



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS
LEGISLATION COMMITTEE

ESTIMATES

(Additional Estimates)

THURSDAY, 24 FEBRUARY 2011

CANBERRA

BY AUTHORITY OF THE SENATE

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SENATE EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS

LEGISLATION COMMITTEE

Thursday, 24 February 2011

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

Participating members: Senators Abetz, Adams, Barnett, Bernardi, Birmingham, 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, Carol Brown, Cash, Fifield, Fisher, Heffernan, Marshall, Mason, Nash, Polley, Williams, Wortley,

Committee met at 9.00 am

EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS PORTFOLIO

Consideration resumed from 23 February 2011.

In Attendance

Senator Evans, Minister for Tertiary Education, Skills, Jobs and Workplace Relations and Leader of the Government in the Senate

Senator Jacinta 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

Ms Helen Willoughby Acting Deputy Secretary, Corporate and Network

Dr Michele Bruniges, Associate Secretary, Schools

Ms Jennifer Taylor, Acting 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

Ms Helen Willoughby, Acting Deputy Secretary

Mr Craig Storen, Chief Finance Officer, Finance and Business

Mr George Kriz, Chief Lawyer, Corporate, Legal and Investigations

Ms Robyn Kingston, Chief Internal Auditor, Audit Group

Ms Susan Monkley, Group Manager, Finance and Business
Ms Barbara Grundy, Acting Group Manager, Communication and Parliamentary
Mr Benjamin Wyers, Acting Group 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
Ms Lisbeth Kelly, 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 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 Joanna Stanion, 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 Rhyan Bloor, Branch Manager, National Schools and Youth Partnerships
Ms Helen McLaren, Branch Manager, National Schools and Youth Partnerships
Ms Louise Hanlon, 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
Mr Matt Davies, Branch Manager, Engagement and Wellbeing
Ms Janet Davy, Group Manager, Curriculum, Assessment and Teaching
Ms Margaret Banks, Branch Manager, Curriculum, Assessment and Teaching
Ms Alex Gordon, Branch Manager, Curriculum, Assessment and Teaching
Mr Tony Zanderigo, Branch Manager, Curriculum, Assessment and Teaching
Mr Craig Robertson, Group Manager, Infrastructure and Funding
Ms Oon Ying Chin, Branch Manager, Infrastructure and Funding
Ms Hilary Riggs, Branch Manager, Infrastructure and Funding
Ms Chris Woodgate, Branch Manager, 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 Jennifer Taylor, Acting Deputy Secretary
Mr Michael Maynard, Group Manager, Skills Group
Ms Katy Balmaks, Branch Manager, Skills Group
Ms Wendy Walker, Acting BM, Skills Group
Ms Jan Febey, Branch Manager, Skills Group
Ms Julie Yeend, Branch Manager, Skills Group
Mr Andrew Lalor, Director, Skills Group
Mr Daniel Owen, Branch Manager, Skills Group
Ms Kathryn Shugg, Branch Manager, Skills Group
Ms Maryanne Quagliata, Branch Manager, Tertiary Frameworks Group
Mr Linda White, Branch Manager, Tertiary Frameworks Group
Ms Leonie Horrocks, Branch Manager, Tertiary Frameworks Group
Mr Neil McAuslan, Branch Manager, Tertiary Frameworks Group
Ms Belinda Emms, Acting Branch Manager, Tertiary Frameworks 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 David Hazlehurst, Group Manager, Higher Education Group
Mr Mark Warburton, Branch Manager, Higher Education Group
Mr James Hart, Branch Manager, Higher Education Group
Ms Julie Randall, Branch Manager, Higher Education Group
Ms Catherine Vandermark, Branch Manager, Higher Education Group
Mr Andrew Taylor, Branch Manager, Higher Education Group
Ms Lisa Schofield, Branch Manager, Higher Education Group
Mr Robin Shreeve, Chief Executive Officer, 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
Ms Jo Wood, Group Manager, Indigenous Economic Strategy
Ms Lynne Stevenson, Branch Manager, Indigenous Economic
Ms Katrina Fanning, Branch Manager, Indigenous Economic
Ms Tania Rishniw, Branch Manager, Indigenous Economic Strategies
Dr Alison Morehead, Group Manager, Social Policy and Economic Strategy
Mr Mark Roddam, Branch Manager, Social Policy and Economic Strategy
Ms Debbie Mitchell, Branch Manager, Social Policy and Economic Strategy
Ms Sue Dawson, Group Manager, State and Regional Services 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
Mr Stephen Moore, Group Manager, Employment Systems and Relationships
Ms Marsha Milliken, Group Manager, Income Support
Ms Margaret Sykes, Branch Manager, Income Support
Mr Derek Stillier, Branch Manager, Income Support
Ms Fiona Buffinton, Group Manager, Specialist Employment Services
Ms Ingrid Kemp, Branch Manager, Specialist Employment Services

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 Sarah Sullivan, Acting Branch Manager, Workplace Relations Implementation and Safety
Ms Meredith Fairweather, Branch Manager, Workplace Relations Implementation and Safety
Ms Susan Devereux, Acting Group Manager, Workplace Relations Policy
Mr Paul Mills, Acting Branch Manager, Workplace Relations Policy
Ms Colette Shelley, Acting Group 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
Mr Jeremy O'Sullivan, Group Manager, Workplace Relations Legal
Mr Henry Lis, Workplace Relations, Workplace Relations Legal
Mr David Bohn, Branch Manager, Workplace Relations Legal
Ms Elen Perdikogiannis, Branch Manager, Workplace Relations Legal

Australian Curriculum, Assessment and Reporting Authority

Dr Peter Hill, Chief Executive Officer
Mr Robert Randall, General Manager, Curriculum and Deputy Chief Executive Officer
Mr Peter Adams, Acting General Manager

Australian Building and Construction Commission

Mr Leigh Johns, Commissioner
Mr John Casey, Chief Financial Officer

Australian Learning and Teaching Council

Dr Carol Nicoll, Chief Executive Officer

Comcare

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

Fair Work Australia

The Hon. Geoff Giudice, President
Mr Tim Lee, General Manager
Mr Terry Nassios, Director
Ms Bernadette O'Neill, Director
Mr Brendan Hower, Director
Mr Dennis Mihelyi, Chief Counsel, Fair Work Ombudsman

Fair Work Ombudsman

Mr Nicholas Wilson, Fair Work Ombudsman
Mr Michael Campbell, Executive Director WR Policy and Education
Ms Janine Webster, Chief Counsel
Mr Mark Shapter, Director of Financial Operations
Mr Bill Loizides, Group Manager, Field Operations
Mr Alfred Bonggi, Group Manager, Customer Service
Mr Steven Ronson, Executive Director Regional Services and Targeting

Safe Work Australia

Mr Rex Hoy, Chief Executive Officer
Ms Amanda Grey, Branch Manager
Ms Justine Ross, Branch Manager
Mr Wayne Creaser, Branch Manager
Mr Drew Wagner, Branch Manager
Mr Andrew Craig, Director
Ms Julia Collins, Director
Ms Julie Hill, Director

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 must report to the Senate on Tuesday 22 March 2011 and has set Friday 8 April 2011 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 questions 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 those 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, which I now incorporate into *Hansard*.

The extract read as follows—

Public interest immunity claims

That the Senate—

- (a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;
- (b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;

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

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

CHAIR—Minister Evans or Ms Paul, would you like to make an opening statement to the committee before we proceed to questions?

Senator Chris Evans—No, thank you.

Ms Paul—No, thank you.

Senator MASON—Ms Paul, I will start by asking a question about the building at the DEEWR headquarters at the corner of Rudd Street and Marcus Clarke Street. When that building was under construction was there some problem with it? According to this blog there had been a major collapse. Was there some problem in its construction?

Ms Paul—Yes, there was. It was a problem very early on, when they were still just coming out of the basements. Some scaffolding collapsed—not the construction itself but some scaffolding—when they were laying a concrete pour. No one was injured and then it was investigated by ACT WorkSafe.

Senator MASON—We are on cross portfolio issues. On that sort of a theme of the building, I was looking at a blog the other day and someone passed this through to me—

Senator Chris Evans—It is terrible how that academic research has turned into looking at blogs now. I would have thought better of you, Senator Mason. I thought you would have been one of the last to resort to reading blogs.

Senator MASON—This is the way we work.

Senator Chris Evans—I had faith that some would resist.

Senator MASON—Yes. It is not a good start to the day, is it?

Senator Chris Evans—No. Your credibility is shot, ‘My estimates brief is a combination of blogs I have read.’

Senator MASON—Apparently, on 14 October an email was sent to people in the head office to this effect:

This afternoon some people in 50 Marcus Clarke Street have experienced some movement on each floor in the building. The safety and comfort of staff is paramount and we’ve moved quickly to respond to the situation. Representatives from Walkers, the building owners, and Leighton Contractors, the company that constructs the building, are on site with structural engineers, who are assessing the building. This is being treated as a matter of urgency. At this stage there is no cause for alarm and, as information from the engineers becomes available, further advice will be provided.

Then the claim was made that a zumba class, and I am not even sure what zumba is, Ms Paul—

CHAIR—I will explain it to you.

Senator Chris Evans—Generally, days go downhill, so given where we have started—

Senator MASON—I have never even seen zumba. Perhaps, Chair, you can give a demonstration.

CHAIR—It is at the other end of yoga.

Senator MASON—The claim is put forward that this zumba class caused structural damage to the building at Marcus Clarke Street. Ms Paul, are you part of that chorus line?

Ms Paul—That is incorrect, but nonetheless we can explain what that was about and I am sure my colleague will be more than happy to do so.

Mr Storen—Yes, on the day you mentioned there were reports from staff to our call desk and our property team about some movement through the building, so we brought in—

Senator MASON—Was there a zumba class?

Mr Storen—There was an exercise class up on level 12, which is at the very top of the building next to the plant room. We have put aside a small exercise facility for staff to use. It is used for a range of classes, from low-impact through to zumba, which is not low-impact.

Senator MASON—Seriously, what is zumba?

Mr Storen—Zumba is a Latin American dance-style exercise class. It is a high-energy active class done to dance music, which is one of the issues with zumba. Since the incident we have done a little bit of research about what are called harmonic vibrations through buildings. Across the globe there is actually quite a lot of research into this. All buildings are built to move; if they did not move, there would be problems.

Senator MASON—The argument is that harmonic vibrations supposedly caused by a zumba class could cause a problem.

Mr Storen—Yes. The academic evidence is that repeated rhythmic impacts can cause harmonic vibrations in buildings, especially modern buildings which are built to move.

Senator MASON—In my day it was the nutbush. I do not know if that would cause the same issue.

Senator Chris Evans—A visual picture of you in the nutbush—

Senator MASON—I was quite renown for the chicken dance after a big night out as well, Minister.

Mr Storen—It occurs not only from exercise classes, which is one of the internationally documented causes of harmonic vibrations but also from activities in nearby building sites, where you can have jackhammers. The physics are that a repeated rhythm of impact builds up a harmonic vibration. Nevertheless, we did have the reports. We brought in a range of experts. Initially, the engineers assured us that there was absolutely no structural compromise of the integrity of the building, and that was done that afternoon very quickly. We then commissioned an organisation which does environmental scanning of buildings and so forth, and we installed some detection equipment just to find out the degree of the movement. Despite being assured that there were no structural issues with the building, we thought we would do this to assure ourselves. We actually measured the movement in the building over a period of time. We confirmed that exercise did impact movement in the building—

Senator MASON—It did?

Mr Storen—Yes, it did, and that is supported by research and international evidence, as well.

Senator MASON—Is that why soldiers break their step on a bridge? They do, do they not?

CHAIR—That is for Defence estimates.

Senator BACK—Were you listening to the conversation here, Senator It is the reason why soldiers break steps.

Senator MASON—You are ahead of me, Chair.

Mr Storen—We monitored the movement and the different degrees of movement. The equipment measures vertical, horizontal and what they call transverse movement. It measures what is perceptible to a person, which is the threshold of the equipment. All during the day you could get below human perception movement in a building, from wind and so forth. We did confirm that high-impact exercise activity would cause harmonic vibrations, which we ceased in the building.

Senator MASON—The zumba classes have been stopped?

Mr Storen—In this building, correct.

Senator MASON—Because of the potential for—

Mr Storen—It is high impact. We did check the building standards. The floor was built to above Australian standards for gymnasiums and so forth. Looking through research, it is also a combination of floor spans. Bridges are a very good example because bridges have very long spans; the longer the span, the higher the impact and it can cause these things to occur.

Senator MASON—Was my friend Dr Arthur at the zumba class? Who was there? Who has been put out by this?

Senator Chris Evans—I can assure you that I was not there.

Senator MASON—I was going to ask you, Minister!

CHAIR—We might deal with it by exception.

Senator MASON—So they have been cancelled. We have had the initial collapse of the foundations, in October 2008, right at the beginning of the building.

Senator CHRIS EVANS—Unrelated.

Mr Storen—It was not foundations; it was the—

Senator MASON—No, in 2008.

Mr Storen—Yes. It was not the foundations of the building at all; it was actually a concrete pour of one of the slabs for, it may have been, the ground floor or basement level 1 in a portion of the building.

Ms Paul—The two things are entirely unconnected, of course, because after the 2008 incident the building was then rebuilt, basically, and, of course, there were tests all over that. It is probably the strongest slab in the city. The two are entirely unrelated and the harmonic vibrations that Mr Storen is talking about are necessary—

Senator MASON—Do you feel safe, Ms Paul, in that building?

Ms Paul—I do. It is a very fine building. It is a six green star rated building, which is probably one of the largest commercial buildings that has achieved that has achieved a six green star rating.

Senator MASON—Where has the zumba class gone?

CHAIR—It will go where it should.

Senator MASON—Do we know where it has gone?

Mr Storen—I cannot confirm that.

Senator MASON—It has disappeared. Ms Paul, can we move to staffing? Can the department confirm that it is or has been seeking voluntary redundancies from staff?

Ms Paul—Yes, we sought voluntary redundancies last calendar year and, as a result—

Senator MASON—Last calendar year?

Ms Paul—Yes, in the middle of last year. That is because of the reductions in staffing that were required arising from a range of decisions which we have been through before here—we talked about what was in the PBS et cetera. Yes, we did do a round of voluntary redundancies towards the middle of the year.

Senator MASON—What were you offering?

Ms Paul—Just the standard voluntary—

Senator MASON—Two weeks for every year?

Mr Storen—That is correct. It is two weeks for every year of service, up to a maximum of 20 years.

Mr Wyers—It is up to a maximum of 24 years.

Senator MASON—To a maximum of 24 years?

Mr Wyers—Yes, 48 weeks in total.

Senator MASON—How many expressions of interest did the department receive from staff?

Mr Wyers—I would have to take that on notice. It was a number in the hundreds.

Senator MASON—Did the department accept all those offers?

Mr Wyers—No. The department went through a process of looking at our business requirements and where it was that we actually needed to reduce staffing. Consistent with the reduction, we had the opportunity to reduce some workload. We had business coming off, so the idea was that we would line up those voluntary redundancies with the areas that actually needed to reduce staff. We looked at what was in the interests of the organisation as well as in the interests of the individual. Ultimately, we only accepted a portion of those people who expressed an interest.

Senator MASON—How many?

Mr Wyers—138 in total.

Senator MASON—Was that the desired target for redundancies?

Mr Wyers—Yes. The department had an amount of money that it was willing to spend on redundancies to position us for the coming financial year, and 138 came within that target range.

Senator MASON—Natural attrition would not have been sufficiently expeditious?

Mr Wyers—We also followed through with natural attrition and a further 350 people have left by 31 December. You might recall, when the budget statements came out, there was a notional figure of about 525 staff we needed to reduce over the financial year. We are getting very close to that number come 31 December.

Senator MASON—What is the current turnover rate in the department?

Mr Wyers—For 2010-11 we are looking at around 12 per cent of staff—11.96 per cent is the annualised figure. We have had six months up to 31 December and, if you double that for the year, we expect it to be around 12 per cent for the year.

Senator MASON—Is that typical of the Commonwealth Public Service?

Mr Wyers—It is. It is lower than it has been over previous years. Prior to the global financial crisis we saw a greater turnover, but since then it has dropped off. It has started to grow again, but 12 per cent is—

Ms Paul—The Canberra labour force in the APS, when we look at similar departments, tends to go up and down at the same sort of rate. So, as Mr Wyers says, before the global recession, we were all up at around 15 or so per cent and now we are all down around 11 per cent, or whatever that Mr Wyers has just said.

Senator Chris Evans—I think it is also the case—it certainly was in Immigration—that there are quite large disparities between sections and types of work and staff levels. I know that in DIAC call centres et cetera the turnover is much higher than, say, the senior executive service. So it varies. I presume that is the same for us?

Ms Paul—I am not sure about the call centre, but certainly we have a known difference in rates between our state offices and our national office. Because the Canberra APS market is so big, there is more movement here than there is out in the regions. Yes, in short, it was our view that, while natural attrition on the face of it would make a considerable contribution—which it did; it made the biggest contribution—it would not be enough, given that you have got to achieve a full-year effect. Of course, people leave over the course of the year, so we started those reductions with the voluntary redundancies.

Senator MASON—Can you confirm whether your department has had any staff on leave with pay in the last 12 months where this leave has been at the request of the department—for example, where an employee has been charged with a criminal offence?

Mr Wyers—I will have to take that on notice. I cannot think of an example where an employee has been on pay, no.

Ms Paul—Nothing strikes me, but we will have a look for you, if you like.

Senator MASON—You will take that on notice? That is fine. What sort of policy do you have in situations like that? Do you allow people to go off on pay? In what circumstances would it occur?

Ms Paul—We follow procedures under the APS act, the code of conduct, our collective agreement and sometimes under criminal law. All of those things are in play at various times. We just proceed on whatever course—

Senator MASON—There are legislative and regulatory requirements that you follow.

Ms Paul—Yes. The possibility that someone might be stood down on pay is absolutely there. It is not something we exercise often, but it is not entirely unheard of. I can think of one instance in the last six years, but no doubt there have probably been a few more.

Senator MASON—We have 138 people left taking voluntary redundancy and 350 from natural attrition—is that right?

Mr Wyers—I will just check my numbers.

Ms Willoughby—We also have a further 25 people who were moved for machinery of government changes—for example, from public sector workplace relations to the APSC. The numbers I have before me—

Senator MASON—That means you change the administrative arrangements?

Ms Willoughby—That is right, absolutely.

Ms Paul—On 1 July last year the function that was in our workplace relations area to do APS bargaining framework work moved to the APSC.

Senator MASON—There are 350 plus 138 plus 25?

Mr Wyers—Sorry, 345 is the number rather than 350.

Senator MASON—Chair, I have forgotten my calculator.

CHAIR—It never seemed to help you anyway, Senator!

Senator Chris Evans—You are a social policy man really, aren't you!

Senator MASON—I have never been very good at counting, Minister, that is true.

Senator Chris Evans—You must have got it right once for the pre-selection.

Senator MASON—I got it right once.

Ms Paul—I get 508.

Senator MASON—All right.

Ms Paul—We are reporting at the moment 509.

Senator MASON—No, that is fine. Thank you. Can we move now to contract notices—the CN353491.

Ms Paul—We did not get anything from you in advance this time, so I do not know whether we did actually check that.

Ms Willoughby—We checked as of up to about 6 o'clock last night, and we had not received anything.

Ms Paul—We will see if we can do it. Which one is it?

Senator MASON—353491, office and desk accessories.

Mr Storen—Could you give me a little bit more detail and I might be able to give you a rough idea. I cannot probably provide you with full detail.

Senator MASON—The category is office and desk accessories, the contract value is \$13,000, supplier is Frenchams in Queensland. Do you know about that?

