period do you do? What if I were to ask now: 'What are your estimates? Do you do it to the end of the financial year or is it a calendar year?'

**Mr Griew**—These are calculations done between us and the department of finance in the context of setting the forward estimates. So we will probably just have to see what is out there in the public domain. The forward estimates window is the period that we usually look at.

**Senator NASH**—That would be extremely useful.

**Mr Griew**—We will have to talk to the department of finance about that.

**Senator NASH**—Thank you. Can I now take you to the ASGC map that we are now using for inner regional for the eligibility criteria. Can you explain for the committee—what is left of it—the ASGC map. That map is now being used for the eligibility criteria for 'independent'. Can you perhaps explain the reasoning behind the eligibility criteria applying to the map as it is. Could you run through the committee and for the *Hansard* the different arrangements for 'inner regional' compared to the other three—'outer regional', 'remote' and 'very remote'. Then the reasoning behind why the map has been used for that eligibility criteria.

**Ms Paul**—It was part of the agreement that was reached in the passage of legislation.

**Senator NASH**—I understand all that, but there must have been a reason that this map was used for the eligibility criteria.

**Ms Paul**—Okay. This is based on ARIA, which is a health based indicator but it seems to be one of the most robust indicators of the differences between regions. It is one of the

categorisations that we use fairly regularly. ARIA was the indicator which was used here. I would imagine it was used because—although I probably would want to check—it was clear and we were able to actually do the estimations against it.

**Mr Griew**—And it is based on the distance by road from where you are to population centres, which seemed the most sensible basis on which to make this policy decision.

**Senator NASH**—I understand that. But I would have to venture that that is a completely flawed proposal, because the actual population centres do not line up necessarily where the universities are. Very often we are talking about universities that are in metropolitan areas that students have to get to. I think you said it was originally done for health purposes. So it has absolutely nothing at all to do with distances between tertiary education campuses and where students live. So isn't it kind of based on the wrong premise to start with?

**Mr Griew**—This was the result of a discussion and agreement between the government and the opposition in the passage of that legislation about a compromise that was accorded.

**Senator NASH**—I understand that very well.

**Ms Paul**—But it is still the best approach to regional demarcation that we have, and it is the one that is based on a notion of distance from the centre.

**Senator Chris Evans**—Senator, if your point is: is it imperfect—it probably is. Are there a hundred other different ways to calculate rural and regional—yes. Every different department and act seems to do it in a different way. If you have got the perfect solution for this, I would love to hear it, but I think that the department, as a result of the discussions, chose this as an established model that seems to be based on reasonable grounds. But we all accept that there are arguments about regions—is Hobart in a region or is it not? You would know better than me, having represented regional areas, how these arguments have raged for years—

**Senator NASH**—Yes, how long is a piece of string. I do have a solution and I would like to come and talk to you one day about that. Why is a different set of criteria applied to those regional zones? I will just clarify a bit. Obviously within those inner regional zones there are still enormous distance issues and lines on maps issues. Why was inner regional treated differently from the other three zones?

**Dr Griew**—The policy context here at the discussion that went on was that the government had proposed legislation that significantly liberalised the parental income test and drew literally tens of thousands of students into the dependant rate and that was being offset by reducing the number of generally less disadvantaged students who were coming in through two of the three workforce criteria. Their representations from country areas were being listened to by all participants in the discussion between the government and the opposition and the search was for an affordable compromise to allow people in the more outer regional and remote areas to still be able to deal into that workforce exemption—given that it had to be cost neutral and that was an agreed parameter of the discussion—without losing too many of the students who were coming in because their parents were low-income people.

**Senator NASH**—So if I am clear about what you are saying, I think that you are talking about affordable and it having to be cost neutral so there had to be a proportion of regional students left out because the government did not want to increase the funding going into this.

I am not trying to put words into your mouth; I am just trying to understand this. So is that correct?