Mr Storen—No. It sounds like about the size of either a single conference room facility or an office facility.

Ms Paul—It could be for our Queensland office.

Mr Storen—For our Queensland office, potentially, or one of our Queensland offices. Recently we have done a refit in Cairns, I think that is, but also we have a reasonably large Brisbane office as well.

Senator MASON—I might have a chat to the secretariat after this. I certainly did not mean to mislead the department at all. I thought that it had been communicated, somewhere there has been a loss of communication.

Ms Paul—We are surprised, too.

Senator MASON—Yes. I have not got that many, but I do have a few—five or six.

Senator Chris Evans—We can either take them on notice or do you want to get the information together and we will see what we can do later in the day?

Senator MASON—All right. We will see how we go.

Ms Paul—I can probably cover them off later if you like, if you want to give us the numbers.

Senator Chris Evans—We could waste a lot of time and still know anything about it. If you want to adopt your normal practice—

Senator MASON—Would it be all right if I give you the numbers?

Ms Paul—Yes.

Senator Chris Evans—Yes. We can have a crack after lunch.

Senator MASON—We can do it quickly after lunch. The first one was CN353491, that is about the office and desk accessories. The next two are CN361203 and CN361202; then CN353489 and CN359895; then CN355635 as well as CN360332; and finally CN355146. I will ask some questions about those five or six contracts.

Ms Paul—That is fine.

Senator MASON—Maybe at some later stage, it will not take long. Mr Chair, that is all I have for cross portfolio.

CHAIR—Are there any other questions for cross portfolio?

Ms Paul—I will let the chair know when we have all the information during the day.

[9.24 am]

Office of Early Education and Child Care

CHAIR—Let us move to outcome 1.

Senator NASH—First up, as a result obviously of the floods and cyclones and everything else, would you know at the moment how many the special child care benefit claims have been submitted as a result of Cyclone Yasi? Have there been any?

Mr Johnson—Under local emergency arrangements in response to the floods and cyclone disasters in Queensland, the department has provided payments under special CCB of around \$2.1 million, in relation to the flood impacts and around \$72,000 in relation to the impacts on child care services in North Queensland as a result of the cyclone.

Senator NASH—When did they start rolling out?

Mr Johnson—Essentially, the department declared local emergency arrangements in Queensland from the beginning of January and, from that point until present, child care services can get additional assistance, both through special child care benefit and absence

arrangements, and business continuity payments where their services have been adversely affected by floods or the cyclone.

Senator NASH—Have you had any applications for this due to the floods as well? Queensland, New South Wales, Victoria have all been pretty hard hit. Is there any from flooding?

Mr Johnson—We do. I could provide those to you now or I can give them to you on notice.

Senator NASH—No, on notice would be fine. Are there very many?

Mr Johnson—You did ask for applications. I can provide you with the level of funding that has been supported for each of those categories. I would have to take on notice the actual applications sitting behind those.

Senator NASH—Yes, that is fine. If you can give me what you have got, and then put the rest on notice, that would be fine.

Mr Johnson—Certainly. To give you an indication: in terms of the impacts on flooding and support provided to Queensland services affected by floods, the Commonwealth has provided \$17.9 million in assistance. That comprised \$2.1 million in special child care benefit support, \$15.7 million in support for absences, and \$33,000 in respect to business continuity payments. There is a similar figure for the cyclones: to date, for North Queensland, \$72,000 for special child care benefit; \$659,000 for absences and \$700 for a business continuity payment. In New South Wales for special child care benefit, \$154,933 has been provided; in absences, \$992,567; and no business continuity payments in New South Wales. In Victoria similarly, the support for special child care benefit payment has been \$486,929 and \$1.5 million for absences; totalling a support figure of \$1.9 million for Victoria to date.

Senator NASH—I move on to the National Early Childhood Education and Child Care Workforce Census. I understand that the collection for the data for that is now complete; has the department concluded its analysis of the data yet?

Ms Hosking—No, we have not completed our analysis of that census at this stage.

Senator NASH—When do you think it is going to be completed?

Ms Hosking—We were thinking in the second quarter of this year it will be completed, Senator Nash.

Senator NASH—How many centres did it go to?

Ms Hosking—It was a census, so it went to all child care centres and preschools.

Senator NASH—Did they all return the census?

Ms Hosking—No, it was not a compulsory survey, so we did not obviously get a complete response rate. I do not actually have the exact response figures here. However, we were very pleased that we got a very good response rate with a lot of cooperation from the sector to ensure that we had good responses both from services and from individuals. In fact, I have just been handed the actual response rates.

Senator NASH—Magically appears.

Ms Hosking—Overall, for service responses, we had 79.3 per cent response rate, so that is really quite high for a voluntary survey. The number of services where we had at least some individual staff responses was 75 per cent of services providing—

Senator NASH—It is fairly high, really. With a census like that, are they ever compulsory or are they all just non-compulsory?

Ms Hosking—I think those things are usually only compulsory either if the ABS conducts them under their act, or sometimes we can require compulsory information under our Families Assistance Act. Generally, with surveys like this, we rely on the cooperation of the industry.

Senator NASH—Is that why you offered the incentive of a prize draw—is that correct?

Ms Hosking—I probably need to get the details of that, but yes, I think that is exactly why.

Senator NASH—Has somebody got them? My understanding is—and correct me if I am wrong—that there were \$750 educational packs to 16 centres offered as part of a prize draw.

Ms Hosking—Yes, that is correct.

Senator NASH—Is that usual practice to run a prize draw when you are trying to get information from—

Ms Hosking—It is fairly standard practice in survey methodology to give people an incentive to participate in a survey—yes.

Ms Paul—It is important because if, you get too low a response rate, then you have actually wasted a whole lot of money getting a 35 per cent response rate that you cannot use because it is not statistically significant.

Senator NASH—It is up-front money well spent to try and get some new evidence—

Ms Paul—Yes, it pays for its investment in getting something which means you have got something statistically significant to add on.

Senator NASH—Do you do it every single time you do a census?

Ms Hosking—We have not necessarily done the census on a regular basis and I do not know whether we have had prizes before or not. I do not think we have, but we could take that on notice. I think from our perspective the strategy worked very effectively because we then were able to get a very high response rate.

Senator NASH—How do you measure that you would not have got that response rate anyway?

Ms Hosking—Obviously the counterfactual when you have not done it is a bit hard to actually provide, but in general—

Senator NASH—That is my point. You say it is necessary to use it. So obviously it is necessary to use it and that is fine—I take that point. But, if you have not got anything to measure it against, where you have not used the prize draw, how do you know that it is necessary?

Ms Hosking—It is just a reflection of a long history of working with surveys and market research as to what is the best way to actually facilitate a response rate.

Senator NASH—Has that been drawn yet?

Ms Hosking—I understand it has and I understand that the announcements have been provided to the services.

Senator NASH—The lucky recipients have received their \$750 educational pack?

Ms Hosking—Yes

Senator NASH—Do other departments do that? That will be a question for other departments, I guess.

Ms Paul—I would not know.

Senator Chris Evans—It is starting to become more common, I notice, in market surveying work being done online—online surveys et cetera—to get people to participate. It is an interesting development. I am in two minds about it myself, but it has obviously become a part of the methodology now—those big online surveys and things. I think some of the market survey people now pay as well to get people to participate.

Senator NASH—I completely agree with you, Minister. It seems to be everywhere at the moment. I just had not come across it in a department before.

Ms Paul—It may well have been done in other places, given that it is quite common in terms of market research and surveying. But we would not know outside our own portfolio, necessarily.

Senator NASH—You said you think that will be completed by the second quarter?

Ms Hosking—Yes.

Senator NASH—I have a number of questions obviously about the results, but that will have to wait. What proportion of approved child care providers are currently not meeting the two-week reporting requirement through the CCMS? How many are? I do not mind which way you take it.

Mr Johnson—Almost all child care services are meeting their obligations to submit usage data within a fortnight after the period of care.

Senator NASH—That is good. Would you mind taking on notice for me the exact figure?

Mr Johnson—I certainly can do that.

Senator NASH—Thanks. Rather than just ‘almost all’, it would be good to know. What action do you take to ensure compliance? You now have the centres being very good about it or are you having to actually implement initiatives to make sure they do?

Mr Johnson—As part of our ongoing compliance activity, we monitor reporting and lodgement of usage data from child care services and we follow up where there are any instances where a service fails to submit that data. We would, as part of our ongoing compliance activity, pursue further investigation directly with those services to try and clarify what the circumstances are that might have prevented the service meeting that time line.

Senator NASH—What sort of reasons are they giving for not meeting that time line? Obviously you are getting a pretty good response and they are just rolling it into their weekly or fortnightly administration. What sort of responses are you getting when they have not met it?

Mr Johnson—They would be the absolute exception. As I said, over in the order of 99 per cent of services would be—

Senator NASH—I understand that. I am just interested in the ones that do not.

Mr Johnson—The sorts of reasons would largely relate to where the services are trying to reconcile particular attendance issues with individual families for that period of care, where they might have been experiencing either interface problems with the Child Care Management System or particular software issues with their software that supports the operation of their service. They are largely technical or logistical in nature.

Senator NASH—Again on the floods and cyclones, I believe there is a business continuity payment that can be given, which is a—

Mr Johnson—The business continuity payment essentially provides for where a service is not able—in terms of one of those technical reasons for non-compliance, if you like—to actually submit data for a period. The department advances payments to them based on our most recent utilisation pattern or period of reporting and then subsequently adjusts those payments when the service is able to submit data thereafter.

Senator NASH—Have you had any instances of that?

Mr Johnson—Very few. In Queensland, for the whole of the state to date, we have only provided business continuity payments of around \$33,700 to a very small number of services. I do not have the number of services with me, but I would imagine it would be less than a dozen. In fact, North Queensland has one service potentially and maybe two or three for the flood impacts for Southern Queensland.

Senator NASH—Overall you must be very pleased with how that whole reporting system is working.

Mr Johnson—Indeed, Senator.

Ms Paul—It has made a huge difference to the services and a big difference to us, too.

Senator NASH—On the September quarterly vacancy snapshot, on average, how many children would be in a family day care environment?

Ms Hosking—How many actual numbers are in the family day care?

Senator NASH—No, house by house—if you have got family day care, just a rough average number of how many children would actually be in a home.

Ms Hosking—How many children are in individual day care—

Senator NASH—Yes, in an individual home.

Ms Hosking—It varies depending on, at the moment, the legislation of the states. I do not think we have a specific average number of children—

Senator NASH—Have you got rough bottom number and a rough top number?

Ms Hosking—Obviously one. My understanding is that currently, depending on the ages of the children, it is sort of between four and seven for the upper limit, depending on the different regulations of the states and territories. Obviously, when the National Quality Framework comes in from 1 January 2012, there will be national consistency with that.

Senator NASH—Perhaps you could give me a hand. I was trying to reconcile the figures in table 3, family day care services by state and territory. It has the total number of services at 389 and the average number of vacancies at 5,960. My maths is a bit like Senator Mason's. If you extrapolate that out, it is about 15 vacancies in each home.

Ms Hosking—Yes, I understand why that might be confusing. The total number of services in that table does not relate to the individual families. In fact, there is a much larger number of parents or individuals providing family day care. The 389 services, as I understand it, relates to the schemes that are providing family day care.

Ms Paul—So the umbrella organisation.

Ms Hosking—Yes, a particular area may have a family day care scheme and that is the service. Then the individual carers are essentially working with that service, so we do not actually count the number of individual—

Senator NASH—You might have an individual family or provider underneath the umbrella organisation?

Ms Hosking—Exactly right. A service might have 20, 30, 40 families underneath it providing family day care, or more.

Senator NASH—How do we get down into the detail of that? You must admit, in reading that table, it is a bit misleading about what is actually happening. How could you better provide the data to show, by home or on average by home, what the vacancies are?

Ms Hosking—The reason we compiled the data that way is that, for an individual family who are seeking care through a family day care scheme, they would contact the service. What is important for them to know is how many vacancies that service is able to provide. What the individual family needs to know is: if I contact this family day care service, in their broad area they have 100 vacancies. That is the reason we provide—

Senator NASH—We might be able to slot into one. Do you hold the information of home by home?

Ms Hosking—I suspect that we—

Senator NASH—I think Ms Paul is nodding her head.

Ms Hosking—I think we could potentially provide it, but we might need to take it on notice, is the number of carers working for each scheme.

Senator NASH—That would be useful.

Ms Hosking—We do not say, 'This particular carer has this number of vacancies,' but we could give you the number of vacancies in the scheme and the number of carers in a scheme.

Senator NASH—That would be really useful. Thanks, that would be great.

Ms Paul—I imagine we have got the number of children.

Ms Hosking—Yes, that is right.

Ms Paul—The number of individual carers, the number of children and then the vacancy globally will give you the picture that you are after.

Senator NASH—Yes, that would be very useful. Thanks.

Mr Manthorpe—We gave you the number of children on a question on notice last time. It was around the 100,000 mark. We will certainly take on notice the question that you have raised, but the other thing we need to watch in this space is that we do not impose a whole lot of respondent burden on—

Senator NASH—Sorry—I cannot quite hear you, Mr Manthorpe.

Mr Manthorpe—We need to be careful we do not impose a whole lot of new respondent burden on the individual family day carers to report on these things. We rely on the services to provide us advice on the number of vacancies.

Senator NASH—I am certainly not going to go running out and saying, ‘I want all this detail all the time from the department in this.’ I think it would be very useful, though, for the committee to understand how that data actually extrapolates home-by-home. It would just be very useful.

Mr Manthorpe—Sure.

Senator NASH—In the September quarterly snapshot, you frequently refer to the March quarter. Why is there a reference to the March quarter? For example, under family day care, for the March quarter 2010 there were 389 approved family day care services relating to the total I was talking about before. What is the reason for referring to the March quarter in the September quarter bulletin? I imagine there is a very good one.

Ms Hosking—Yes. My colleague is just coming to the table. But the initial vacancy data report, the first one that came out, did relate I understand to the March quarter. So this is providing some comparison essentially between the March quarter data—

Mr Manthorpe—That is right. I suspect it was to provide a comparison between the previously published data and the data that had become available for the September quarter, because we have an intention of basically refreshing this. But I will throw to my colleague.

Mr Hardy—The issue here is the latest publicly available data on the numbers of services. Vacancies are reported weekly. So, if we are thinking about the September quarter, that is provided at that point in time when we take a reference week within the September quarter to provide those vacancies. However, the data relating to the number of services that we have got available is only back at the March quarter.

Senator NASH—It is the pre-period.

Mr Hardy—That is exactly right. We are using the latest available data for both periods so that we can give that comparison: ‘This is the total number of services that were operating that we have got at the moment that we know accurately, and this is the total number of vacancies, based on that reporting by services.’ That is why we use those two different time periods.

Senator NASH—Moving on to the inclusion support subsidy—and again, correct me if I am wrong—the government funding for inclusion support is \$16.19 an hour. Is that right?

Mr Johnson—I think that figure is right. I will just confirm that for you. I did not quite hear the figure, but the figure for this financial year is an hourly rate of \$16.19 an hour.

Senator NASH—Is that close to the cost for the centre provision? The actual cost of providing the service—what is that?

Mr Johnson—No, the actual subsidy is intended to be a contribution to meeting the cost of providing an additional educator or staff member to support the service in providing assistance to children with high needs. It is certainly not intended to meet the full costs of care.

Senator NASH—But it is a contribution. When did the scheme start?

Ms Shannon—I think that the current arrangements for the inclusion and professional support program were effectively announced in May 2008. There are various elements of the program that transition from the previous arrangements to the new arrangements.

Senator NASH—So almost three years. I understand it is a contribution, but the differential is a bit under \$9; again, Senator Mason maths. In 2008 when it started, was the differential the same, or greater or smaller, in terms of the costs of actually providing the service?

Mr Johnson—We will have to take that on notice. I think the proportion of the contribution would be reasonably constant, given that the payment—the subsidy itself—is indexed and increases annually.

Senator NASH—If you would not mind doing comparative figures for me year on year; I appreciate it is contribution, but I just want to look at the figures in terms of whether it is keeping pace with the increased cost for the providers of the service. Sorry, I cannot see Mr Johnson. You were just saying it is indexed, I think. Is that right?

Ms Shannon—That is correct.

Senator NASH—I was just interested in the department's measures to make sure that it does keep pace with—

Ms Shannon—It is a figure that is annually indexed.

Senator NASH—In terms of the skills shortage in the childcare sector—and this is probably a broader question than just inclusion support subsidy—what is the department doing? I understand there is a skills shortage. Are there any particular programs or measures that the department is undertaking to address the skills shortage?

Mr Manthorpe—Yes, and my colleagues who are coming to the table might want to add something. Basically, in the context of rolling out aspects of the government's reform agenda in early childhood development, there are certainly challenges associated with ensuring we have enough staff, and enough qualified staff, in the sector. It is interesting to note, to start with, that there have been quite material increases in staff numbers in the sector over recent years; so it is a growth sector, there is no doubt about that.

Senator NASH—Not surprisingly, really.

Mr Manthorpe—Yes, quite. So there are significant increases in staff occurring and we have no reason to believe that that will not continue as the sector grows.

In terms of the skills of those staff, we are moving through the national quality agenda that I think we spoke about last time, to a point, in the years ahead, where there will be an

expectation nationally that staff have at least a certificate III level qualification, that some staff in each centre—I am talking about long day care in particular here—will have diploma-level qualifications and others will have preschool-teaching qualifications. We are working with the sector to implement—indeed, have implemented—some measures off the back of recent budgets to address those things. There are additional teacher places rolling out at universities, early childhood teacher places; there is a TAFE fee waiver available for people doing early childhood diplomas, I think it is; and there are also HELP-FEE remissions available for early childhood teachers in particular locations. They are some specific measures that have been rolled out and we continue to engage with the sector, to do what we can to encourage participation in the workforce and so forth. So that is a bit of a survey of what is going on.

Senator NASH—Thanks.

Senator Chris Evans—Can I just make the general point in response, too, that child care is the classic industry where a traditionally female workforce is undervalued. The remuneration in child care is very low, and therefore it is not nearly as attractive as it should be and retention is an issue because the work is undervalued. It is seen as traditionally ‘women’s work’ and, like the aged-care sector, suffers—

Senator NASH—I will just put in, for *Hansard*, that you did use inverted commas there, Minister.

Senator Chris Evans—Yes, I did. Like the aged-care sector, the remuneration is low and therefore there are all the problems that come with that—and skilled workers in the area, who are very committed, often leave because of those issues. Some of the provisions in the Fair Work Act provide for avenues for this and there is one proceeding in the aged-care area, I think, in some sense, as a bit of a test case, but fundamentally there is a sort of structural issue there on wage rates and remuneration and recognition. That is why the efforts to provide recognition of learning and qualifications are so important, because that assists in, if you like, improving the image and the reality of the industry, the professionalism in the role. There is nothing more important than caring for our young children, and therefore we need to value that as a community. Until we value that and reflect that in the way we remunerate staff, I think we are going to continue to have trouble attracting staff. I think we are graduating reasonable numbers of people, but retaining them in the industry, given those wage rates, is a key barrier, in my view.

Senator NASH—In terms of government addressing that remuneration issue—

Senator Chris Evans—There is a range of things happening and the qualifications push is part of that because it is easier to argue when people have recognised qualifications, the centre of learning, but there are also provisions under the Fair Work Act that allowed for those on low pay, bargaining and provisions about equal pay that are avenues that I think unions and others will pursue in order to try and lift the remuneration. There is a lot of activity in the aged-care sector, and I think people are using that as a bit of a first case. As you know, there is an equal-pay case going on in the community sector run by the Australian Services Union, which is also really about that—an argument that we have undervalued community social worker type roles, again, on the basis probably that there is a correlation with the fact that there has largely been a female workforce.