**Ms Paul**—Where we are simply represents the agreement.

**Senator NASH**—I understand that. I am trying to understand the point at which we got to the agreement. So the reason that the inner regional is not included—and it is entirely up to the government, and if this is their choice, that is absolutely fine but I am just trying to be clear—

**Ms Paul**—I should say that it was an agreement. It rose from an agreement. It was not just what government put forward. It would have been proposed, but it was agreed.

**Senator NASH**—Absolutely, I take that on board. Unfortunately, the minister chose not to split the bill so we had to deal with a range of other things that were positive measures that we said at the time we did agree with, so we had no choice but to agree to this for the others to go through. But what I want to be absolutely clear about so that I am not saying the wrong thing is that the inner regional areas were not treated the same as outer regional, remote and very remote because of the government decision—and it was their decision—not to increase the revenue was to be able to apply the same criteria across all four zones. Is that correct?

**Senator Chris Evans**—I do not think they were the only reasons. You have drawn the distinction between the zones so I assume you accept that there is a difference between—

**Senator NASH**—No, I do not. When I was drawing the difference between the zones, I was drawing the attention to the different eligibility criteria applying to those zones, not the zones themselves. The zones are all regional in some way, shape or form.

**Senator Chris Evans**—That is what I am saying. But there are degrees of disadvantage, I suppose.

**Senator NASH**—That is a very good point, Minister. There is. What we have ended up with now, because of the inner regional zone being treated differently, is a situation where Yarram down in Gippsland and, I think, Cudal in New South Wales—and there are many, many others—have on one side of the street a student able to access independent youth allowance, while on the other side they cannot. They might both be 300 kilometres or 50 kilometres or 100 kilometres from a university but because the zones are treated differently—

**Senator Chris Evans**—That is true for every payment or benefit where there is a zonal system.

**Ms Paul**—It quite a common approach. It is quite a common thing.

**Mr Griew**—In the discussions there was reference to the fact that, while there is not perfect coverage of universities across the inner regional area, the inner regional area includes many centres with university campuses. Armidale would be a good example. That is a distinction.

**Senator NASH**—The difficulty with that is the lack of public transport and the still very great distances that students have to travel even to get there. I will move on, but the point I am making is that the government's decision to treat that inner regional zone differently due, I guess, to their unwillingness to increase revenue for that means that we have a serious inequity.

**Senator Chris Evans**—That is a claim you make. There are two points. One is that it was an agreement which was entered into by, quite frankly, you. That undermines your argument, firstly.

**Senator NASH**—Because the minister would not split the bill. Minister, you know that. She could have split the bill.

**Senator Chris Evans**—The second thing that undermines your argument is that a lot more people are going to be eligible under this program than were eligible previously. Did everyone get everything they wanted? No. Is there a bottomless pit of money? No. This was the agreement that was entered into to attempt to give as many students as possible the ability to access support. That is where we ended up.

**Senator NASH**—As you know, Minister, we agreed to that at the time because there were some positive changes going through that had to go through. If the minister had split the bill, we would never have agreed to that, but we do not need to revisit that.

**Senator Chris Evans**—Senator, you can use that to defend yourself in the bush if you feel you need to. That is up to you. You made a political decision. Live with it.

**Senator NASH**—I am very happy to go into any regional community with you, Minister, and see. Actually, I invite you.

**Senator Chris Evans**—We can go together, because we can explain the deal together.

**Senator NASH**—I think that would be great. They know.

**Senator Chris Evans**—We can stand there and say, ‘I voted for it; you voted for it.’

**Senator NASH**—You’re on, Minister. I am about to write to you and invite you. I am quite serious.

**Senator Chris Evans**—But I reckon you might be going around the country not owning up to having signed up to the deal. I reckon you might be pretending that you did not support it.

**CHAIR**—Enough!

**Senator NASH**—I would absolutely be telling them, as I did at the time, exactly what happened, and I am quite serious. I am inviting you to come out to some of these communities.

**Senator Chris Evans**—I have been looking at your press releases, Senator. I have yet to see you mention that you signed the deal. Anyway, I will have a look at it.

**Senator NASH**—I actually go out on the ground and talk to people out in the regional areas, week after week after week.