In a couple of areas like that, this is fundamental—and, as you know, in aged care it is the same thing: attracting staff and retaining staff is really difficult. That is why, frankly, if people with, say, nursing qualifications, the remuneration in the hospital system is much, much greater and the work perhaps not as hard in some cases.

Senator NASH—Absolutely. That is a good point. Sorry, Ms Paul, did you want to add something before?

Ms Paul—Going to the points in the conversation between you, I think Mr Manthorpe mentioned that one of the key strategies, as the minister said, is to upskill the existing workforce. It is not just about getting more people into the workforce and getting them more highly trained but to upskill, and that is part of the strategy that we are pursuing as well.

Mr Manthorpe—In relation to your specific question about remuneration levels, we provided some detail about that in the context of a question on notice from last time, which explained the impact of the modern award process on this particular sector, which is seeing adjustments over time to minimum levels. The other point, too, I think, that is relevant here is that, as we introduce the quality framework across the country and increase the qualifications that services will be expected to recruit for, that is likely to incrementally lead to increased professionalisation of the sector and therefore increase the pay of the people in the sector. It is a slow process and one where, of course, we have to balance that with cost issues to parents and so on, so those issues are in balance. That probably just rounds out the broad strategy.

Senator NASH—Thank you for that. Thank you also, as you mentioned, for the answers to the questions on notice. Often it is quite useful, even at the next estimates, to re-explore those issues we have raised previously. The inclusion support subsidy—just quickly back on that—how many children are currently assisted through that?

Mr Johnson—I think, when we discussed this matter previously, we indicated that the subsidy is actually a subsidy that is provided to the service.

Senator NASH—I understand that, but obviously they then assist children from that, so I am just asking for an extrapolation. I know you provide the assistance to the service but do you have numbers of how many children that actually then goes to assist?

Ms Shannon—The department does not collect the number of children in each service who are assisted through the inclusion support subsidy because, as Mr Johnson mentioned, it is a subsidy to the service. However, as part of the broad Inclusion and Professional Support Program, we fund organisations called inclusion support agencies. Those agencies have a broader role, if you like, of supporting services with their inclusion practices. They have facilitators that go into services and help centre managers and educators in the centres to look at how they might best meet the needs of children from diverse backgrounds. There are four target groups for the inclusion support agencies and they are children with disability, Indigenous children, children from a culturally and linguistically diverse background—

Senator NASH—Sorry, what was that third one? Culturally and linguistically diverse background?

Ms Shannon—Culturally and linguistically diverse background. Almost a subset of that are children from a humanitarian refugee background. We have some figures in terms of the

inclusion support agencies and the work they do with services in terms of the number of children that are assisted.

Senator NASH—Is that what you are saying: you have the breakdown across those four areas?

Ms Shannon—That is right.

Senator NASH—If you would not mind taking that on notice and providing that.

Ms Shannon—Certainly.

Senator NASH—In terms of the individual children, who you say you do not keep the numbers for—obviously you pay the service, and then per hour they might help one child for 10 hours or five children for two hours. Is it just the difficulty of collecting that data on the individual children that they helped? Is it too hard to collect or—

Ms Shannon—That information is part of the application process, so it is collected through the process of a service applying for the Inclusion Support Subsidy. The process of managing approvals for that program is outsourced to a national inclusion support subsidy provider. The provider collects the information through the application process. On an ad hoc basis, we can get some numbers but we are working with the Inclusion Support Subsidy provider to try and get more of the application process for services for the Inclusion Support Subsidy through an assistance based approach. We are hoping that that will both reduce some of the red-tape burden, obviously, for individual services but also enhance our capacity to look at some of those key program variables such as the questions you are asking about—

Senator NASH—Yes, students. I imagine that it would be quite useful to know—the quantum of taxpayer funding—how many children across the country that is actually helping.

Ms Shannon—I can tell you it is helping just over 5,000 services but, as you point out, I cannot tell you the exact number of children at this point in time.

Senator NASH—There is an outsourcing provider. I think you said that they hold that information—did you say?

Ms Shannon—They do, but it is a largely manual process at the moment because the applications are manual. This is an area of, if you like, continuous program improvement that we are working on because we also would like to be able to drill down a little further into that information.

Senator NASH—That would obviously be something that would be very, very useful. I can understand the difficulty too of the changing numbers in any service it might be hard to track, but at least over, say, a 12-month period it would be useful to be able to capture that data, wouldn't it?

Ms Shannon—Yes.

Mr Johnson—To give you an indication, as Ms Shannon has outlined, in terms of broad program outputs for the role of the inclusion support agencies against those four groups of children, or categories of children, supported under inclusion support agency arrangements, there are roughly, for the six months from January to June last year, indications of providing support to around 18,000 children. If you break that down by those four categories, the

predominant focus of that is around supporting children with disability, with a target of around 14,100 children; around 2,900 from children from culturally and linguistically diverse backgrounds; around 200 from children with a humanitarian or refugee background; and around 800 children of Indigenous descent or background.

Senator NASH—That is very useful, thank you. Just moving on to 1.2, the childcare payments—

Senator BACK—Senator Nash, are you—

Senator NASH—Sorry, are you on 1.1? Certainly.

Senator BACK—I think, Chair, before we go off 1.1, Senator Heffernan and I also have questions.

Senator HEFFERNAN—Chair, I just need a bit of guidance here. It would certainly be a crossover with community affairs, but I have had people, grown men, on the phone crying to me in the last few days, where a freight company—and I will not name the company—has 300 employees and at least a dozen of them are affected by this. The company operates its payroll through a shelf company. It has formed three companies in the past—Calais Pty Ltd, RFL Pty Ltd and ACN Pty Ltd—and has had huge debts on their books through nonpayment of superannuation and nonpayment, even though they have collected it, of child support that has not been passed on to the Child Support Agency. I rang the Child Support Agency yesterday and they confirmed this case.

These employees are worried, and certain people in the company are worried, that the companies—and I will not name the companies that are actually doing the payroll now—will go into administration. The partners of the people—there are 12 that I have identified—have had child support taken out of their wages for many months, including years. One guy has got five years in arrears with no superannuation being paid—what can we do to help them? The women involved like to talk about child care. They are not getting the money from the Child Support Agency because the company that is collecting it is not giving it to them. For God's sake, what can we do about it?

Ms Paul—The child support issues are entirely a matter for the other committee. We do not touch them at all within this portfolio. That is administered both by the department of child services—

Senator HEFFERNAN—I will be paying them a visit—I think at five o'clock.

Ms Paul—through the Child Support Agency. I suspect FaHCSIA has policy responsibility, but I am not sure even of that. It certainly is a matter for the other committee. Our responsibilities here would lie not in the childcare or early childhood area, which is the program we are in now, but rather in the workplace relations area because, as you probably are aware, Senator, if a company does go into liquidation, the employees may well gain access to GEERS, the General Employee Entitlements and Redundancy Scheme, which does offer those workers some of their entitlements.

Senator HEFFERNAN—If the company is a shelf company with no assets but it actually administers that side of the affairs, how do you get around that? It has happened three times in the past.

Ms Paul—The issue for GEERS is liquidation. If you like, given that we do not have the WR people here, I am happy to take it on notice, particularly if you might give me—not necessarily on the record—some details; we can look into it for you from that perspective. Our advice will not go to the child support matters.

Senator HEFFERNAN—My advice from people who are in a position to know is that, in terms of the superannuation, superannuation that is owed to the Transport Workers Union super fund is up to date but a whole range of other super funds do not get paid. I will give you the details.

Ms Paul—That would be good.

Senator HEFFERNAN—Thank you for the indulgence, Mr Chairman. I will deal with the child support. These people are beside themselves with worry.

Ms Paul—Sure. If you can give us the company name and so on, I will take it on.

Mr Johnson—The only other element I would add particularly to your question—and, as Ms Paul has indicated, it does not go to childcare support arrangements per se—is that under special childcare benefit arrangements, where families experience financial hardship in meeting their costs of care, they are able to access special childcare benefit assistance where their children are in approved child care.

Senator HEFFERNAN—Could you give me the details of that; I can pass it on to these people.

Mr Johnson—We certainly can provide that to you.

Senator HEFFERNAN—Thanks.

Senator BACK—I want to move towards the neighbourhood occasional care model. It is my understanding that the government has withdrawn funding to support that program. Is that correct?

Mr Manthorpe—That is right. There was a savings measure in last year's budget that withdrew Commonwealth funding from the neighbourhood model occasional care arrangements.

Senator BACK—When did the funding actually cease?

Mr Manthorpe—I think it was 1 July last year.

Senator BACK—Was there some form of transitional process put in place so that these regional childcare centres could keep operating?

Mr Manthorpe—In many cases there are discussions going on about that. The funding model was, I think, that we paid in all cases—though my colleagues can correct me if I get the technicalities wrong—the \$11 million out to states and territories. They, with some of their own money and our money, provided funds to neighbourhood model occasional care providers. It was a figure in the vicinity of \$11 million, I think, over four years; I am told it was \$12.6 million over four years. My understanding is—

Senator BACK—Where in that four-year cycle were we when the funding was discontinued?

Ms Paul—That is just the forward estimates.

Mr Manthorpe—Yes, forward estimates.

Ms Paul—What Mr Manthorpe was saying, really, is that it was a couple of million dollars a year.

Mr Manthorpe—That is right, about \$3 million a year. We have been in discussions with, particularly, Western Australia. There have been some issues raised in Western Australia about this. We have been in discussions with the Western Australian government to ascertain whether they are going to continue to fund the services. We know that some of the services—probably quite a small number—have in effect moved across to our childcare benefit arrangements because they fulfil the requirements for families being eligible for childcare benefit, either on an ongoing basis or on some kind of interim basis. We are, with respect to Western Australia, continuing to work with the Western Australian government to try and ensure that, notwithstanding that the Commonwealth has made a savings measure as part of a suite of saves to offset the cost of improving quality in child care and improve early childhood development outcomes, the impact of that is as manageable and minimal as possible.

Senator BACK—That is what I would like to go to. Perhaps you could provide the committee on notice with the number of childcare centres that have been affected on a state-by-state basis. Can you confirm for Western Australia that the number is 23 whose funding has been cut under the scheme.

Ms Shannon—The number of services funded in 2009-2010 was 28. There now remain 23, because five of those services have actually transitioned to be funded by the federal government, as Mr Manthorpe mentioned, as part of our childcare benefit and community support program arrangements. So there remain 23.

Senator BACK—There remain 23 or there are 18 of the 23?

Ms Shannon—No, there remain 23 services that are now solely funded by the Western Australian government.

Mr Manthorpe—We understand they are all still operating.

Senator BACK—I understand that the Western Australian government, in the last few days, has made an announcement that it is going to pick up that shortfall. Was the figure about 52-48 or fifty-fifty? Was that about the share of cost?

Ms Shannon—I think that the Commonwealth funded 52 per cent and the Western Australian government 48 per cent. But the intention was shared.

Senator BACK—I understand that the Western Australian government made a decision to pick up that shortfall through until the end of June. I have also been informed that Minister Ellis has in fact indicated that there will be a raft of new measures in place beyond that. Do you know what that raft of new measures is?

Mr Manthorpe—Essentially that goes to working with the services and with the Western Australian government to ascertain whether any of them can move across to CCB, which, as Ms Shannon and I have pointed out, some of them have; some are on some sort of an exemption basis. So we are trying to be as flexible as we reasonably can be within the framework of CCB to provide that arrangement. It may be that other elements of the Child

Care Services Support Program could kick in. Importantly, we also understand that the Western Australian government is, as you say, putting money into the arrangement. I am not sure whether there has been an announcement to this point, but we are confident that might in fact continue beyond June this year. But I am not sure whether that has been settled and announced, so I do not really want to confirm that; I do not want to raise expectations about that. My understanding is that there is a prospect of further funding from the Western Australian government.

Senator BACK—It is coincidental, I suppose—nobody can predict a drought—but the areas that have been severely affected up until the time of the state government making this decision for the next four months are in areas that have been seriously drought affected, which has in the case of farming and town communities caused people, usually the husband, to move away to seek employment out of the district and off the farm to keep the operations going. As I say, it could not have been predicted where these cuts were going to take place, but it just happens to be in those towns in the Yilgarn and the eastern wheat belt down through the Great Southern which have been severely affected. Therefore, this is probably an occasion when they would be needing these neighbourhood occasional facilities, due to the fact that where both partners normally might be there they are not. This is what is causing the greatest degree of concern and where I would be anxious to find out from you: what are the circumstances that allow somebody to transfer. Is it CCB?

Ms Paul—Yes.

Senator BACK—Can you explain the eligibility criteria for families being able to access it?

Ms Paul—It is probably worth starting by saying that one of the reasons why the government chose to move away from funding this component of the state services was that these services did not require the minimum quality provisions and the other standards and so on which are such an important part of the national quality reforms. Not surprisingly, therefore, to be eligible to receive CCB, a service would have to enter that regime. That regime is incredibly important in terms of parents being assured that their child is in a service of sufficient quality. Perhaps Mr Manthorpe or colleagues can pick it up from there.

Senator Chris Evans—I understand your concerns. I have spoken to the minister about the issues in the wheat belt and those areas so she is aware of them and is engaged with them. Not being my portfolio, I am not sure where it has got to. But certainly Ms Ellis is aware of the issues and has been engaged with it. I will leave it to the officers to explain where we are at. I have not kept up to date with developments.

Senator BACK—Thanks for that, Minister, I appreciate that. In response, Ms Paul, I actually did sit on the early childhood committee last year when we examined these issues. You are quite right, obviously, except to say that it was raised again and again and again, particularly in regional areas around Australia, that the capacity to be able to meet those standards, wonderful and all as they are and appropriate as all as they are, in urban areas where you have got access to this expertise—we all know very well that in a small country town it is going to be people who are willing more than competent or even qualified—or should I say qualified or competent? Quite obviously the people who are staffing these facilities would have the experience through the university of hard knocks without either (a)

having the capacity to get the qualifications or (b) have them. It is a sort of a double whammy in regional areas, isn't it, that we will never rise to meet those standards that perhaps nationally we would like to see in place across the entire community?

Ms Paul—The regional services are rising. I acknowledge the difficulties which you raise. That is one reason why the government has actually given quite a long transition period and is introducing the new standards in a very carefully sequenced way. The changes in standards and the harmonisation across the whole country, which is a major reform, affect different states differently because they come off different bases. You are right; what you are saying goes to the workforce issues which we were discussing before—attracting people into rural areas and so on. But, of course, you do not want two standards either. The thing with these services was that they were not part of that system at all, or they are not part of that system. Nonetheless, including in the wheat belt, we are working with services across the board on the transition. My colleagues, I am sure, will be happy to discuss that further.

Mr Manthorpe—Yes. In fact just one other comment on that, I agree with Ms Paul, that we do not want two systems. It would be a perverse outcome to say, 'There's a high quality of child care in the city, but we don't care about getting high quality of child care in the country,' to put it simplistically. We are aspiring to get to a national system where there is, as much as possible, some uniformity of quality. Having said that, there will be some flexibility in the system as it rolls out around exemptions where services for legitimate reasons cannot access qualifications and so on.

Senator BACK—Sure, which might be their—

Mr Manthorpe—But I will ask my colleagues to touch on—returning to your question about the basic criteria for child care benefit.

Mr Johnson—Specifically in terms of the child care benefit approval arrangements, the assessment process is intended to provide an assessment about the capability of the applicant to provide quality care for children. Obviously that goes to an assessment of both the staffing and the experience of their staff and their capacity to meet minimum operating requirements. For example, for long-day-care services, there are minimum legislative requirements around those services operating for five days a week, eight hours a day, as you are familiar with, and up to 48 weeks a year to meet the work needs of families that they are supporting.

The child care benefit approval processes are an assessment process that childcare services go through to determine that they have a capacity to meet a common standard of care for children that they are receiving Commonwealth child care benefit payment for. As Mr Manthorpe indicated and, Senator, probably no doubt you are aware, there is a basis for providing exemptions for those approvals processes and for five of the services in WA that we have supported exemptions for. As Ms Shannon has indicated, two of those have already moved to full, approved long-day-care services. The intention of the exemption processes is to try and recognise some of the circumstances that you have just touched on, Senator, about the extent or reach of the community that these services are covering, both in terms of geographic coverage and its socio-economic structure, and also to try and work with the service in a transition plan towards a more appropriate, fully approved service arrangement, ideally over a 12-month period. Again, some of those exemptions have been reviewed on a case by case basis.

As Mr Manthorpe has indicated, we have continued to work, since the announcement of this measure last year, directly with the Western Australian department to try and understand what the impacts are community by community. For each of those 28 services previously funded under neighbourhood model occasional care arrangements, all of those services continue to operate. I certainly acknowledge, as you have indicated, the level of challenge that some of those experience. But I emphasise that we continue to work closely with the Western Australian department to explore more appropriate and relevant funding models that the state itself is contemplating, as well as more flexible licensing approval arrangements to meet the circumstances of those communities.

Senator BACK—Thank you.

Mr Manthorpe—Just for completeness, we also provide a payment called Sustainability Assistance to a small number of the services, through the Child Care Services Support Program. We are looking to work with the services, particularly through the Western Australian government, to ensure that, notwithstanding the government has made a judgment to withdraw some funding, to try to minimise the impact of that, and we have some confidence that the services will continue to operate.

Senator BACK—Certainly. In conclusion, I want to summarise that point—the minister has made it, and you have as well, and that is that there seems to be a reprieve through until the end of June. There is a higher degree of anxiety in a community that just does not need anymore anxiety added to its lives at the moment, so I am reassured by that information. I would urge that, well in advance of the end of June, this matter is sorted out so that there is no discord or concern about a continuation.

Senator Chris Evans—Perhaps I could ask the department, when there are some sort of policy decisions or developments, to brief some of the members of the parliament who have got interest in it. So try and put a process perhaps of yourself—

Ms Paul—Sure.

Senator Chris Evans—I know a couple of members in the House of Representatives have been keen on pursuing the issue.

CHAIR—Thank you.

Senator BACK—Thanks.

Senator NASH—I have a few straightforward statistical questions that I would like some answers to first up. How many families are currently eligible for and receiving the CCB?

Ms Hosking—The number of families that were accessing Child Care Benefit, that was your question, wasn't it?

Senator NASH—Yes.

Ms Hosking—At the end of June quarter 2010, I understand it was 627,980.

Senator NASH—How many families are in receipt of the Child Care Rebate?

Mr Johnson—There are some 700,000 families as at last financial year. I do not have the direct split in front of me.

Senator NASH—Can you take that on notice, just to give us the exact figure? Do you know then how many families claim the maximum rebate? Again, I am happy if you want to take it on notice.

Ms Hosking—Yes, we should take that on notice.

Mr Manthorpe—A relatively small proportion.

Mr Johnson—It is less than three per cent.

Senator NASH—Less than three?

Mr Manthorpe—Yes, around three per cent.

Ms Hosking—Sorry, we do have that information here.

Senator NASH—Super.

Ms Hosking—It is 166,770 who claim the maximum rate.

Senator NASH—Can the department determine families that are eligible but do not claim a rebate?

Mr Johnson—We have a number of indicators by which we can identify families who may not be claiming Child Care Rebate. In terms of families that are currently using approved child care but are not claiming the rebate, they are categorised or identified in our Child Care Management System as informal enrolments.

Senator NASH—Yes.

Mr Johnson—That is probably the most direct way by which we can identify it, the size of a group of families that are either in the process of testing their eligibility for child care rebate, or have tested their eligibility and are not receiving that support payment.