**Senator Chris Evans**—So why don’t you put it in your press releases?

**Senator NASH**—There was absolutely no need. Everybody knows the deal. You said it very loud and clear at the time. Everybody knows exactly that we agreed to it.

**Senator Chris Evans**—As long as you are honest about it, Senator, we will get on fine.

**Senator NASH**—That is right, because if we had not agreed to that and fought all the way along then we simply would not have had any of these students in those regions included, as you well know. We will move on.

**Senator Chris Evans**—We will compare it with the rules under the Howard government too. We can examine your form on this.

**Senator NASH**—Go and speak to any regional family about this, Minister. I can tell you what they will say: you have made a mess of it.

**Senator Chris Evans**—They will say that they cannot understand why Fiona Nash voted for this.

**CHAIR**—The committee is not interested in pursuing this matter further, so we will now move on.

**Senator Chris Evans**—They do not like double standards.

**Senator NASH**—It is hardly double standards, and I will be writing to you in the morning, Minister, inviting you to come out to some of these regional communities and talk to these families that cannot access independent youth allowance in the inner regional areas. I will move on. I just need an explanation of a situation which I was not aware of, and I am hoping that the department might be able to explain it for me. If this is wrong, please correct me and tell me exactly how this works. But I think that the best thing for me to do is probably just to read you the piece of correspondence that this person has sent to me and then you can explain for me how it works. The issue is changes—certainly according to them—in youth allowance from the old system to the new system.

**Senator Chris Evans**—Would it be better if you give us the correspondence and then we move on while they photocopy it so that we have the same document, or are you worried about privacy? It is just very hard if officers do not have the document in front of them.

**Senator NASH**—It is. I will tell you what we will do. It is pretty straightforward. I will give it a quick whirl. If it is too tricky, I will make some changes and then we will copy it and table it. The constituent was saying, ‘When applying for youth allowance, a child moves from the FTB pool to the YA pool’—family tax benefits and youth allowance. ‘Their entire income is then assessed to the one child that sits in the youth allowance pool.’ But I will copy it. It makes sense to me, but it might take a while. We will move on.

**Senator Chris Evans**—I was already starting to get lost—not that I was going to answer it for you anyway.

**Senator NASH**—It made a lot more sense in my head than it did reading it.

**Senator Chris Evans**—If you want to give the official a clean copy, we will give it back to you, if you are worried about the names or whatever. It is just that the officers are going to have to have a crack at answering it.

**Ms Paul**—Indeed, if it looks like it has particulars for which we really need to go back to look at the rules and take it on notice, we will tell you that.

**Senator NASH**—I think you are going to be pretty straightforward.

**Senator Chris Evans**—So we will not table it. We will have a look at it.

**Senator NASH**—That would be very useful. Thank you very much. In the meantime, then, we might move on to the Rural Tertiary Hardship Fund. This was part of the amended



legislation for all of this, which went through in March. Can I ask how the figure of \$20 million was arrived at?

**Senator Chris Evans**—I will get one of the officers to assist you with that. As you know, I was not the minister at the time.

**Senator NASH**—Yes. I am certainly not sheeting any of this home to you.

**Dr Griew**—It was part of the agreement that was reached between the government, the opposition and the other parties in the Senate.

**Senator NASH**—But how did the department arrive at the \$20 million figure as the appropriate amount for the fund?

**Ms Paul**—I am not sure. I would have to check that. I will take it on notice.

**Senator NASH**—It is a bucket of money?

**Ms Paul**—I think it was part of the agreement, but I will take on notice the dates or whatever in which we might have provided advice.

**Senator NASH**—Okay. So it is a bucket of money. This is due to start on 1 January 2011, correct?

**Senator Chris Evans**—Yes.

**Senator Nash**—And the legislation went through in March. Why has it taken until 20 October—and, again, Minister, I take that you are very newly in this position, so this is certainly not directed at your lack of speed working towards this—to set up a task force?

**Dr Griew**—A significant part of the period between those dates and the appointment of the task force has of course involved the parliament being prorogued and caretaker—

**Senator NASH**—Oh, rubbish! I am sorry; it is not a significant proportion of time. The legislation went through in March. Senator Mason raised this in the estimates in the middle of the year.

**Ms Paul**—I think the officer is answering your question. I think we should let him finish.

**Senator NASH**—Okay. So what date was the parliament prorogued?

**Ms Paul**—I think we have only got partway through the answer of why it has taken this amount of time, so I would like to give my colleague some time—

**CHAIR**—Let us start at the legislation being passed, and then we will do the proroguing.

**Ms Paul**—Perhaps we will start again.

**Senator NASH**—That sounds like a very good idea. We will start again. Why has it taken from March till the end of October to set up the task force?

**Dr Griew**—I am able to explain the part of the period of time between the legislation passing and now. It was taken up with the normal conventions of not making appointments like this.

**Senator NASH**—Okay. Can you refresh my memory? At one point you mentioned the difficulty being parliament being prorogued. What date was that?

**Senator Chris Evans**—I think what the officer was trying to say was that there was the proroguing of parliament, pre-election caretaker period, new minister etc. As to what happened in the first few months before it was acted, I do not know whether there is any particular explanation. I cannot help you.

**Senator NASH**—Thank you, Minister. Is there a particular explanation why nothing was done before we got to that point in time when you could not do anything?

**Ms Paul**—I am a bit loath to say nothing was done, but I suspect—

**Senator NASH**—I will rephrase the question. Is there any particular reason that, in the several months before it was not able to be done, the task force was not set up?

**Ms Paul**—I do not know the answer to that, so we might have to take it on notice.

**Senator NASH**—Does anybody have the answer to that?

**Ms Paul**—We may have no good reason. If it is the case that things have moved slowly, I am quite happy to admit to that, but I would like to have a look at it.

**Senator NASH**—If it is the case that things have moved slowly, as they do—

**Senator Chris Evans**—There is obviously departmental work that had to go in. We had the then minister become Prime Minister and a change of portfolio in the weeks leading up to the then proroguing of parliament. Then we had the election. Then we had the caretaker period. Then we had the swearing in of me and a few weeks before I got my head around it. So all of those things probably contributed, but we will take on notice whether there is anything else.

**Ms Paul**—I am happy to put my hand up and say it has gone slower than we might have liked if that is the case.

**Senator NASH**—Okay, that is good of you to say, but it does not excuse the fact that in five months you could not put six people on a panel.

**Senator Chris Evans**—There is a bit more work than that involved.

**Ms Paul**—We have just talked about that and I have said we need to put our hand up and say it has been slower than we would have liked. It is the case that this is for something that starts next year. So, when you look at it in terms of how we within the department need to set our priorities, we will achieve what it is necessary to achieve, which is the start of this thing being administered from 1 January.

**Senator NASH**—That leads right into my next question. So the taskforce is reporting back to the government and they are due to report back at the end of November. We have absolutely no idea as yet about any of the criteria or any of the underpinning for how this is going to work—what students are going to have to do, what the process is going to be once there are criteria in place—and it is not until the end of November that the taskforce is coming back to the government, yet this thing is supposed to start five weeks after that. How on earth, even just from a process perspective, is this not a dog's breakfast?

**Ms Paul**—It does sound a bit tough. I would not like to admit to it being a dog's breakfast until we can see if we can pull it off. I appreciate your comment that the timing will be tight, and it will be tight. There is no doubt that it will be tight.

**Senator NASH**—It certainly will be tight. You can understand people's concern that, if the department has not been able to put six people on a panel in five months, to actually get the whole thing up and running—criteria done; process for applications done; students notified; students actually putting in their applications, if indeed that is how it is going to work, and then being told, 'Yes, you are accepted'—in the space of five weeks is a very big ask.

**Senator Chris Evans**—The option is not to do it. Is that what you would prefer?

**Senator NASH**—Minister, that is pathetic.

**Senator Chris Evans**—Then let us be serious. You have made what you think is a political debating point. The reality is the government is putting \$20 million into it. We have formed the board. We are trying to get on with it. We are going to try and deliver.