Senator NASH—Could we have the numbers for that? I am very happy for you to take this on notice, I just have an interest, that's all.

Mr Johnson—To give you an indication, it would be somewhere in the order of 100,000 children who would be receiving child care but not receiving child care rebate assistance.

Senator NASH—What is the department doing in terms of some sort of awareness? I am assuming it is parents that are not aware of the rebate, or are there other reasons why they might not be claiming the rebate, and what is the department doing to raise the awareness, if that is an issue?

Mr Johnson—We provide a range of ongoing activities, principally through childcare services and the MyChild website, to promote awareness to families around the level of assistance the government provides through the child care benefit and child care rebate. We develop a range of information resources to support childcare services; principally they are the first point of contact in dealing with families to explain their potential eligibility for that assistance and to encourage families to apply for having their eligibility assessed by Family Assistance Office.

Senator NASH—Do you do any sort of advertising as such, or is it more through the mechanisms you were just talking about, or is there any sort of straight out advertising of the rebate?

Mr Manthorpe—There was some advertising in 2008, at roughly the time the government introduced the increase from 30 per cent of out-of-pocket costs to 50 per cent of out-of-pocket costs of the child care rebate, to alert people to the availability of the payment. And it is fair to say we have been doing further work on that. There was an announcement last year of an intention to do further advertising, on a fairly small scale, about the value of the rebate. As it turned out, that was delayed because of the non-passage of legislation to do with the capping and pausing of child care rebate in advance of last year's election, so that has not yet gone ahead. But there has been further work on advertising which may roll out in the near future.

Senator NASH—Has there been any estimate on the costs you attach to any potential advertising, or is it very early stages? Or have you actually considered a quantum of funding that you might put towards that?

Mr Manthorpe—I will take that on notice, I do not have those numbers with me.

Senator NASH—Yes, that is fine. I did mean to ask you, on the child care rebate and the changes that I gather are due to start on 1 July shifting it to the one to two weeks, rather than the quarterly: why is that starting on 1 July and not now? Given the benefit that is obviously going to have for parents, why is the delay until 1 July?

Mr Manthorpe—We certainly concur with the view that that will give benefit to parents in terms of more closely aligning the costs they incur with the benefits they receive from government. The reason is that it is essentially quite a large and complex implementation task. We have multiple streams of activity; first of all we have to legislate to achieve that outcome. The legislation was introduced into the House earlier this week on the fortnightly payments commitment.

Senator NASH—Yes.

Mr Manthorpe—Secondly, there is quite a significant systems task associated with that, involving multiple parties. We have to work with Centrelink and with FaHCSIA to adjust the payment systems arrangements at the Commonwealth end, and we also have to work with the software providers, of whom I think there are 23, from memory, who provide software to childcare services that interfaces with our systems. All of our systems have to be adjusted to enable the different frequency of payments to be made available.

Senator NASH—What you mean is legislatively and logistically it is tricky, so 1 July is best?

Mr Manthorpe—That would have been an excellent answer, if I had only thought of it.

Senator NASH—I have finished with 1.2; do any of my colleagues have any questions in 1.2? Good. I will just move on to 1.3 then. Firstly, just some statistical numbers for us: how many long-day childcare centres are operational in remote and very remote Australia?

Mr Manthorpe—Bear with us a moment, we should be able to locate the numbers on that.

Ms Hosking—In terms of approved child care in remote and very remote, that was your question, is that right?

Senator NASH—Yes, in remote and very remote.

Ms Hosking—Yes. These are approved child care services that actually receive child care benefit. There are 191 services together, including 99 long day care services. That figure would not include our budget-based funded services, which are funded directly, and a significant proportion of those are also in regional and remote.

Senator NASH—I know it is difficult to get a definition of regional, but do you have any breakdown of, overall, how many long-day childcare centres are in regional Australia?

Ms Hosking—Yes. We use the standard ABS definitions in relation to regional. In inner regional, for all services there are 2,450. In outer regional there are 1,084. For long-day care services that is 1,011 in inner regional and 457 in outer regional.

Senator NASH—Just cannot escape that inner regional, can I?

Ms Paul—Would you like the number of budget-based funded services too, because basically you are aware of what those are, those are the ones in remote in particular where—

Senator NASH—That do get the direct funding, yes.

Ms Paul—Yes, direct funded because there is not a market et cetera. I would imagine we have got numbers for those.

Ms Hosking—Yes, overall there are around 340 BBF services, but in terms of actual remote and very remote, there are 224 services in remote and very remote, and 78 services in regional areas, which are our budget-based funded services. That includes both our long day care and our flexible type of services.

Senator NASH—How many children are currently enrolled in long day care, across the board?

Ms Hosking—In the June quarter 2010 there were 869,770 children in all services, and there were 528,140 children in long day care services.

Senator NASH—I am very happy for you to take this on notice, but could we have a breakdown by state and territory of that as well?

Ms Hosking—Yes, we can provide that.

Senator NASH—That would be great.

Mr Manthorpe—We could read it to you now.

Ms Hosking—Or I could read it to you now.

Senator NASH—Yes, if that is easily done, that would be great.

Mr Manthorpe—Are you happy for me to round it to the nearest thousand?

Senator NASH—Absolutely.

Mr Manthorpe—175,000 in New South Wales, 112,000 in Victoria, 140,000 in Queensland, 34,000 in South Australia, 42,000 in WA, 10,000 in Tasmania, 4,000 in the Northern Territory and 9,000 in the ACT.

Senator NASH—I know we discussed the breakdown of this before, but do you have figures of the children in family day care right across the board?

Ms Hosking—We have those. Do you want those by state as well?

Senator NASH—Yes, by state and territory as well. Have the overall figure, and then the broken down figure would be great.

Ms Hosking—The total figure for family day care, which also includes in-home care, is 105,380. In New South Wales it is around 34,000, in Victoria it is around 25,000, in Queensland it is around 22,000, in South Australia it is around 8,000, in Western Australia it is about 6,500, in Tasmania it is around 5,000, in the Northern Territory it is just under 1,000 and in the ACT it is just over 1,000.

Senator NASH—Is in-home care a capped service? Are there a capped number of places with in-home care?

Mr Johnson—It is a capped program.

Senator NASH—When was the program introduced?

Mr Johnson—The program has been in place in various forms for a number of years. The most recent process for allocation of places to in-home care goes back to about 2007-2008.

Senator NASH—Yes. Has the cap been reviewed in that time?

Mr Johnson—The department is currently undertaking some work to look at the utilisation of allocated places.

Senator NASH—I should have asked what the cap is.

Mr Johnson—I will see if I can find that for you.

CHAIR—We might have morning tea now while you find that, and you can obviously answer straight after.

Proceedings suspended from 10.29 am to 10.45 am

CHAIR—We will resume these estimates hearings. We are still on outcome 1.

Mr Manthorpe—Could I just clarify something before we get underway?

CHAIR—Yes.

Mr Manthorpe—I would like to clarify a possible mis-answer. Earlier, Senator, you asked a question about the number of people on the top of either CCB or CCR and I was not quite sure which one it was.

Senator NASH—I think I said both.

Mr Manthorpe—The answer Ms Hosking gave you was with respect to CCB, but there is a far, far smaller number that receive the maximum CCR. Ms Hosking might like to comment.

Senator NASH—I think I asked how many were receiving CCB and how many were receiving CCR.

Ms Hosking—One that I gave you was just in relation to the maximum rate. I just wanted to clarify that it was the childcare benefit maximum rate that we were talking about.

Senator NASH—Thanks. I only have about five minutes for about 20 minutes' worth of questions, so if you could be really brief in your answers that would be most appreciated. I think I asked a question and you were going to find an answer for me.

Mr Johnson—There are currently around 4,876 in-home care places allocated.

Senator NASH—And the total cost for in-home care in the last financial year?

Mr Johnson—I would have to take that on notice. Funding within CCSS supports in-home care places but, I am sorry, I do not have a precise breakdown.

Senator NASH—That is fine. Have there been any closures of in-home care providers during the life of the program?

Mr Johnson—There would have been services that had ceased provision of care but, again, I would take that on notice.

Senator NASH—Could you take that on notice for me and also, when any of those services closed, how many of the recipients had been placed in alternative services and how much effort had gone into finding them another provider when one of the providers closed? Obviously, as part of that, could you also take on notice if any of those services were not reallocated, resulting from the closed services, and a breakdown of places on a state-by-state basis?

On the outside-school-hours care in the Northern Territory, the website has a call to provide offers for outside-school-hours care in Bagot and Belyuen in the Northern Territory. In Bagot, I understand, this is to replace an existing service. Why has that existing service ceased?

Ms Hosking—I think that what you would be referring to would be our budget-based funded services. There was one in Bagot that was being run by Larrakia nation. For a number of reasons, Larrakia is not able to run that service any more. So we have taken the opportunity to do a new tender for a new service provider for that service. As there was another one that could be done at the same time, we have combined the two.

Senator NASH—In terms of the Wadeye selection process—I gather that has now been removed from the website—where is that up to?

Ms Hosking—This is the service provider for the childcare centre in Wadeye?

Senator NASH—Yes.

Ms Hosking—Because it is completed; the new operator is now in Wadeye and running the service.

Senator NASH—My last question is on the national quality framework and the requirement that is going to be there for accreditation. I am very interested in the priority given to and how you are going to measure and take into account prior learning. I think it almost goes on from what the minister was saying earlier about needing to improve the qualifications of people. I understand that, but there is also a very significant cohort of people working in the industry who have been there for 15 years—or however many years you want to pick—that have an extraordinary amount of experience on the ground. How are you going to balance the recognition of prior learning. I will give you an example. I was at a centre just a couple of weeks ago. The woman had been there 16 years and was working 13 hours a day and was incredibly efficient and professional and yet she was not sure whether or not she was going to be able to be doing that job next year. My question goes to, firstly, the uncertainty that it is creating and, secondly, what the criteria is going to be around that issue of prior learning.

Mr Manthorpe—I will try to be brief and my colleague might want to add something. Basically, recognition of prior learning arrangements already exists. It is possible for an employee to seek to have their skills recognised for the purposes of obtaining a qualification. So we are keen to work with the sector to promote, enhance and augment in anyway we can that sort of activity, so that, as much as possible, we can get to a place where those longstanding employees—some of the sorts of people that Senator Back was also talking about earlier—have an opportunity to upgrade their qualifications in the time frame, as we roll out the quality agenda over the years ahead.

Senator NASH—Have you done any analysis of how many staff you may lose who may not meet criteria, thereby putting even more pressure on the workforce, given that we have such pressure on finding skilled workers?

Mr Manthorpe—I would not quite put it in the terms you have asked the question. We have certainly done modelling of how many staff we need at the different qualifications level. Access Economics did quite a thorough piece of work on that. We are happy to provide details of that to you to give you a sense of where we are now and where we need to get to. We are hoping that the reverse to what you were describing will happen; rather than losing people—or, at least, losing them in large numbers—we hope that many people will be able to get to a point where they either RPL or do a training program to get up-to-speed.

Senator NASH—If you could provide that detail, that would be great.

Senator MASON—Mr Manthorpe, welcome. You were not at the zumba class, were you?

Mr Manthorpe—No, I was not.

Senator MASON—I cannot find anyone who was there and I am going to do my best to discover what happened.

Senator Chris Evans—I am prepared to ask any members of the staff that were here and bring them forward to explain it to you, but I suspect I will not get a volunteer.

Ms Paul—I thought we were having a demonstration from someone up here. I think it was Senator Marshall.

Senator MASON—Senator Marshall is going to give us a demo later on, perhaps in private.

Senator BACK—In camera.

Senator MASON—Yes, in camera.

CHAIR—I am doing my yoga now.

Senator Chris Evans—It is about the only time I will vote for an in-camera hearing.

Senator MASON—I draw the attention of the committee to Indigenous early childhood education centres. At the estimates in October, the committee was told that 18 sites out of the 38 agreed locations had been identified and agreed to. How many sites have been identified and agreed to at this stage, in February?

Ms Hosking—Twenty-five have been identified and agreed.

Senator MASON—So it was 18 and now it has gone to 25. Where are those 25?

Ms Hosking—Do you want me to read them out?

Senator MASON—The numbers, yes, thank you.

Ms Hosking—The 25 locations where the physical sites have been agreed in New South Wales are Ballina, Blacktown—

Senator MASON—No, just give us the locations but quickly, thank you.

Senator Chris Evans—Perhaps, we could give it to you in written form.

Ms Hosking—Yes, we can do that.

Senator MASON—That is fine, yes. Last time the committee was told that construction had commenced at just the one site, West Belconnen, here in the ACT. Has construction commenced on any other sites?

Ms Hosking—Yes. Construction has commenced on three sites altogether and a fourth is in the process of commencing at the moment. The site in the ACT is about to open. It will be opening formally—

Senator MASON—Where are those three locations where construction has commenced?

Ms Hosking—Whittlesea, in Victoria; ACT, West Belconnen is basically complete, with just the finishing touches happening; Halls Creek in Western Australia; and also Pukatja, where there is some construction that is working with existing facilities. If it is not happening, it is just about—

Senator MASON—So there are four in total?

Ms Hosking—Yes.

Senator MASON—One is nearly completed. There are four altogether?

Ms Hosking—Yes.

Senator MASON—How many staff are currently employed in connection with the centres?

Ms Hosking—Directly employed, there are 21 staff. Jurisdictions have been emphasising to us that they are also having staff work very much with existing staff in services and different programs to leverage off different programs. So, although it is 21 that actually are directly employed under the CFCs, there are additional staff that are working very closely with those staff to link up and deliver existing services.

Senator MASON—We have got 21 staff all up. They are employed not just in the four centres but across the sector. Is that right?

Ms Hosking—That is right. There are a range of locations where services are already being provided in advance of buildings being constructed.

Senator MASON—It is 24 February. The committee was told last October that ‘it was originally 16 but, okay, now it is 12 centres’ would be open by the end of the financial year, so that is June 30 this year. That is four months’ time; the 12 centres are going to be open. Construction has only commenced on four. Are you going to make that deadline?

Ms Hosking—The deadline is being achieved by the provision of interim services in advance of physical construction being completed. We already have 10 locations where interim services are being provided.

Senator MASON—Interim services?

Ms Hosking—Yes.

Senator MASON—These are not new centres; these are now interim—what did you call them?

Ms Hosking—Interim services.

Mr Manthorpe—At interim locations, at interim premises.

Senator MASON—Interim premises.

Ms Paul—It is the same services.

Mr Manthorpe—Yes.

Ms Hosking—That is right. It is the start of the actual services that will eventually be provided from the physical location; but, rather than actually waiting for the construction be completed, the actual notion of providing integrated service delivery in the locations has already started.

Ms Paul—The bottom line being, the kids are getting the service.

Senator MASON—That was the distinction, Ms Paul, about the interim premises or interim services that the committee has never heard about in the past.

Ms Paul—We actually did last time, I think.

Mr Manthorpe—Yes, we did, and there was a question on notice. I cannot find it in my folder at the minute but I think there was a question on notice where you asked us how many would be operational by the end of this financial year and, my recollection is, we indicated there would be about 12, of which 10 would be from interim premises.

Ms Hosking—That is correct.

Senator MASON—The original indication, Mr Manthorpe, going back 12 months, was that the sites would be new buildings, but that is not now the case; it is just—

Mr Manthorpe—No, there is no departure from the notion that new buildings are being built, but merely that, in advance of buildings being built, in some locations some communities are, in effect, and with the state governments, getting ahead of the game by providing services in interim locations.

Senator MASON—So the opening of an interim location now equates with the opening of a new Indigenous early childhood education centre. I hate to use semantics, Ms Paul—

Ms Paul—It is a new service and it a service that is being provided for the first time. I think that is the point: the kids are getting the service.

Senator MASON—This is a distinction that is relatively new to me, Ms Paul, and I read the transcript, as you know.

Ms Paul—Indeed I do, but I am pretty sure we traversed it last time.

Senator MASON—This is a very crafty distinction.

Mr Manthorpe—I would like to just tell you what we said last time, just to be clear that we are not departing from previous evidence. In the October estimates you said, effectively: ‘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, not others, and we have two—in a sense, 11 built from scratch in 11 months.’ We took on notice the number there were and our response on those indicated that 10 of the 12 will provide services to people from interim premises by the end of this financial year; so we will have, we anticipate, two constructions complete and 10 further services that will be being delivered from interim premises.

Senator MASON—Mr Manthorpe, I am sure you are reading that correctly, but that certainly was not the impression prior to that at all, it was that there were going to be new constructions.

Mr Manthorpe—There are going to be new constructions.

Senator MASON—Yes, but the new constructions were going to be built according to that timetable that I have outlined.

Mr Manthorpe—I would have to go back to look at the multiple previous *Hansards*.

Senator MASON—Yes, because I will be looking and, if the implication is that there were going to be new constructions, and I think that I am right, I will not be happy.

Ms Paul—On the other hand, even if that is the case, and we are happy to look, obviously, these people are now getting a service which they were not getting before, and they are getting an important child care service targeting vulnerable Indigenous kids that was not there before in these communities.

Senator MASON—No, I am not objecting to what happened as an interim measure. I am not. The committee could not; no one would. But if the government has failed to meet yet another deadline and the distinction is now made that, ‘Oh, well, actually they’re interim premises, but we haven’t fulfilled the requirement of constructing the buildings to the timelines we originally indicated,’ then I will be bringing the matter back up.

Mr Manthorpe—I understand that, and I would make the point, as I have before, that we remain determined to ensure that the buildings are built and the services are operational not merely from interim premises but from the future premises during the life of the national partnership, and we consider that that is still entirely achievable.

Senator MASON—Do you have any timelines then for the buildings? Not interim services—do we have timelines for the buildings? What are they now?

Ms Hosking—As you understood, by June 2010 were expecting two to be completed.

Senator MASON—Two by end the June.

Ms Paul—2011?

Ms Hosking—Yes, by June this year. By the end of June 2012 there will be 21 completed.

Senator MASON—2012? That is okay.

Ms Hosking—By June 2013 a further 13 completed, and in the last year of the NP—by June 2014—the final two.

Senator MASON—That is not for interim services; that is for the construction of new premises, correct? I want to make that clear.

Ms Hosking—Yes, that is for the completion of construction and refurbishment of centres; that is right.

Senator MASON—Or refurbishment?

Ms Hosking—There is a small number where rather than necessarily having to build a new service, they might—

Senator MASON—How many of those are there, Ms Hosking?

Ms Hosking—There is one in South Australia, where there are some existing services which have not been operating in an integrated way, where construction will change that into a children and family centre and allow that to happen. There is also some discussion in New South Wales, but I understand that they are still settling in the final details of whether they may purchase an existing premise and renovate it so that it is suitable for the purpose.

Ms Paul—To add some context as well, would I be right in saying that the information that Ms Hosking has just given is based on the service's best estimates of when the buildings might be completed? I would probably just add the context that if that is the case, that we will keep you posted if there are unexpected delays, particularly with some of these Indigenous services. If they are remote and so on, you often run into hurdles that you cannot anticipate.

Senator MASON—I accept that.

Mr Manthorpe—By way of context—and in a sense that is what I was getting at a moment ago—we want the services to be up and running as soon as they reasonably can be. Equally, we want communities to be effectively consulted and so on, particularly given the nature of the clientele, the need to tailor the service mix to the needs of the community and so forth. In that context, the deadline that is most critical for us is the deadline in the national partnership, and we remain optimistic that that will be achieved.

Ms Paul—We will report each time on how it is going. In some of these things we have had unexpected heritage things come up, or soil degradation issues come up, or whatever, and the best we can do is to say, 'Well, this is what they're saying now, but we'll keep you posted on how it's going.'