**Senator NASH**—That is a very interesting point—to suggest that I made a debating point. It is raising an issue of very, very shoddy process. That is what it is.

**Senator Chris Evans**—I am sure we will all take note of that and treat it with the appropriate importance, but we are trying to get \$20 million out to support those students and we are going to see if we cannot get it up and running for the start of the year.

**Senator NASH**—Do you have any idea of the sort of things you would like to see come out of it, any idea of what the criteria might be?

**Senator Chris Evans**—I have put an independent group together so that people with a bit more expertise than me can provide us with advice.

**Senator NASH**—What happens in 2011-12? Has there been any discussion of any further funding, because it was just a one-off \$20 million bucket of money to make sure you got your legislation through at the beginning of the year?

**Senator Chris Evans**—There have been lots of arrangements made to get legislation through at various stages, which you have been part of. Can I just make the point that anything in the future will obviously be subject to budgetary consideration by the government. But the \$20 million is there, it is funded and we are going to try and deliver it.

**Mr Griew**—The money is actually over a couple of years through to 2013.

**Senator Chris Evans**—Yes, 2½ years.

**Senator NASH**—Actually that is not entirely true if you look at the budget papers, which say the government will provide \$20 million in 2010-11 for the establishment of a Rural Tertiary Hardship Fund. Placed under the year 2010-11 in the 2010-11 budget measures is the \$20 million figure and that is it.

**Ms Paul**—I think the concept is that its operation might extend into further years.

**Senator NASH**—I was asking the minister: will there be further funding for those out years? Obviously, and quite rightly, he cannot give me a commitment when there are budgetary constraints. So, Mr Griew, it is indeed not the case that it is over a few years. Can we go back to the letter and try to make some sense of it. For the purposes of *Hansard*, the letter is to do with the change of arrangements when there are a number of children. The overarching concern is that the family income is being used in two separate ways and not taking into account all three children under that one income.

**Ms Parker**—I am sorry to tell you we will need to do some work on as it is quite complex. It interacts with FTB. We would not be able to give you a view here.

**Senator NASH**—Okay, that is fine. Could I ask you this in all seriousness. I know questions on notice often take a lot of time, but obviously this is a very concerned person and—

**Senator Chris Evans**—Senator, if you want to send it to me in the morning as a letter to me, we will be able to handle it a bit more quickly than through questions on notice.

**Senator NASH**—Thank you, Minister; that is very good of you. I do appreciate that.

**Senator Chris Evans**—I would wait to see the answer before you decide that!

**Senator NASH**—No, I still appreciate the intent. That finishes my interest in the tertiary student assistance area and I have just a few on vocational education and training and VET national support.

**Ms Paul**—Senator, you asked a question about the basis for the \$20 million costing. The terms of reference for the task force have been brought to my attention. The terms of reference mention one-off grants of \$5,000 per student to be paid to 4,000 students.

**Senator NASH**—Sorry, Ms Paul, but to be paid to?

**Ms Paul**—To 4,000 students from rural and regional areas between 1 January 2011 and 30 June 2013.

**Senator NASH**—And you said for 4,000 students.

**Ms Paul**—That is the assumption. The task force will have to work through that. I am just giving you the basis for arriving at that.

**Dr Griew**—That was the basis of the discussion that led to the agreement. It was that we would anticipate this sort of level. That is quite a high proportion of students from those sorts of areas designated as being that.

**Senator NASH**—You are right as it is a significant number, but compared to the about 15,000 that now cannot access independent youth allowance in those areas it is not really a number that stacks up, is it?

**Ms Paul**—We might debate the numbers with you but—

**Senator NASH**—I would be happy to do that. I think it is actually significantly higher. But thank you for the extra information. Turning to vocational education and training, does the VET funding program under the National Skills and Workforce Development Agreement including funding for TAFE?

**Ms Campbell**—Yes, Senator.

**Senator NASH**—So is there a funding split between TAFE and non-TAFE?

**Ms Campbell**—The funding is provided to the state governments and the state governments distribute that funding.

**Senator NASH**—I am back where I was at the beginning of the day in an area that I have not had a lot to do with, so bear with me. Do we have figures—just overall ones—on enrolments in the VET sector?

**Ms Paul**—The one that springs to my mind is about 1.7 million at an given time but I might be wrong. That is possibly old so it would be better to get the real data for you.

**Ms White**—Those figures are public figures that are released by the National Centre for Vocational Education Research on students and courses. I will go to their most recent publication. This is the data for 2009 students, which was released around July, from my recollection. There are 1.7 million students enrolled in the public vocational education and training system.

**Senator NASH**—Thank you. How do you measure the success of how that is going?

**Ms Campbell**—When you say ‘success’—

**Senator NASH**—I suppose it is in terms of their going on to full employment and all those sorts of things.

**Ms Campbell**—I think there are a number of measures of whether or not the vocational education system is providing a skilled workforce and—

**Senator NASH**—That is probably a much better way of putting it.

**Ms Campbell**—We have student outcomes data, also published by NCVER.

**Senator Chris Evans**—Senator, we are happy to answer any questions, but we can actually give you the references to the documents, which are probably—

**Senator NASH**—Yes, that would be very useful.

**Senator Chris Evans**—There is often stuff like that that you do not find, but it looks like that might have it.

**Ms Paul**—We do do really good work.

**Ms White**—Certainly, public documents, Senator—

**Senator Chris Evans**—I have not seen them either and I would like to have a look at them, so if you give us both the reference we will both have a look at them!

**Senator NASH**—Fantastic. We can chat about it while we are meeting about my solutions and when you are coming to the regions. I want to ask about apprenticeships. The Securing Australian Apprenticeships Through Registered Training Organisations initiative—how many apprentices were assisted through that?

**Ms Campbell**—We will just get the apprenticeship people up to the table. Can you just repeat the question from the start?

**Senator NASH**—With regard to the Securing Australian Apprenticeships Through Registered Training Organisations initiative, how many apprentices were actually assisted through that?

**Mr Maynard**—Senator, that program has now ceased. The runout of the final participants in it will be completed by 31 December 2010. We do not have that figure with us at present but we can take it on notice.

**Senator NASH**—That is okay. If you could provide that on notice, that would be fine. So, when that closed down, I assume there was a saving that went with that; was that money redirected somewhere else?

**Mr Maynard**—Yes. The funds that had been directed to that program were redirected into the Skills for Sustainable Growth budget package from this year's budget.

**Senator NASH**—Okay. I gather there were 500 apprenticeship places for disadvantaged South Australians announced this year. I think that was announced.

**Mr Maynard**—That announcement does not come to mind. Can I just say we have come across the data that you sought in relation to securing Australian apprenticeships.

**Senator NASH**—That is fine. Actually, it is one of the things that struck me when I started to get my head around all this is the myriad different categories, sectors, whatever, in this area. Is there any move to—

**Senator Chris Evans**—I am scared you are going to ask me a question in parliament about this!

**Senator NASH**—You should not have said that!

**Senator Chris Evans**—Something like, 'Could you please name all the programs, Minister'? No.

**Senator NASH**—You have just given me an extremely good idea—and I know the answer I am going to get! My question was: does it need to be that way, or are there moves to streamline it in some way?

**Ms Campbell**—Senator, in the 2010-11 budget the government did do some streamlining with respect to Skills for Sustainable Growth, but I am sure the minister's comments there indicate that there may be some more room for that sort of initiative. We do have a number of studies underway, particularly with Apprenticeships for the 21st Century and some other, more COAG type activity which would give us some opportunities to put those forward to government.

**Senator NASH**—Okay.

**Senator Chris Evans**—If you have a simple-minded minister it is best if it is kept simple!

**Senator NASH**—I wish you had made it simple before I started trying to get my head around it!

**Senator Chris Evans**—By the way, Senator Nash, I was not sure what your representational role was, looking at your title, but if you want to get a departmental briefing on any of this I am happy to organise that.