Senator MASON—Thank you, Ms Paul. I always prefer frank answers.

Ms Paul—Yes.

Senator MASON—If I discover, as I have in past, things have not been fully frank, then I become annoyed, and it is not good for any of us.

Ms Paul—No. Therefore, if any of these things do come up, we will report it back.

Senator MASON—All right.

Senator NASH—One thing I meant to raise was this issue of the neighbourhood model occasional care centres. The funding has been cut to those last year. Is that correct? Can you run me through what it was and what has been cut?

Mr Manthorpe—We took a series of questions from Senator Back on that before morning tea; do you want us to revisit that?

Senator NASH—Sorry, you did too. Thank you.

Senator MASON—Chair, I am finished with program 1.3, I think Senator Nash is as well.

Senator NASH—Yes.

[11.05 am]

CHAIR—Unless there are any other questions, let's go on to another one. Senator Mason. Outcome 2.

Senator MASON—Can we go, Ms Paul, to the school funding review. By way of background, prior to the 2007 election the now government promised an independent and comprehensive review of the funding arrangements of schools and just before the election last year the minister—it might have been Mr Crean; I do not want to put words in Mr Crean's mouth—said:

... we will extend the existing funding agreement, including the current indexation arrangements, by a further year to ensure certainty for all Government, Catholic and Independent Schools until the end of 2013

Is that right?

Dr Bruniges—Yes, it was Minister Crean.

Senator MASON—That is right, he was an interim—

Dr Bruniges—That is correct.

Senator MASON—What status does the Gonski review have in the government's public policy making?

Ms Paul—In what sort of sense?

Senator MASON—Is it looking at the number of public policy opportunities or has it been restricted by the government in what it may find?

Ms Paul—It works to its terms of reference, as set up by the former Deputy Prime Minister, as any independent review would.

Senator MASON—Can I ask a specific question about the issues paper that Mr Gonski's committee has released? The issues paper reports on the portability of funding for students with disabilities. It touches on that. And I know there are no conclusions as yet.

Ms Paul—Yes, that is right.

Senator MASON—But the issue is raised. He has indicated that this receives strong stakeholder support—that is, the portability of funding for students with disabilities. Is this being seriously considered as an option?

Ms Paul—The emerging issues paper goes to the things raised, as you were saying, by stakeholders. It does not reach conclusions.

Senator MASON—No, I accept that.

Ms Paul—For it to be in that discussion paper, you would have to say that the review is highly likely to consider a range of options in terms of funding students with a disability and presumably this will be one. I do not know where they are right now with that, but I cannot see why they would not look at it if they chose to. It is within their terms of reference to do so.

Senator MASON—Yes. Do you know whether the government has asked that the index of cultural and socio-economic advantage, which is part of the My School analysis, has been examined as a potential funding instrument?

Ms Paul—Not that I am aware of.

Senator MASON—What time line have we got for the Gonski review?

Mr Robertson—The election commitment announcement that you spoke about and the terms of reference indicated that the expectation of government was for the panel to report to the government by the end of this year, and from that point onwards the government would consider its response. The election commitment does actually mention further engagement with the community in terms of responding to those findings.

Senator MASON—In terms of responding to Gonski?

Mr Robertson—Correct.

Senator MASON—I understand. The Gonski committee will report towards the end of this year and then there will be further consultation with the public and stakeholders subsequent to that, before the government decides on a policy?

Mr Robertson—Just to clarify, that was the nature of the election commitment.

Senator MASON—I am getting a lot of discussion and feedback on this question, Ms Paul. Regardless of the Gonski review, is there a guarantee that no government school will be worse off in real terms in relation to recurrent funding once the SES expires in 2013? Has the government made that commitment?

Mr Robertson—Can I clarify: you said government schools or non-government schools?

Senator MASON—No, non-government schools.

Ms Paul—Yes, I think you said ‘government.’

Senator MASON—Sorry, I made a mistake. Will there be guarantee that no non-government school will be worse off in real terms in relation to recurrent funding once the SES expires in 2013?

Dr Bruniges—I can refer to a statement that was made that much of that discussion and debate centres on.

Senator MASON—There has been a bit of controversy, hasn't there?

Dr Bruniges—Indeed. A statement that said that:

... a commitment that, following the conclusions of this Funding Review, the same Funding Guarantee will apply to any school. It will continue to receive the same funding as before until its new funding allocation reaches that level and begins to overtake it.

Senator MASON—That is not necessarily the same as saying that they will not be worse off in real terms. That is a different issue, is it not? You have given me the answer; I am not objecting to your answer. I am simply saying that is not actually the same as giving a guarantee that non-government schools will not be worse off after 2013 in real terms.

Ms Paul—I think we have given our answer.

Senator MASON—I understand that, Ms Paul. I am not criticising the answer, but it does not answer the question. It is a bit difficult to ask public servants to answer questions like that. However. Just as a matter of interest, I do not know whether you noticed, Doctor, that Mr Gonski spoke in a private setting and that Mr Gavrielatos, the President of the AEU, said that he and Mr Gonski were in agreement when it came to funding issues. Are you aware of that?

Dr Bruniges—No, I am not.

Senator MASON—These things amaze me. I have been criticised by the minister for looking at blogs and I am not allowed to look at blogs anymore. So there you go.

Senator Jacinta Collins—I think you can look at blogs; that is fine.

Senator MASON—Minister, I congratulate you. The portfolio minister did not like the fact that I look at blogs. There are rumours to that effect, Minister, and Ms Paul.

Ms Paul—Certainly I was not aware of such rumours, although I am interested.

Senator MASON—So am I. I am very interested.

Mr Robertson—If I could clarify. Consistent with the terms of reference to the panel to be inclusive and engaged with the sector and stakeholders, Mr Gonski is meeting with a range of stakeholders. He had a meeting with the AEU at their national conference in January.

Senator MASON—Mr Gonski can obviously do what he likes in furtherance of the terms of reference, but the fact that Mr Gavrielatos says that he and Mr Gonski are ad idem on these issues came as somewhat of a shock to me. However, we will see what happens.

Ms Paul—I have not heard that at all, but I have certainly been impressed with the consultative nature of what Mr Gonski is undertaking. They did a big listening tour last calendar year and so on. For such a small panel, it really is quite an impressive range of undertakings. They are going to visit a range of schools. I imagine he has had contact with all the key stakeholders, including of course the union many, many times by now.

Senator MASON—It is not a criticism. Minister, you may not be aware, but in this committee we get quite a bit of fan mail, some from overseas. Ms Paul, I have just received an email, saying, ‘Same funding is not a guarantee in real terms,’ which was in relation to a question to you, Doctor, before. Anyway, you cannot comment any further, and I understand that. There are people all around Australia watching us—and some in Spain, in Barcelona, as well.

Ms Paul—You said that before.

Senator MASON—Yes, I do not have any fans there, but you do, Ms Paul.

Senator Jacinta Collins—This is not new, Senator Mason.

Senator MASON—I have none in Barcelona, but—

Ms Paul—It is new to me.

Senator MASON—The Chair and Ms Paul have all sorts of fans, in Barcelona.

Senator Jacinta Collins—We did not tend to gloat in opposition about such things.

Senator MASON—Can we move on to the National Asian Languages and Studies in Schools Program. In relation to the Asian Languages and Studies in Schools, ACARA released their draft shape paper. Is that right?

Ms Davy—Yes.

Senator MASON—A very trendy word. For languages on 31 January 2011. Is that right?

Ms Davy—That is right.

Senator MASON—The languages intended to be taught under this program are: Chinese, Italian, Indonesian, Korean, Japanese, French, German, Spanish, Arabic, Modern Greek and Vietnamese. Is that right?

Ms Davy—With respect to the shape paper, you may want to ask Dr Hill about this later when you talk to ACARA. But yes, the shape paper is out there for consultation and it does propose a time frame for ACARA to develop Australian curriculum in those languages.

Senator MASON—In those languages. It does not include Russian, which is an official UN language, I note. Ms Paul, do you note that?

Ms Paul—I did not know that, thank you.

Senator MASON—An official UN language not being included, but there you go.

Ms Paul—It is really a question for ACARA. I know they have been looking at what are the most commonly spoken languages in Australia, what are official languages, and there is quite a deal of consideration, but it probably would be best to—

Senator MASON—I was going to ask about Korean: do you think I should ask ACARA about that?

Ms Paul—If it is to do with how it is going into the curriculum, yes.

Senator MASON—Yes. I was going to ask why it was chosen. I am not saying it should not have been. You see, I have this theory, Ms Paul, that my friend Senator Carr wanted it included.

Ms Paul—Really?

Senator MASON—His fascination with Kim Jong Il perhaps! I do not know but maybe.

Senator Jacinta Collins—Russian?

Senator MASON—No, no, Korean.

Ms Paul—That is a question for ACARA.

Senator MASON—These are questions for ACARA?

Senator Jacinta Collins—Sorry, Senator Mason, how many UN languages are there now?

Senator MASON—Is it five, Ms Paul, or six?

Senator Jacinta Collins—It used to be only three in my day.

Ms Paul—I do not know.

Senator MASON—English, French, Chinese, Russian and Spanish, isn't it?

Ms Paul—Could be.

Senator MASON—And Arabic.

Ms Paul—Yes, I think Arabic is one as well.

Senator MASON—I think you are right, Ms Paul. I was going to ask questions about sign language and so forth, and why we are not including Latin, Ms Paul. Are all those questions for ACARA?

Ms Paul—Yes, because they are the ones that have convened the language groups, the expert groups and so on.

Senator MASON—There is some concern and some argument that to obtain fluency, for example in Chinese, that it would take 2,000 hours and concern as to whether we have the time and the curriculum and also the expertise among teaching staff. Is that for the department or is that for ACARA?

Ms Paul—That is for ACARA, and I think the good news on that is they are bringing their curriculum expert today—not only the CEO but also the main curriculum person in ACARA. So all those questions will be able to be answered by them.

Senator MASON—The department is getting off pretty lightly here, Ms Paul. ACARA will perhaps enjoy the moment. Is the department aware of how many people are currently enrolled in teaching degrees with language skills? Are you aware of that?

Ms Paul—In teaching degrees?

Ms Davy—The department conducted a staff survey in 2007 for the first year, in terms of teacher workforce, and we conducted that national survey again last year, 2010. We are currently analysing the results of that. That teacher workforce survey should enable us to get information about the numbers of teachers with certain teaching degrees.

Ms Paul—I do not think that will not go to precisely what you are saying, which is the number currently in university being trained.

Senator MASON—Yes.

Ms Davy—No.

Ms Paul—We would have to go to the universities themselves and ask. I do not think we would hold a data set like that.

Dr Bruniges—No, I think that is right. Some students will indeed have a major study in language areas for teaching in pedagogical practice; others will do a minor. It just depends on whether or not a major and a minor count from the point of view of the jurisdictions, the states and territories, which are going to employ those people as language teachers.

Ms Paul—In a way, it is probably worth looking at this survey, because you can do a degree in Asian studies at the ANU here.

Senator MASON—Yes.

Ms Paul—Then you could do your Dip Ed.

Senator MASON—That is right.

Ms Paul—It might be a bit hard to tell. If you just counted the students in education faculties you may not get the whole set.

Senator MASON—That is true. If I rephrase the question: how do we know we are going to have sufficient capacity to teach these languages?

Ms Paul—I think this survey will go to some of that.

Senator MASON—Ms Davy, will it indicate how many teachers we have with expertise to teach all those particular languages I mentioned before?

Ms Davy—I would need to take that on notice to establish whether it goes down to the fine level of detail of specifying exact languages. I am happy to take that on notice.

Senator MASON—We can discuss what languages should be included. Put that aside for the moment, if you can. I may have Classical Greek in myself, Ms Davy—however, I am probably the only one who thinks that is a good idea—or Latin, perhaps. It is a serious question to ask whether we have the capacity to teach those languages themselves and obtain appropriate outcomes. That is a legitimate question. Will the department have that information for me or for the committee?

Dr Bruniges—As Ms Davy has said, the survey that we have got will go part way to answering that question. My first teaching appointment was as a community language teacher of Italian.

Senator MASON—Very good.

Dr Bruniges—In terms of staff in schools, one of the major issues is whether or not teachers who have language expertise are actually indeed teaching those classes. There is an issue with the workforce supply that you have. So you may well have a science teacher who is qualified in languages and science, but the science line fills up first. So you need to unpack a lot of it at the local level. Another thing I would say about language continuity between primary settings and high school settings and the sharing of staff between secondary settings and their cluster or feeder primary schools is that the distribution of that resource across a wider setting than just one school is used in some communities.

Senator MASON—I am sure the department is aware that there is a lot of concern in the community, and among leading academics, that there is not sufficient expertise to achieve these goals or sufficient teachers to teach those languages, particularly at the right level and for long enough. If the department can give me what they have in an attempt to indicate whether there is the capacity within Australia, I would appreciate that. Perhaps in the budget estimates in May I will progress this issue a bit further. If you can give the committee that information, that would be very useful. Has the department entered into any arrangement with

any universities to teach certain languages? Are there any incentives for people to learn and then teach a language?

Ms Davy—You mentioned the National Asian Languages and Studies in Schools Program—NALSSP. Under that \$62 million program we fund quite a number of projects to go to that very issue of teacher supply and demand and flexibility of pathways for determining teachers. Under that program there are quite a number of examples of universities looking at different ways to train teachers in different languages. I know ANU is partnering with the University of Canberra here, the ACT Department of Education and the University of South Australia in looking at different pathways for bringing in expertise.

Senator MASON—That is for Asian Languages? It is a few out of that list I read.

Ms Davy—Yes.

Senator MASON—That is going some way, all right. Could you give us information next time that will outline the capacity of Australia to teach those languages?

Ms Davy—Yes.

Senator MASON—Can we move, Chair, to one of my favourite issues: chaplaincy?

CHAIR—Yes, you can.

Senator MASON—There was a time when I thought about it.

Senator NASH—Which millisecond was that?

Senator BILYK—You could not commit to remain calm for long enough.

Senator MASON—That is true. Who does chaplaincy these days? Ms Wall, where is Dr Arthur? He used to do it.

Ms Paul—That is true, but Ms Wall was sitting here answering questions on chaplains last time, actually.

Senator MASON—Was it?

Ms Paul—We did have that discussion then.

Senator MASON—I had a conversation with Dr Arthur about God, Ms Wall. Were you at the zumba classes, Ms Wall?

Ms Wall—Unfortunately I was not.

Senator MASON—Are you aware of a fellow from my home state of Queensland who is currently suing the government in the High Court about this program? The media are calling him ‘The man who sued God.’ Just how far are chaplains allowed to promote their actual denomination?

Ms Wall—The guidelines make it clear that the chaplains are not to proselytise.

Senator MASON—Does that mean they cannot talk about God?

Ms Paul—No, it means they cannot proselytise.

Senator Jacinta Collins—Come on, Senator Mason, you know what ‘proselytise’ means.

Senator MASON—It is a pretty fine line.

Senator Jacinta Collins—With your history, you know what that means.

Senator MASON—They can talk about Jesus Christ, is that right?

Ms Wall—I think it is fair to say that in the course of some conversations within schools, particularly when initiated by students, conversations around God would arise. There is a difference between having a conversation and any individual, including a chaplain, trying to promote a religion and trying to influence the student accordingly.

Senator MASON—That is a pretty fine line. If a chaplain says to you, ‘God loves you,’ is that proselytising?

Ms Wall—I think that would depend upon the context.

Ms Paul—It would depend on the context of the conversation. We have been here many times, of course.

Senator MASON—But, Ms Paul, we enjoy it, don’t we?

CHAIR—Why would someone say, ‘God loves you,’ to a student?

Senator MASON—Because there might be all sorts of emotional pain and it might be a comforting thing to say to a young kid. It would have comforted me.

Senator CASH—Absolutely.

Senator MASON—It would depend on the person.

Ms Paul—It depends on the context of the conversation. When we developed the guidelines, we went through this conversation with the Scripture Union and others who are centrally and vitally involved in the program itself. We are confident that distinction is well understood in the program.

Senator MASON—What distinction is that, Ms Paul?

Ms Paul—Between proselytising and not.

Senator MASON—Yes, but the problem is that conceptually you might be right, but I am not sure in practice that is the case.

Senator Jacinta Collins—That concept is well established in the delivery of community services by church agencies. It has been well established for decades.

Senator MASON—Yes, but the feedback I am getting about the service is that the distinction is more problematic in practice. That might not be a bad thing; that would depend on your perspective. I am not certain it is a bad thing, but some might say it is. Are chaplains allowed to promote the tenets of Christianity then?

Ms Paul—They are not allowed to promote if that means proselytising, no.

Senator MASON—Are they allowed to promote Christian ethics?

Ms Wall—The answer would be the same: It is not within their authority to promote any religious path or view.

Ms Paul—We use the word ‘promote’ here. I can imagine a conversation that might go to ethics. It depends on the context—as long as they are not proselytising.

Senator MASON—Well said, Ms Paul. Not to proselytise Christian ethics, but if someone says, ‘Mate, you shouldn’t steal that,’ that is promoting a Christian ethic, is it not? Thou shalt not steal, Ms Paul.

CHAIR—Promoting the law.

Senator MASON—Not quite.

Ms Paul—I think the understanding that we reached with the Scripture Union is more about promoting a particular formal religion and so on. We do monitor quite it carefully. We are quite diligent, given the sensitivity of this program, with the monitoring of any complaints and so on. We have not had many representations about proselytising, so I am interested that you have clearly had some. To my understanding, I do not think we have had that many in a fairly large program.

Senator MASON—Ms Paul, I receive all sorts of things, believe me. The good, the bad and the ugly—I get it all. They cannot proselytise Christian ethics.

Ms Paul—They cannot proselytise, that is right. I do not know if we have got them here, but we are happy to quote from the guidelines if it would help or we take it on notice.

Senator MASON—If we remove Christian ethics or the proselytising of Christian ethics—

Ms Paul—I do not think we have said that. I would like to see what the guidelines say. They are not allowed to proselytise. I am not sure how that is written in the guidelines.

Senator MASON—This is why I think there are some problems with this approach because Christian ethics—and I think my friend, Dr Arthur, would agree—go to the heart of Western—

CHAIR—You do not need to put any words into his mouth.

Senator MASON—No.

CHAIR—If he agrees, he may have the opportunity. If he has any responsibility for this area, he may be able to comment. I do not think your obsession with Dr Arthur should continue.

Senator MASON—My only obsession today is the zumba class, Chair. How do we take Christian ethics out of a caring and appropriate emotional response from chaplains?

Ms Paul—I do not think we have said we have. I think we have said we have taken proselytising out. I can absolutely imagine a conversation between a chaplain and a student that included notions of ethics—including Christian ethics, God and Jesus Christ—where it was appropriate. What it could not include is proselytisation.

Senator MASON—You could talk about theft or one of the Ten Commandments, for example, and you may refer to the fact that that is a rather integral part of Christianity—we would agree on that—and therefore a part of—

CHAIR—Other religions too, I suspect.

Senator MASON—western civilisation a long time before there was the common law or indeed the UN Declaration of Human Rights, a long time before any of that; is that a problem?

Ms Paul—Not necessarily, as long as there is no proselytising.

Senator MASON—You keep saying that, Ms Paul, but I am not sure that that distinction can be drawn in practice.

Ms Paul—I think it can and I think it is being, because, as I say, we monitor the program very closely and it has not really been raised as an issue. I am absolutely positive it would be raised with us if it were an issue.

Senator MASON—Ms Paul, let me give you an example. There is an issue of theft and the chaplain says, ‘You shouldn’t steal, that’s breaking one of the commandments.’

Ms Paul—You are raising a hypothetical example.

Senator MASON—It is a hypothetical, but it is a fair one. How would you answer that, Ms Wall?

Ms Paul—You are raising a whole lot of hypothetical examples. The fact is I think the guidelines were well worked through. We were very heavily consulted under the former government when this program was first created. I remember it in 2005 or whenever it was—there were really quite intensive consultations with a whole range of religious and other bodies from many, many religions. I think the settlement in this area was quite a good one and it seems to have worked on the ground.

Senator MASON—You have not answered my question, Ms Paul.

Ms Paul—Was it the hypothetical?

Senator MASON—It was hypothetical, but it is a fair one.

Ms Paul—I think it is hard to answer. It would depend on the context of the interaction.

CHAIR—And Ms Paul is not one of the chaplains.

Senator MASON—You cannot draw allusions to the commandments in seeking support for a moral view, Ms Wall?

Ms Paul—I think it is hard to keep going on the hypotheticals—

Senator MASON—it is a pretty fair question.

Ms Paul—when we are absolutely not in the situation of a conversation between a chaplain and a student. Every hypothetical you have raised so far—although I probably would have to have some of them repeated—but most of them sound to me like the issues could be raised appropriately in a context, depending on the context of an individual interaction between a chaplain and an individual student according to their circumstances, as long as there is not proselytisation as part of that—

Senator MASON—That is fine, Ms Paul, but if you cannot refer to the 10 commandments as the basis for your moral response—

Ms Paul—I did not say you could not.

Senator MASON—I ask the question again. You draw reference to the 10 commandments as the basis for your moral response. A chaplain could do that. Is that inappropriate?

Ms Paul—It depends on the context of the student and the chaplain. If they are working within the guidelines and they are not proselytising, then it may well be appropriate, depending on where the student is coming from in their own life.

Senator MASON—Do you see how difficult it is, Ms Paul?

Ms Paul—Not really. I am not saying it is easy, but I think proselytisation is well understood and the facts are that, as I have said, we have not received—I really think in this program, if there were large numbers of instances where students felt proselytisation had been going on inappropriately, we would know about it. And we have not had a tsunami of representations on this matter at all; quite the opposite.

Senator MASON—Are chaplains allowed to refer to the effect of religion on their own lives, Ms Wall?

Ms Wall—Again, that would depend upon the context.

Senator MASON—That it has filled their life with love and understanding for their fellow man, Ms Wall.

Ms Paul—It is very hard to say here. It depends on the individual conversation.

Senator MASON—Yes, Ms Paul. When you start potentially removing the commandments and then you cannot say, ‘Religion has been a positive aspect in my life,’ or you cannot be certain you can say that—

Ms Paul—I have not said—

Senator Jacinta Collins—Senator Mason, maybe I could refer you to a counselling course that might help with this, or indeed some statements from Pope John Paul might help you on that area as well.

Ms Paul—I think on the whole I would be saying the opposite, which is that I can imagine on most of the hypotheticals that you have raised—and I will read them again carefully of course—I cannot see why it could not be appropriate in a certain context as long as the chaplain does not proselytise.

Senator MASON—I wish the demarcation was clear, Ms Paul, but anyway.

Ms Paul—We think it is, given that we have not had many representations.

Senator MASON—Can we go back to that case about the man from my home state, Ms Wall.

Ms Wall—Sure.

Senator MASON—I am not quite sure what the case is up to, but apparently it is going to the High Court. I am not aware of all the details. What resources of the department or other departments—the Attorney-General’s Department—are they devoting to defend the chaplaincy program from this fellow who is out to sue God?

Ms Wall—I will ask Mr Kriz to respond to the High Court issue.

Senator MASON—Mr Kriz will know. He will definitely know. Mr Kriz, were you at the zumba dance?

Mr Kriz—Definitely not.

Senator MASON—Not doing very well today on that.

Mr Kriz—As an officer of the court as well as the Commonwealth Public Service, you can rely on my answer. Would you like me to give you an idea of where this particular matter is at?

Senator MASON—Yes, I would be interested, Mr Kriz, thank you.

Mr Kriz—The proceedings were filed on 21 December 2010. It is now a matter before the court so we are somewhat constrained in terms of going into the details of it. The Commonwealth was served on 24 December. The Australian Government Solicitor accepted service on behalf of the Minister for School Education, Early Childhood and Youth.

Senator MASON—There is a symmetry, is there not, Christmas Eve; is that right?

Mr Kriz—Yes, a present.

Senator MASON—It is just normal, isn't it?

Mr Kriz—First directions hearing has been held on 27 January. The Queensland Attorney-General has intervened on 14 February. All the state attorneys are asked under section 78B of the Judiciary Act I think to intervene in matters that affect the constitution. The time lines that have been set by the High Court are that, I think, the defence is due to be filed tomorrow, 25 February; plaintiff's reply 11 March; draft special case due on 23 March; further directions hearing on 25 March; and I think the High Court judge Justice Gummow has indicated that it might well be able to get on this financial year.

Senator MASON—Before the middle of the year. It has been, in effect, expedited, Mr Kriz.

Mr Kriz—It could be. The court has not determined that as yet and it is up to the court obviously to work that out.

Senator MASON—This is a constitutional matter, isn't it?

Mr Kriz—Yes.

Senator MASON—What is the legal issue? You are much better at this than me, Mr Kriz. Can you just tell us what—

Mr Kriz—There are three grounds basically that are used in the challenge. The first one is that the Commonwealth does not have the executive power under the Constitution to appropriate money for the program or enter into funding agreements for the program; secondly, that the appropriation acts going all the way back to 2006-2007 to now were not for the ordinary annual services of the government and so are not valid.

Senator MASON—Mr Kriz, that is going back to the beginning of the program.

Mr Kriz—To 2006 and 2007.

Ms Paul—That is right.

Senator MASON—The chaplaincy program. I just wanted to make—

Ms Paul—The program is now as it was then. It has not changed in its nature. We are still using the same guidelines et cetera, that were established under the former government.

Mr Kriz—The last challenge is on the ground of contravention of section 116 of the Constitution. That is the prohibition of establishing a religion.

Senator MASON—What is the prohibition against the establishing a religion?

Mr Kriz—I have not got the Constitution with me. I think that is the prohibition, yes, on the establishment of a religion.

Senator MASON—It is a separation of church and state issue. The Americans would love this, Mr Kriz.

Mr Kriz—Yes.

Senator MASON—How much is it costing to fight this case? How many lawyers are on the case? Mr Kriz, you are on the case. Any others?

Mr Kriz—I am a mere bit player. The Commonwealth is represented by the Solicitor-General, Mr Stephen Gageler SC, Mr Geoffrey Kennett SC and Stephen Free of counsel. This clearly raises major constitutional issues for the Commonwealth and it is a major case and the Commonwealth is treating it appropriately. Now, in terms of the costs, obviously the matter has just started now. So it remains to be seen how that sort of pans out.

Senator MASON—I do not think this is going to be cheap, Mr Kriz; it does not sound like it is going to be.

Mr Kriz—Defending the Constitution and so on is an important part of our democracy and the Commonwealth is taking it in that light.

Senator MASON—There would not be many cases on—

Mr Kriz—I think the last one, in relation to section 116 and so on, might have been the DOGS case. You might remember that from your legal studies.

Senator MASON—It is too long ago.

Mr Kriz—It is an area that is not litigated often and not traversed by the High Court often.

Senator MASON—This is a big test case really, isn't it? This is quite an exciting time.

Mr Kriz—Yes. The Commonwealth is treating it appropriately and seriously and it remains to be seen how it sort of pans out before the court.

Senator MASON—Within the department you are the premier legal counsel. Do you have other people in your team working on this case as well?

Mr Kriz—We do. We have people that are involved with providing briefing to the defence team, if you like—the Commonwealth team—but, given the nature of the matters that are raised, this is very much a joint effort between the Attorney-General's Department and this department, the Attorney-General's Department being responsible for Commonwealth policy in relation to the Constitution and the positions that the Commonwealth will take in relation to constitutional issues that have broad application, whether it is in these cases or more generally. You might recall, for example, that, in relation to providing advice on constitutional matters, in-house lawyers and external lawyers are prohibited from providing that sort of advice because it is a matter that is specifically dealt with by the Australian Government

Solicitor, because of its central importance to the Commonwealth government as a whole, not as one of its manifestations in one of the agencies.

Senator MASON—Thank you, and more strength to your arm, Mr Kriz. Thank you very much for your help. Senator Collins, I think you will enjoy this question.

Senator Jacinta Collins—Is it to me?

Senator MASON—I think so. I noticed in the discussion paper relating to the chaplaincy program that South Australians do not use the word ‘chaplain’—they have banned it. The mandated term is amended, depending on the relevant faith. These are the words. I am not making this up, am I, Ms Paul?

Ms Paul—I think Ms Wall can answer this one.

Senator MASON—For example, it is Islamic pastoral support worker, or Buddhist pastoral support worker, or, I assume, Christian pastoral support worker. Is that right?

Ms Wall—I think they more generally use the term pastoral support worker, regardless of the nature of the religion. They might be more specific in some instances, but—

Senator MASON—The South Australians are quite trendy. It is not the sort of word I would use for a chaplain. However, fortunately it is not my responsibility. On chaplaincy, Ms Paul, I have finished, you will be pleased to know. Enough about God until next time.

CHAIR—What is the legal liability on the Commonwealth for the work of the chaplains? Is there any? For example, if a student went to a counsellor with some serious mental health problems and the advice that they were given was, ‘Pray’, with no further action or support, would that leave the Commonwealth liable for negligence?

Ms Paul—I am not sure of the technical answer to that, actually; I would probably want to take it on notice.

Ms Wall—Yes, I think we would need to. Bear in mind that the Commonwealth is not the employer of the chaplains. We enter into funding agreements with employers. In some instances those employers are providers of chaplaincy services—

CHAIR—Yes, but we fund the program, so I am just wondering if we have a legal liability at all because we are the funder. What is the obligation in terms of chaplains to actually follow through, if issues are raised with them, to get a result?

Ms Wall—There is a three-way relationship between the employer of the chaplain and the school principal. The actual scope of practice and requirements on each chaplain are clearly articulated by the employer and the principal, because their role is quite different, depending upon what school they are in and the nature of the workforce in that school. Those things are quite clearly articulated. It is the principal generally that has the role of ensuring they are practising within scope. We also have checks on that, in that we require regular reports from the parent body in the school that they are satisfied with the practice of the chaplain.

CHAIR—Does that mean that all parents are notified about the role of the chaplain and the limitations of the service?

Ms Wall—Again, there is quite a strong emphasis on the support needed from the parent body. The school community itself must support the engagement of a chaplain in the first

place; it cannot be just the principal. Then we require regular reports from the school body, often the P&C, that verify that they are satisfied with the operations of the chaplain.

CHAIR—Are parents able to opt out of that? If there is a chaplain in a school, are parents able to say, ‘I don’t want that service provided to my child’? How is that enforced?

Ms Wall—The discussion paper canvasses that, because it has been an issue raised through consultations. It varies according to school and to jurisdiction. In some there is an opt-in arrangement and in others there is an opt-out, so it does vary. Suggestions were raised throughout the consultation—one of them was that the program move, as a whole, to an opt-in arrangement. It is a debated issue and it is something we are hoping to get good feedback on.

CHAIR—Are chaplains able to approach students?

Ms Wall—I guess it depends what you mean by ‘approach’ and it depends on the school context. In many schools the chaplains are not just doing one-on-one support; they are often part of the school community, so they are on camps with the student body—

CHAIR—They are on camps?

Ms Wall—They are actually involved in broader school activities, which is one of the reasons some schools feel that it would be difficult to go to an opt-in arrangement, because they are a fairly critical member of staff and to isolate them from certain students would be difficult, whereas other schools do not see it that way. There is a fair bit of variety in the way it is being implemented.

CHAIR—Is there a minimum qualification, standard or registration for chaplains?

Ms Wall—In terms of qualifications, there is not and, again, the discussion paper canvasses that in detail.

CHAIR—They would need at least a working-with-children certificate, surely.

Ms Wall—Absolutely. In terms of requirements, yes, they need to meet the relevant state requirements around working with children and any other requirements, as a minimum. On top of that, some of the chaplaincy providers do mandate a minimum qualification, but they vary from state to state. As a result, one of the issues raised in the discussion paper is that of requiring a minimum qualification for all chaplains employed under this program. Again, we will wait to see what sorts of responses we get to that.

Senator POLLEY—In relation to the information that is available, can you provide to the committee a breakdown state by state of the schools that actually do have chaplains within? Do you have any information as to any schools that are unable to recruit a chaplain—that would like to have that service provided but have not been able to fill the position?

Ms Wall—Yes. I will go to the second question first: there were funding rounds back in 2007 where schools put in applications and, subsequently, there was an amendment to the guidelines to allow a school who could not find a chaplain to engage a secular employee or worker. I think there were about eight approved under that arrangement. In the course of the consultations last year—and, again, the discussion paper canvasses this—there were schools that indicated that they would like a chaplain but, at the time of applications, they were not in a position to or did not have time. So there is a strong signal that, should there be opportunity in the future, they would be interested.

Senator POLLEY—In relation to the number of schools per state broken down, could you provide that information, based on whether they are a religious based school as opposed to a public school? My understanding from my home state of Tasmania, where they have been overwhelmingly supported—and I have spoken to a number of schools—is that there is an issue in relation to funding: that there are a lot of schools that have to raise additional money to cover the expense; there are also chaplains that are servicing more than one school. Have you got any further information that would be of help to the committee relating to those issues?

Ms Wall—The issue of funding has come up through the consultations. The current arrangement is \$20,000 is provided, and generally that provides for around two days service. Yes, there are schools engaging the chaplain for more than two days and finding that funding from other sources. It has been an issue raised in the consultations—therefore it is in the discussion paper—around the desire in some sectors to increase that funding, I think, particularly in rural and remote areas, where, obviously, costs are higher. That is something that will be considered by the government in the course of that—

Senator POLLEY—Have there been any discussions between Commonwealth and relevant state departments in relation to sharing that cost burden?

Ms Wall—Not specifically. My understanding is some states already contribute.

Senator POLLEY—Could you identify those states and take that on notice for us?

Ms Wall—Yes.

Senator WORTLEY—Ms Wall, just to pick up on a couple of points that you touched on with regard to questions from Senator Marshall: you said that there were minimum requirements but that they differed in each state. I gather you mean minimum requirements being a police check clearance—is that what you were referring to there?

Ms Wall—That is right. Every state, obviously, requires a working with children certification, which involves a police check. That would be the minimum—every state calls it something slightly different. Some states might have additional requirements. The chaplain needs to comply with whatever that state requires.

Senator WORTLEY—What are the requirements with regard to counsellor training—any sort of additional education that the chaplain may have?

Ms Wall—Again, that varies. Some of the providers of chaplain services require minimum qualifications and some do not. It would be up to a school, as well and the parent body in determining if they want to engage a chaplain and who. The school itself could require a minimum qualification, so there is that flexibility as well.

Senator WORTLEY—With the exception of the police clearance, the minimum requirement would be left up to the school to make that decision or the school parent body?

Ms Wall—That is right. For example, if they are engaging a chaplain through a chaplaincy provider, it would be in consultation with them.

Ms Paul—Also, I think Ms Wall said it depends on the policies of the state or education authority, so there are requirements at various levels. There is the baseline requirement for the police check and the working with children requirements and then there is a range of other

requirements that come in, depending on jurisdiction and education authority, and there are potential requirements at school level as well.

Senator WORTLEY—Thank you for clarifying that, Ms Wall.

CHAIR—I want to come back to the legal liability question because I cannot believe that a question of legal liability on the Commonwealth has not actually been a question that has been asked and resolved.

Ms Paul—It might have been, and I cannot remember. I will need to take it on notice, I think. We certainly would have looked at those things early in the program's life under the former government. I just cannot recall where it landed right now but I am sure we can find it for you.

CHAIR—Mr Kriz, you can't tell us?

Ms Paul—Funding agreements with providers always go to this issue.

Mr Kriz—Perhaps I can give you a bit of an idea on this. As Ms Wall has stated, we are in the same position as any other sort of funding agreement. What the Commonwealth seeks to do obviously in these sort of circumstances is to ensure that the party that has the greatest degree of control, which in this case is not the Commonwealth—we contract not with the individual chaplain but with the provider, with the employer of the chaplain—and that the school governance arrangements operate as they would in relation to anybody else who operates in the school and so on. The first position of the Commonwealth would of course be that we do not have direct liability in relation to issues that arise.

CHAIR—Has someone else accepted responsibility for that? I understand that we might argue all the way through that it is not our responsibility, but unless you have got someone else to accept responsibility it is going to be problematic, isn't it?

Mr Kriz—We do not have the direct relationship with the particular chaplain. We have no direct legal relationship with the chaplain.

Ms Paul—The employment relationship is with the employer, not with us. We are not the employer of the chaplain.

Mr Kriz—Absolutely. Of course what would happen, as always happens, is that because the Commonwealth has deep pockets—or so it is seen by plaintiffs—we would no doubt be brought into any action. But the position in terms of how this program is established and so on is that the Commonwealth does not have legal relationships with the chaplains. We have it with the employer of the chaplains and we ensure that through that arrangement they are only able to put on people who have gone through the appropriate checks, the police checks and so on that have been mentioned, and that they are subject to the normal sorts of arrangements that a school, a state government or the body that runs the school would have in place in relation to any people who operate within the school.

CHAIR—Apart from the case that you discussed with Senator Mason, are you aware of any other legal activity around chaplains?

Mr Kriz—Not personally, no.

CHAIR—Would the Commonwealth know or not?

Mr Kriz—I think so.

Ms Paul—We think because it is our program. We have had—

CHAIR—That is the point I was making: it is our program.

Ms Paul—Yes, but the legal liability is always with the employer in whatever relationship. The technical liability always rests with an employer, which is what Mr Kriz is saying.

Senator FIFIELD—I have a couple of questions on the government's commissioned work seeking advice on assistance for students with disability; the committee that Mr Garrett appointed. Could you advise where that is up to? I think the aim was for the working group to report to their minister by early December 2010.

Mr Davies—Yes, you are correct. The minister established the national expert working group in early November to provide advice on immediate priorities to support school students with disabilities and special needs. That working group met several times and provided the report to him just prior to Christmas through the department. The minister is considering that advice.

Senator FIFIELD—Obviously, you do not know the time frame within which the minister will respond to that.

Mr Davies—No. That is up to him.

Senator FIFIELD—Can you or the Parliamentary Secretary at the table advise what the rationale was for the particular structure of the committee? I think there were six education associations represented, two government departments represented, two unions represented; that is correct?

Mr Davies—Yes.

Senator FIFIELD—There was just one disability organisation and there was no disability organisation that specifically focuses on the needs of children, an organisation such as Children With Disability Australia. Can you explain the rationale as to why the weighting was so heavily skewed away from organisations that represent people with disability, particularly no representation of an organisation that focuses solely on children?

Mr Davies—I think the minister made it clear at the time that he was seeking advice on the needs across government and non-government sectors and he really wished to focused in on those particulars of in-school practice and in-school community support that would help improve outcomes for students with disabilities. I am not sure it is fair to say that the federation disability organisations do not include a broad range of experience and expertise on the needs of children.

Senator FIFIELD—I am not suggesting that AFDO do not. I am not suggesting that AFDO should not be one of the organisations there. It is more the question of why there is only one. Out of 11 people on that committee only one of the people on it from an organisation representing people with disabilities and none from an organisation specifically representing students with disabilities.