**Senator NASH**—Thank you.

**Senator Chris Evans**—I spent a lot of years in opposition, and just getting someone to explain it to you is often more helpful than trying to read the documents.

**Senator NASH**—That would be very useful. I am actually just representing the shadow minister responsible, but I do still like to be across the things that I am responsible for, so thank you very much. On that, can you give me an outline of what the Productivity Places Program does and how it works.

**Ms Campbell**—We have to swap officers again, but I might start while they are coming to the table. There are two elements of the Productivity Places Program: one that is a national

partnership with the states and territories, with the exception of Victoria, who have a separate arrangement; and one that is an Australian government component. Ms White will just take us through those various elements of the Australian government component.

**Ms White**—In the Australian government component, including in the state component, there are places to upskill existing workers and there are also places for job seekers. There are a number of elements in the program, including the New Enterprise Incentive Scheme, structural adjustment places, mainstream places for job seekers, enterprise based productivity places, a Commonwealth own-purpose expenditure contract with the Victorian government and the national partnership agreement that is with all the remaining states and territories.

**Ms Campbell**—Basically, these places are there to provide training for job seekers or training for workers who are already employed in a variety of categories.

**Senator NASH**—How much funding is allocated to the program?

**Ms Campbell**—There was, over the five-year period from 2007-08 to 2011-12, some \$2 billion.

**Senator NASH**—Are the places offered by the states and territories?

**Ms Campbell**—They are, from their state and territory component, and then there are some available to the Commonwealth also to place as per those programs, depending on the circumstances.

**Senator NASH**—Is there monitoring by the Commonwealth over the state delivery, or is it just agreement?

**Ms Campbell**—There is an agreement and there is reporting back on the number of places that have been provided.

**Senator NASH**—Finally for the day—and then you can all go home and you will be very happy with me—the Language, Literacy and Numeracy Program.

**Ms Campbell**—Yes, Senator?

**Senator NASH**—Same again: background and how it works.

**Ms Shugg**—Your question is: how does the Language, Literacy and Numeracy Program work?

**Senator NASH**—Yes.

**Ms Shugg**—The Language, Literacy and Numeracy Program is focused on assisting job seekers to improve their language, literacy and numeracy skills. The people who are referred to the program are those unemployed people who are referred either by Centrelink or Job Services agencies. They are referred to providers that are contracted to the Commonwealth. When they are referred they are tested against the Australian Core Skills Framework. When they have the results of that testing, an individual learning plan is developed for them and they then receive training against that individual learning plan. The program provides up to 800 hours of training for a client, but not all clients need the 800 hours.

**Senator NASH**—Over what period of time is the 800 hours? Is there a minimum or maximum time they have to take that in?

**Ms Shugg**—Not really, but we do try to do it over two years.

**Senator NASH**—Do you have an average figure of how many students it would assist over an annual period?

**Ms Shugg**—Yes, I have got that data with me. Using last financial year's figures, we had 19,967 commencements in the program.

**Senator NASH**—That is great. Do you have any regional breakdown of those figures or do you just have a total figure? I am happy if you want to take it on notice. I am just interested to know if you even do that.

**Ms Shugg**—I would have to take that on notice. I do not have either a state breakdown or a regional breakdown.

**Senator NASH**—If you could do a state breakdown and a regional breakdown for me that would be very useful.

**Ms Shugg**—On the 2009-10 figures?

**Senator NASH**—Yes. That would be great.

**CHAIR**—That does conclude the estimates hearings. Ms Paul, thank you to you and your officers for another successful estimates. I would also like to thank the Hansard and Broadcasting staff for their assistance in recording proceedings and assisting us in finishing early tonight. I remind senators that all written questions on notice are due to the secretariat by close of business tomorrow, Friday, 22 October, and I remind the department that answers to questions on notice are due to be returned to the secretariat by Friday, 10 December. Again, thank you to everyone who participated today. Thank you, Minister. The hearing is now adjourned.

**Committee adjourned at 7.19 pm**