Ms Bruniges—I think from my perspective that one of the terms of reference, if I recall, went to within classrooms within schools. I think there were three terms of reference. The

focus of within classrooms we saw in the committee the concept of the primary principals, the secondary principals, the cross-sector nature and the peak umbrella group for that group. I might say we have had further consultation with a range of groups around the issue. Like you too, I heard a number of people concerned and wanting to have a voice and we have had a number of subsequent meetings with a range of different stakeholders as we have moved through not only that piece of work but some other work that we are doing around common definition around students with disabilities and making sure that those bodies of work and we extend a broader contact with a range of stakeholder groups that you are mentioning.

Senator FIFIELD—How many times did the working group meet?

Ms Bruniges—Three.

Senator FIFIELD—Did the minister attend any of those meetings?

Ms Bruniges—No, he did not.

Senator FIFIELD—Parliamentary Secretary McLucas did not?

Ms Bruniges—No.

Senator FIFIELD—Could you provide the committee with a list of consultations which took place, the organisations who took part?

Ms Wall—Certainly.

Senator FIFIELD—I might just ask that the parliamentary secretary at the table if she might take back to the minister that with these sorts of inquiries it probably would be appropriate to have a greater representation of organisations representing people with disabilities. In the case of this particular inquiry I think one of the organisations representing children with disabilities would have been appropriate.

Senator Jacinta Collins—I will take that back to the minister.

Senator MASON—Minister and Ms Paul, can I move in relation to program 2.3 to indigenous education, specifically indigenous boarding schools. It is not as much fun as chaplaincy, Ms Paul.

Ms Paul—But also important, of course.

Senator MASON—High Court challenges and everything else. This has been discussed in prior estimates you will recall, officers.

Ms Paul—Yes.

Senator MASON—It was raised by Ms Macklin before the 2007 federal election. A 140-bed boarding facility was supposed to become operational during the 2009 school year and 72-bed and 40-bed facilities were supposed to become operational during 2010. There have been a few issues. Can I just traverse the last estimates. At the last estimates the Wadeye site had started below-ground construction and was expected to be finished during the 2011 school year. If you think I am misrepresenting, please let me just finish this bit. I think the committee was also told at the last estimates the two other boarding facilities—that is East Arnhem and the Warlpiri Triangle—were yet to be allocated land, but that they were expected to be completed in this school year also. I think Senator Scullion also asked, you might recall, some questions.

Ms Paul—Yes.

Senator MASON—So my question is—that is just the background—what is the update on the Wadeye site for the Indigenous boarding facilities and has construction finally been completed, a few years late perhaps?

Mr Goodwin—Yes, at our last discussion I think I gave you an update on what Erin said, that the below-ground works were well advanced. Since that time of course further work has progressed. Those below-ground works, including things like road works, drainage, creation of slabs et cetera, is well advanced. However, the wet has curtailed activity in that location and we expect that immediately following the improvement in the weather up there that the builders will be able to get back in there and complete those works and then start with speed on the above-ground construction.

Senator MASON—That is on Wadeye.

Mr Goodwin—Yes.

Senator MASON—Do you still anticipate that that facility will be completed during the 2011 school year which I suppose is by November, early December?

Mr Goodwin—Yes, we do.

Senator MASON—The wet season has just gone, of course it has, so we are moving into the dry in a couple of months. Is that right?

Mr Goodwin—Yes, considering Darwin had nearly a metre of rain the other day from Cyclone Carlos, they are still pretty wet up there. We have to take advice from the locals and they will let us know when it is safe and productive to move back in there.

Senator MASON—Estimated date of completion still late 2011. Mr Goodwin, has the site finally been selected for the East Arnhem and Warlpiri Triangle boarding facilities? I think you mentioned last time that there are particular problems with the wet season in the East Arnhem. First of all, has a site finally been selected?

Mr Goodwin—A tentative site has been selected. I chair the local advisory committee which includes local indigenous people, educators and government officials out there. I chaired one of those meetings Tuesday week ago in Nhulunbuy and the issue of the site has been discussed at those meetings. One of the traditional owners has offered up a parcel of land, but the final decision on whether that parcel of land is suitable is dependent on an application by the community for the relocation of their airstrip which is rather perilously close to the existing buildings in the community. The best case scenario would be for that airstrip to be moved further back inland a short way so that the most ideal location for the boarding facility could be utilised.

Senator MASON—Mr Goodwin, let me just get this right. Let's just separate the two. East Arnhem and the Warlpiri Triangle, they are two separate facilities, are they not?

Mr Goodwin—Yes.

Senator MASON—Could we just do one at a time. East Arnhem: is there a site selected?

Mr Goodwin—There is not a site agreed and pegged out, no.

Senator MASON—Warlpiri Triangle?

Ms Wall—Sorry, can I just go back to that. It depends what you mean by ‘site’. Garrthalala has been agreed.

Senator MASON—This could be worse than God, Ms Wall!

Ms Wall—No, I do not think so. Garrthalala has been agreed and announced by the government as the location for the boarding facility in East Arnhem.

Senator MASON—Is that a township?

Ms Wall—That is a community.

Senator MASON—But that is not a particular site?

Ms Wall—That is right. Within Garrthalala, as Mr Goodwin said, the traditional owner has identified the site, the parcel of land, and we now need to go through the process of formally getting agreement for that site.

Senator MASON—We still have not got a definite site, then, do we?

Ms Wall—It has been identified.

Ms Paul—Yes, it has been identified.

Senator MASON—The site has been identified, but I cannot be certain, Ms Paul, when I come back in a few months’ time that it will not have changed again. Is that right, Ms Paul? I think that is right.

Ms Paul—You said ‘a final site’. It sounds like to me this appears to be a final site. Whether there will be another final site—

Senator MASON—Ms Paul, will this be an interim site?

Ms Paul—Sounds more like a final site than an interim site, but I think what the officers are saying is that it has not yet been locally entirely approved. It sounds like there are some local issues to be worked through.

Senator MASON—It is too much for me—all these interim sites, I cannot cope.

Mr Goodwin—I think the solution to this quandary about whether it is a final site or an interim site is that the traditional owner of the preferred site has offered the land up, as Ms Wall said. Being the careful people that we are, we are not saying that site is agreed yet, until that site is submitted to the Northern Land Council for consideration through the appropriate mechanism. We are not going to announce that site, even though we have agreement from the traditional owner to use it, until those official processes have been commenced.

Senator MASON—Let’s come to the heart of this, Mr Goodwin. As Ms Wall said, we have a location, a township, a community, we have that, and somewhere around that community, we do not exactly know where it is going to be but we have a couple of options—is that right?

Ms Paul—No. We do know exactly where it is going to be and it is the preferred option; it is just that it has not gone through all the processes—

Senator MASON—Is that right? All right. That is in East Arnhem?

Ms Paul—We have identified a site.

Senator MASON—But it has not been confirmed yet?

Ms Paul—Correct, as it has to go to the NLC, in particular.

Senator MASON—Where are we with Warlpiri triangle, Mr Goodwin?

Mr Goodwin—The last time we spoke about the Warlpiri triangle we indicated that there was a preferred a site. It has not been announced yet. Because of the community unrest in Yuendumu, which started late last year and has continued on and off for quite some time, we have not been able to get back in there to run the community meeting, the joint community meeting of the four communities, that we have been needing to run in order to confirm the broad community support for that site. We are stymied at the moment.

Senator MASON—That is a very honest answer, Mr Goodwin. You have a very difficult job.

Mr Goodwin—It is a very interesting job, though.

Senator MASON—I am sure it is interesting. We are still looking for a site for the Warlpiri triangle and we think we have got one for East Arnhem. The next question is estimated dates of completion. Do we have any sense of when we might complete East Arnhem?

Mr Goodwin—At the last advisory committee meeting, Tuesday week ago, I foreshadowed with the community that we would be bringing design options forward at the next meeting, which is scheduled for late March or early April. We expect to be able to finalise designs and plans over the remaining duration of the wet, because apparently the wet actually has a different time line in East Arnhem Land than it does in Darwin. It actually starts later and runs later. We will be finalising those plans as quickly as we possibly can and starting construction, we hope, as soon as the weather clears.

Senator MASON—When will that be?

Mr Goodwin—It depends who you talk to, but anywhere between April and May.

Senator MASON—When do you hope to finish?

Mr Goodwin—We are still intending to complete that facility by the end of this year.

Senator MASON—That is East Arnhem; Warlpiri is a bit harder because we have not got a site.

Ms Paul—We cannot get in to discuss it with the community.

Senator MASON—I do not suppose there is any sense of when that is likely to be finished, Ms Wall? You are shaking your head.

Ms Wall—It is impossible to predict that until we can meet with community. That is a little out of our hands at the moment.

Senator MASON—That is fair enough.

Mr Goodwin—When I was up doing the East Arnhem advisory committee last week, we also had a meeting scheduled in the Warlpiri triangle to finalise the community support for the facility. Unfortunately, Cyclone Carlos had other ideas and we were unable to land in Darwin,

and were diverted to Alice Springs and could not get back—all the airports were closed—to run that meeting.

Senator MASON—Mr Goodwin, your job is not only interesting but it is perilous.

Mr Goodwin—We had an excellent pilot on the way. We were flying from Gove back to Darwin on Tuesday night and the pilot tried four times to land the plane and was thwarted each time by that pesky cyclone. We did our best and we continue to do our best.

Senator MASON—Even I will not hold that against you, Mr Goodwin—

Mr Goodwin—Thanks very much.

Senator MASON—not even me. Thank you for that and for your candour, Mr Goodwin. Chair, I do not have any further questions.

CHAIR—At all?

Senator MASON—None for program 2.3.

CHAIR—That is good.

Senator Jacinta Collins—Chair, can I just clarify, have we skipped 2.8 and 2.9?

CHAIR—No, I do not think we have skipped them, we have just moved through them extra quickly.

CHAIR—Yes.

Senator Jacinta Collins—Very good.

[12.22 pm]

CHAIR—Program 2.4. Senator Nash.

Senator NASH—The ANAO report on the trade training centres in schools indicates that the department expected 68 centres to be operational by the start of 2011. Is that figure correct?

Ms Bruniges—Yes, it is and, indeed, some good news on that front: we actually have 70 open for the commencement of the year.

Senator NASH—Outstanding. When did this program start?

Ms Paul—It is a 10-year program and it started when the national partnership was signed up, which was—

Mr Robertson—There was an early round at the beginning of 2008 and the partnerships were signed in the middle of 2008.

Senator NASH—At that time, was it your expectation that you would have had 70 up and running now? Did you have any forecast or expectation of where you would be now?

Ms Paul—Hard to forecast in a 10-year program.

Senator NASH—Obviously you are not going to have them all come in the last year; you must have some sort of work plan.

Ms Paul—There is a lot of development work to do at the front end, so we know it will ramp up, of course. Here we had suggested a number which has now been exceeded,

basically. I am not sure what we thought at that time, we would have to go back and look, but we have, certainly, here, reported on our expectations and whether they have been met or not.

Senator NASH—What is the total number of trade training centres you want out by the end of the 10-year period?

Mr Robertson—The original election commitment, which was based on 2006 census data for schools, indicated roughly 2,650 secondary schools would have access to trade training centres.

Ms Paul—Recognising, of course, that some trade training centres cover multiple skills.

Senator NASH—Yes.

Ms Paul—They cluster them up.

Mr Robertson—At this point in time, three years into a 10-year program, we have funding agreements that cover 35 per cent of schools—three years into that 10-year program.

Senator NASH—Did you just say 2,650 schools?

Mr Robertson—Yes, 2,653 was the election commitment figure. I have not got it exactly here with me.

Senator NASH—That is okay. I am just trying to figure it out—68 into 2,653 is a third.

Ms Paul—They cover multiple schools. Many of those 68—actually now 70, as we said—

Senator NASH—Sorry—yes.

Ms Paul—They cover many separate schools. Perhaps we could give the number of schools. In other words, in terms of the number of kids, the number of schools that have access, we are at 35 per cent, so we are slightly in front of a third, which is pretty good in a program that requires, often, quite major capital works.

Senator NASH—Yes, I understand that. If we say roughly 2,000 schools, even, if you are a third of the way through you are looking at doing 210 centres. Am I to understand from that that there are at least 10 schools in every cluster for that remaining number of schools? There would have to be, wouldn't there, if you—

Dr Bruniges—Again, it is really hard to predict future rounds and applications and how schools will choose to cluster together to give the best delivery arm for their particular settings and the choices they make. To predict that there would be 10 schools in each of the clusters is really not a good measure of what will happen in terms of those applications coming in.

Senator NASH—Now I am really confused. Bear with me. You have got 2,650 schools, you have got 70 centres up and running now—and, that is fine; you say you are a third of the way through. Extrapolating that out—even I can do that on Brett Mason maths—

Mr Robertson—If I could clarify my statement earlier on: I said that we are three years into a program and at this point in time we have funding agreements for construction for some that have been completed—35 per cent of those schools. At the moment, out of our funding agreements, I think 927 schools will benefit from a trade training centre.

Senator NASH—What about the rest of them?

Mr Robertson—Ms Paul—

Senator NASH—I understand that. That is good. So there are 927.

Mr Robertson—Yes.

Senator NASH—So what about the rest of the 1,500 or 1,700?

Mr Robertson—Ms Paul mentioned earlier on that this is a 10-year program, as outlined in the election commitment, so we will go through future funding rounds that would cover those schools.

Senator NASH—It is an interesting figure, though—70, when you compare it. I appreciate it is a 10-year program, but it seems pretty light-on, in terms of the fact that we are three years in. That is just a comment. I will move back to my questions. The Auditor-General identified bureaucratic delays averaging eight months behind the delay in getting the trade training centres up and running. Of the ones that you have just given to me, how many of those are running behind schedule?

Mr Robertson—The nature of the Auditor-general's comment was that it took, on average, 240 days to sign a funding agreement. I would not be able to split that down to what the average time was for those completed trade training centres.

Senator NASH—It was 240 days to sign an agreement—ouch!

Mr Robertson—What we need to bear in mind is the nature of the program design. What happens is that we do application rounds and schools come forward with reasonably well-developed proposals, but it would be unfair of them to then expect that they would have fully-developed proposals that could immediately go to agreement. There is then a process of establishing that agreement. It is worthwhile noting that, towards the end of the report, the Auditor-General does go on to say that those agreements are sound in terms of protecting Commonwealth interests.

Ms Paul—We are certainly not apologising for that time taken, and the Auditor himself had the grace to note that the time lags are being caused by, among other reasons, certain things: the close attention paid by DEEWR to project costs—in other words, value for money; the Auditor found that we had a good look at value for money—and because some aspects of detailed project planning only occurred once applicants were informed they were successful, which is right and proper. You cannot pre-empt government decisions. That explains some of that time.

Senator NASH—I understand that. Are you happy with eight months? Has the department not thought, 'Well, gee, is there any way we can speed up that process?' or are you just saying, 'Eight months is fine.' I understand what you are saying, but it still seems like a very, very lengthy process, and obviously the ANAO would not have commented on it if they thought it was usual or appropriate, surely. While they have obviously said they can accept some reasons why, I doubt they would have noted it as a detrimental factor.

Ms Paul—They commented on it fairly neutrally, but, nonetheless, my colleagues might want to comment on that.

Dr Bruniges—We would always look for areas of improvement, but I would have to stress to you, from the ground point, when schools do their planning and think about what that

means for the facilities on the ground, they have a whole lot of considerations. They have their own planning once they know that their application is going to be approved. They need to think about the range of staff and qualifications they have got. They may indeed link with industry or local industry providers. They may link with their local TAFE to get the provision or industrial agreements coming in. The complexity and the seriousness with which schools have taken this proposal in order to cluster together and think about all of that has taken longer than we expected. I do not think there has been another opportunity—not that I can remember in my history of education—where it has invited to schools to cluster together to build a facility to best serve skills and qualifications in need. That takes a lot of planning, not only within the school that it is based in but also across schools, to connect to TAFEs and, indeed, to industry in some settings.

Senator NASH—I can understand that.

CHAIR—We are going to take the lunch break now. Thank you.

Proceedings suspended from 12.31 pm to 1.30 pm

CHAIR—We will resume our estimates hearing. We are on outcome 2.

Senator NASH—We were just on the ANAO report. The report also identified that, on a number of occasions, department staff had failed to complete the requisite confidentiality and conflict of interest reports. Page 22 of the report says:

DEEWR did not consistently apply aspects of the quality control framework for the assessment process. For example, some staff involved in the assessment of applications did not complete the required confidentiality and conflict of interest declarations, or undertake assessor training. Similarly, for the sample of applications reviewed, in a range of instances key assessment procedures (such as eligibility and compliance checks) were not applied or appropriately documented.

How many failures actually were there that were reported as conflicts of interest?

Mr Robertson—I will explain some of the background of the ANAO's finding there. In the early days of the setting up of the program—remember the ANAO report was around the set-up of the program—there were some statements made that there would be conflict of interest statements completed by assessors, which aligns quite strongly with what happens in other areas of the department. When the ANAO came through, they were not able to find evidence of that, but the point that needs to be made is that they were all public servants that operate under APS code of conduct, values et cetera. So their observation was more that we made a statement but we could not find documentary evidence to substantiate that in 100 per cent of the case. There was no material impact on the assessment process.

Senator NASH—Okay. But how many failures were there to do that reporting?

Mr Robertson—I would have to take that one on notice.

Senator NASH—If you could, that would be great. Of those cases, were they all investigated separately to ensure that there had not been a conflict of interest?

Mr Robertson—The other thing to bear in mind in this process is the way to describe it is there is a double-blind assessment process, then there is a moderation process and then there is an overarching committee. In fact—

Senator NASH—Good Lord!

Mr Robertson—Yes, we take probity seriously, Senator. Essentially, the applications are split between two teams who do an assessment against the criteria. They are then swapped to do comparative assessments and they are then moderated by a senior officer. Then, as I said, there is a national assessment committee which sits over the top of that.

Senator NASH—So is that a yes or a no?

Mr Robertson—So the question was—

Senator NASH—You just answered it.

Mr Robertson—Yes.

Senator NASH—Have all the cases been investigated separately?

Dr Bruniges—Senator, I do not think there is a need to investigate cases, because, as public servants, they would have been required under the Public Service code of conduct to declare anything that they had. I think Mr Robertson's point—and correct me if I am wrong—was that the ANAO had picked up in our framework to ensure, I guess, rigour upfront. What we had said is that, in addition to the Public Service code of conduct, we would do a declaration of potential conflict of interest. And in some cases there was not evidence that that was done. My understanding—correct me if I am wrong—is that we would not trigger an investigation unless there was a need and we had evidence to say that there was a potential conflict of interest in any one of the assessors.

Senator NASH—I take it from that, if I extrapolate it correctly, that there was no conflict of interest with any of the employees.

Mr Robertson—Correct.

Senator NASH—In terms of the compliance reports, you are convinced that every centre is compliant, that there are no issues there?

Mr Robertson—The observation, from the reading of the ANAO report, was that there was no specific compliance document at that particular point in time. They were reviewing rounds 1 and 2 of the program, not round 3, where we are up to now.

Senator NASH—So they were looking for something that did not actually exist in the first rounds?

Mr Robertson—That is exactly right. It is a fair enough observation, but we have to think about what the progress of the program was at that particular point in time.

Senator NASH—So are you saying that, with rounds 1 and 2, there was not the compliance requirement?

Mr Robertson—No, what I am saying in relation to rounds 1 and 2—and the report goes on to say this—is that there was rigour within the funding agreements. We monitored those funding agreements in terms of milestones that would have been met before we make payments and the like. So we do have monitoring in place. What ANAO is saying is that it was not apparent in terms of a specific document sitting there, saying, 'We have done this.' To a certain extent, it is implied in how we manage our agreements, which are consistent across the board and across other programs.

Senator NASH—So round 3 was when you brought the compliance in. Why? If you did not need it in rounds 1 and 2, why did you bring it in for round 3?

Mr Robertson—We accept that the program goes through continuous improvement. As Dr Bruniges said in the earlier session, we take on board some of those recommendations, and so we are looking at a more documented monitoring process.

Senator NASH—How do you actually measure the compliance—just for my benefit?

Mr Robertson—Essentially, under a funding agreement—and this is standard across DEEWR but also consistently across the department—there are a range of steps involved. For example, they sign a funding agreement and that is conditional upon them providing some documentary evidence around what they are planning to do. They then get progress payments based on the completion of milestones based on statements from the school and, if required, from the project manager or the builder. At the end of a project, they also submit general financial acquittals and the like.

Senator NASH—I will move on to the issue of the milestones that you raised. The ANAO report was critical in some of these areas, and I will just refer to those. Page 83 says:

The ANAO found inconsistencies in the data which suggested it had not been validated or subjected to quality checks. Issues identified in tracking project reporting on milestone two, for example, included: nine projects flagged by DEEWR as meeting milestone two on time, despite the actual date recorded being after the due date; four projects flagged by DEEWR as not meeting milestone two even though the commencement date recorded was before the due date; and twelve projects, for which the commencement date of the milestone had passed, had not been flagged as being behind schedule.

And page 84 says:

The ANAO analysed the data used by DEEWR to monitor progress of the 125 projects underway as at 13 July 2010. The data indicated:

in relation to milestone two (commencement of construction): only 31 per cent of projects met the due date;

in relation to milestone three (mid-point of construction): only 15 per cent of projects met the due date; and

in relation to milestone four (completion of construction): only 27 per cent of the projects met the due date.

Would the department accept that that is really not what you would call a reasonable set of statistics?

Mr Robertson—There are two points in relation to what you have read out. In the first paragraph you were referring to, they had looked at an Excel spreadsheet that we were using to manage progress, because our IT system, whilst it was under development, that particular aspect was not ready at that particular time. Of course, when you use a spreadsheet, at any point in time it will be out of date. It is important to note that the ANAO did go on to acknowledge that that process has been systematised, so that we will have essentially real-time data in that one.

Senator NASH—So you would accept that that needs improvement?

Mr Robertson—Yes, and it has been improved.

Ms Paul—We have already fixed it.

Senator NASH—I will get to that in a minute. I just want to read one other part of the ANAO report, and then I will ask the question, which is *Hansard* page 23:

... DEEWR did not receive any of the 2009 annual acquittals from the government education authorities by the dates specified in funding agreements. The delays ranged from two to 10 months for those received. DEEWR also made limited use of documentation checks and site visits to monitor compliance with funding agreements and project status, and inaccuracies in the spreadsheets used by DEEWR to monitor project progress suggested the data had not been validated or subjected to quality checks.

When I just look at all of those things we have been discussing around this to date—and I accept your explanations for a lot of the things—it really does seem that a lot of this and a lot of these results, I guess, may have come from a rushed program, a program people were trying to deliver too quickly. When you put all those pieces together it really does look as if those sorts of things, some of which are acknowledged, need to be improved. It really does seem that this is as a result of sort of rushing and trying to get something done even though it is a 10-year program.

Ms Paul—I do not think it is so much a case of being rushed. I think it is a case of needing to build our systems at the same time as implementing. I would note that none of the things which you have mentioned so far, as the ANAO found, made any material difference to outcomes; that outcomes were sound; that allocation of funding was consistent with the program objectives and priorities, as the ANAO find in paragraph 22; and that our approach to planning and its administrative framework for the program were generally sound, which is in paragraph 23. So I think what we are seeing here is that they have actually been quite complimentary of us:

DEEWR established a generally sound administrative framework for the program, and met the Government's 100-day deadline for the commencement of the program—

which goes to an early and fast ramp-up. So the things which you have mentioned, as Mr Robertson said, are those things which, in a way, can happen not so much when something is rushed but where we have to build the computer system. In paragraph 38, which you have just been quoting there, the ANAO goes on to say:

DEEWR is now automating milestone tracking through its management information system.

Senator NASH—Just in hindsight and given that it is a 10-year program—so it is not something you were trying to do in a couple of years, and I accept that—would it not have been a little more sensible to spend more time getting these sorts of things right before actually trying to roll out the centres?

Ms Paul—None of these things made any material difference to outcomes, which have been found to be sound. They did not make any difference to the assessment process, the merits of the assessment process and so on. Given that we are often here talking about the opposite—and that is delay—I guess my view would be that it is a reasonable risk management approach to take to run several lines of activity at once. At any rate, as Mr Robertson said, to the extent that we can do it better we already are, which I guess is the bottom-line answer.

Senator NASH—That is the great thing about ANAO reports, isn't it? You can always find a spin from one side to the other. The department has done a good job trying to spin that one back.

Mr Collins—Not spin.

Senator NASH—No, but you know what I mean.

Ms Paul—I was just quoting from them.

Senator NASH—Yes, of course, just quoting. I just want to move on to the actual centres themselves. Can you just provide a list of each of the operational ones, with the specific trade skills that they offer. I am happy for you to take that on notice, because I understand that might be quite detailed, but it would be good to have a list of all of the 70 and the individual skills that they have on offer.

Mr Robertson—Yes.

Senator NASH—What is going to be the measurement for the number of students who go through the centres, gain the skill and go on to use it? Obviously the endgame is getting these students through with a skill and having them out in the workforce, and that is why the funding is there in the first place—to make sure that they have this opportunity and this pathway. How are you actually going to measure the success in terms of students going through the centre and then moving out into the workforce with those skills?

Mr Robertson—The program has two fundamental objectives. The first one is actually through the provision of training in the trade training centre to assist students to stay at school and complete year 12.

Senator NASH—Bearing in mind that New South Wales now has a 17-year-old requirement, I think, so they pretty much have to stay anyway.

Mr Robertson—That is correct. So this is an offer to schools to vary their program to suit the learning needs of a range of students that would be coming through their schools and staying on at school. The second component is to start these students on their way to a vocational education and training qualification that then gives them options post school, whether that is taking up further training within the vocational education and training area or, with an employer, having some of those competencies that they have acquired in the TTC to help them gain employment. There are a range of existing performance data collected around this area, some by ABS and also some by the National Centre for Vocational Education Research. So we will be leveraging off that. As we have indicated in a previous hearing, we have as a component of the program a reporting regime that will operate in March each year where, in fact, the schools operating with a TTC will outline the participation in the trade training centre and the particular qualifications that they are embarking upon.

Senator NASH—Just on that, have any of the centres seen students that have completed through to year 12 and gone out into the workforce so far?

Mr Robertson—No, because the first real lot were operational last year.

Senator NASH—Yes.

Mr Robertson—The first we would know is when we do the March collection and then validate that.

Senator NASH—You talk about the reporting regime of what the students are doing, and that is all good news, but apart from leveraging off the ABS data—I am not quite sure what that means—how are you actually going to capture how many of these students utilise these skills that they learn through the trade training centres and go on to be gainfully employed for a period of time? How are you going to measure that?

Mr Robertson—At this point in time we would be relying upon broad ABS survey data, which shows the transition effects from school into further work.

Senator NASH—Does that drill down, though, into the difference between a school that has a trade training centre and one that does not?

Mr Robertson—No, it does not.

Senator NASH—How are you ever going to quantify if these trade training centres have been successful if you cannot measure any of the data from the students that have gone out into the workforce?

Dr Bruniges—As Mr Robertson said, we will have the March report in from each individual school telling us the participation rate in each of the qualifications, so we will have an in-built tracking mechanism from March to March each year to have a look at the rate and make sure that participation rate on a particular qualification is going. I think the second part of your question, attributing a particular qualification and the use of it in the workforce, is a really difficult concept. It would require us to go in terms of industry or track post-school destination study. Indeed, some of the work that ACARA will do in the future on post-school destination study and how many qualifications students have through My School may pick up some of that—that we have to look on post-school destination studies. But often what we do find—I know a number of reports from the National Centre for Vocational Education Research on this—is that students who gain, say, a Cert III in Hospitality may use it for only a small period of time and then they may go on and do another qualification. That would be post-school and very difficult to track. Is that the area that you are—

Senator NASH—That is exactly the crux of the question, actually. What is the quantum of funding for the 10 year program?

Dr Bruniges—It is \$2.5 billion.

Senator NASH—So we are investing \$2.5 billion in taxpayers' dollars—and do not get me wrong; I am sure it is very worthy—into these trade training centres and we have no way of measuring the outcome of those centres for those students going out into the workforce.

Dr Bruniges—No, that is not quite correct. What we will have is students who obtain their qualifications in Cert III or Cert IV in particular trades areas. We will have a measure of that qualification that they have gained, which they would have gained as a result of trades training centres. I think that for me the biggest difference is in part that before trade training centres it was very difficult for schools to offer Cert III or Cert IV because the workforce and the workforce qualifications and the delivery of that in a particular school setting did not always match, so what you saw was Cert Is and IIs. So to have a system in trades training that

can offer industry-standard kitchens, in the case of hospitality, to ensure that students have access to Cert III is something quite significant and different from what would have existed in the schooling context before.

Senator NASH—I appreciate all that. As I said, I am not saying this is not a worthy measure, but I am drilling down into the taxpayers' dollars and the value for money for the taxpayers' dollars being spent on this. It would seem that apart from, obviously, the schools being able to provide this opportunity for students, surely a measure has to be whether any of those students go off to use those qualifications. From what you are telling me, there is no way the department can do that. Hypothetically, they could all go through, all get their cert. III and never go on to use it.

Dr Bruniges—What I am saying is that we do know that for students who achieve year 12 or equivalent, which is normally at cert. II or III, that equates to a whole lot in terms of the OECD figures and the contribution they make to community. We can certainly, as Mr Robertson says, look at linking datasets to have a look, but we would have to have industry support in terms of the placements of those students. The other source that I referred to before was individual schools that carry post-school destination data. For example, after the students finish school, they either ring them up or get them to fill in a form about where they are and what they are doing. That would provide another source of evidence that they were using or not using the qualification that they gained from that school's perspective. Our challenge will be to harvest that systematically in a way from the schools and students who have accessed trades training centres. That is a challenge.

Senator NASH—I just find this extraordinary. For \$2½ billion, you have got no tracking mechanism whatsoever.

Ms Paul—I do not think that is correct at all. It is not what we are saying at all. What we are saying is that we know the absolutely fundamental thing that this program is about, and that is how many of these students have access to trade training which leads to a particular qualification, which we have never had before. They have never had access to something like this.

Senator NASH—I do not have an argument with that at all. I said that, Ms Paul.

Ms Paul—That is your bottom line measure. Your bottom line measure is: are the kids actually able to access a trade training service which they have never had before to achieve some sort of qualification? We will know that. Not only will we know how many students, but we will know the qualifications—

Senator NASH—When you say 'they have never had before', you mean in a school environment, because obviously they could have accessed these things somewhere else.

Ms Paul—If they left school and went to TAFE, they might have.

Senator NASH—Yes, but they could. So they do have that opportunity.

Ms Paul—The point I am making is that the fundamental measure is about participation and completion—in other words, achievement of the qualification. We will know those things. Those things are important. So not only will we know how many students went in; we will know how many students completed. That is really important, particularly in a vocational

education and training setting. Dr Bruniges is saying that in future, if we can, we will pursue post-destination studies too, which is what you are also interested in.

Senator NASH—I accept that, but given that there are other avenues—albeit that this may well be a very, very good one—for those students to have left school and gone to TAFE, as you said, or privately operated organisations. It would then seem that the important detail is how many go on to utilise it. I appreciate you are saying there is up to the end of year 12, but from then there is not really very much at all, apart from leveraging off ABS data. I am interested to know if you have given any thought to a requirement for students to report back after 12 months to give their circumstances or any thought to how you could do it.

Ms Paul—There will be studies which go to this. As Dr Bruniges was saying, there are post-destination studies now. NCVER is very good on these sorts of things. It is exactly the sort of thing I would expect NCVER to look at. So I think you will actually be offered some comfort by research in the future. Indeed, we know that for many of these kids just the achievement of a qualification is something which they just would not have done. They might have dropped out of school and not have been employed or they might have dropped out of school before year 12 and got a job. We know that all the research says that not achieving year 12 is very disadvantageous to someone's life chances in terms of income over life, periods of unemployment and so on. Our expectation is that, because this offers kids a choice which they have not had in a school setting, it will be a positive thing.

Senator NASH—Didn't they have this under the ATCs?

Ms Paul—Yes, but in a more limited way.

Senator NASH—So this is not the first time?

Ms Paul—But not globally across all high schools with all students being able to access it. When we give you on notice the range of qualifications and so on you will see how much broader it is.

Senator NASH—But it is not fair to say this has never happened before. I appreciate that it was on a lesser scale, but it has happened before.

Ms Paul—It is different in a number of ways, having implemented ATCs too. Some similarities would be that ATCs, on the whole, offered cert. III—though not always. But then there are many differences as well.

Senator NASH—So of the ones that are operational, how many students all up have you got into trade training centres?

Mr Robertson—As I mentioned earlier on, we will start a collection process which occurs in March. So we do not have that data at this point in time.

Senator NASH—So you will not actually have that until March anyway. I would appreciate that they would differ enormously, probably, but is there a ballpark average cost you can give me for these trade training centres? I suppose it is difficult when you have clusters and single centres. Maybe the easy way to do it, as you have taken on notice to give us the information for all of the centres, is to just put the costing against each of those in the question that you have taken on notice.

Mr Robertson—I do have the averages here, if you need them.

Senator NASH—Very impressive. Thank you.

Mr Robertson—Remember we are talking about projects, not down at individual school level. For example, the average allocation for round 3 per project is \$1.126 million. Sorry, that is average funding per school.

Senator NASH—Per school?

Mr Robertson—That is the average per school.

Senator NASH—When is the next round schedule? Sorry, you might have already mentioned this.

Mr Robertson—Generally the rounds operate annually. When the minister announced the results of round 3 in November last year, he indicated that there would be a round in 2011.

Senator NASH—How much has been budgeted for in that round?

Mr Robertson—I would need to get the PBS to tell you. It is slightly complicated because we retain some funding for non-government schools and Treasury holds the other amount. There is money in forward estimates for it, but there has been no cap set for what would be allocated under round 4.

Senator NASH—Thanks. Before I pass back to my colleagues, when were the trades training cadetships announced? Was it last year?

Mr Robertson—They were announced as part of the election process.

Senator NASH—Would you just give us an update on how that is going?

Mr Robertson—The main components of the election commitment were for ACARA to take the lead on that. In doing that, in our dialogue with states and territories, they expressed an interest in doing that collectively with ACARA and the Commonwealth. So there is now a series of implementation meetings and consultation meetings that will be established.

Senator NASH—When would you expect those cadetships to kick off?

Mr Robertson—The election commitment was for some elements of it to kick off in 2012, in terms of curriculum components, and then the work experience components were later.

Senator NASH—Will all of those cadetships have to be with a trade training centre or will you look at doing any of them through TAFE or through the RTOs or anything like that? Are they all tied to the training centres?

Mr Robertson—The election commitment would be that, in the first instance, it would be delivered through the school system, and preferably through trade training centres if they were in place, but it would not be restricted to those schools with a trade training centre. For example, there would be some schools already that have not been scheduled for their trade training centre that operate vocational education and training in schools. They would have benefited from capital funding before. Of course, they would then be able to operate the national trade cadetship.

Dr Bruniges—Many schools are RTOs in their own right—they would have RTO status, so they could already do that. I know, for example, that in the ACT each college is an RTO in its own right.

Senator NASH—What is the difference between the trade training cadetships and the school based apprenticeships? They seem to be reasonably similar in a lot of areas, so how do they actually differ?

Mr Robertson—The Australian school based apprenticeships operate where essentially a student is undertaking some vocational learning in a school setting, but by the nature of it being an apprenticeship they are also under a contract of training and have a placement with an employer. That model has been around for a good number of years.

Senator NASH—Yes.

Mr Robertson—The national trade cadetship model pre-apprenticeship component—I am not talking about the foundation component—allows a student to undertake some vocational learning in a school context under curriculum that is defined by ACARA and through its processes. Then they have the opportunity to undertake work experience but they are not under a contract of training as would be the case with an ASBA.

Ms Paul—You could see it, Senator, as kind of a progression. The trade cadetship fills in a gap which was seen to exist before the school-based apprenticeship.

Senator NASH—Not as far along as the others.

Ms Paul—Yes. So the foundation part, the cadetship, I would say is the first building block.

Senator NASH—And then the pre-vocational.

Ms Paul—And then the pre-apprenticeship and then moving into the school-based apprenticeship.

Senator NASH—With the foundations you were just talking about, what sort of skills do you think they will get from that program that they would not otherwise have got through normal school provision? What are the things over and above what a school would normally provide for them that they will gain out of that foundation program?

Mr Robertson—You are correct. Within the school system, of course, there is a range of work, preparation, learning and training that is undertaken. The national trade cadetship foundation really gives a strong label and a strong set of standards around that learning that will take place under the foundation.

Senator NASH—If I am right in interpreting that, it basically gives a name to what happens anyway but collects it in a more formal way.

Mr Robertson—I would say more than name. It is a name and a certain standard of learning and training.

Ms Paul—The way I would put it would be that it is a wrap-up of learning which will have a work-readiness focus and will particularly prepare a young person for a potential vocational education training qualification and career if they choose to go to that path. The whole thrust of this is similar to everything we have been talking about, whether it is trade training centres or school-based apprenticeships and so on, and that is giving students a higher status on pursuing a vocational education training pathway and more choice to do so. So you would roll up stuff for these kids that you might not combine otherwise.

Senator NASH—Rather than for the student to say, ‘I have come through school,’ and the skills be expected, is it more useful for the student to be able to say, ‘I have a foundation cadetship’?

Ms Paul—Absolutely.

Senator NASH—So that is really the only difference.

Ms Paul—No, it is not.

Senator NASH—It is structured differently or requirements are different?

Ms Paul—No, ACARA will have to develop curriculum for the foundation component.

Senator NASH—Curriculum over and above that what would have been given in the school anyway.

Ms Paul—Yes, I think so.

Mr Robertson—Yes.

Dr Bruniges—There will be components of it that we would. And as Mr Robertson said, that first meeting where we are going to discuss that across states and territories, Senator, will be on 31 March.

Senator NASH—Finally, in terms of the curriculum for the cadetships, is the industry skills council involved in that at all? Do they play any part in that at all?

Dr Bruniges—I think we are going to have to do significant consultation with industry groups. I think they are incredibly important and I think we should be reflective to past days of some of the issues that would have occurred in schools in the past. The importance of having industry and stakeholder engagement early so that the courses and modules are relevant to the expectations of industries is going to be critical as we go through this process.

Ms Paul—Is that something that the skills council would do as part of their normal mandate, if you like, or is that something they will require funding to do to give advice to the government?

Dr Bruniges—We have not yet engaged that. As I said, we are just at the beginning of this year. We need to think through the best governance mechanism to do that, indeed with my colleagues in ACARA as well. It could well be that they may tell us they have done something that may be useful that we can transfer into the (indistinct) or it might be something that we would need to commission to have done on a particular interest depending on the modules in the curriculum.

Senator NASH—When do you think the curriculum is likely to be finalised?

Mr Robertson—The point on that is that it is a rolling schedule, so the first priority will be the curriculum around the foundation component ready to be rolled out during 2012 and then it has got a rollout schedule from that point on.

Senator NASH—Sorry, just say that again. It is going to be ready to go from 2012?

Mr Robertson—For the foundation component.

Senator NASH—For the foundation component. And what about the pre-education?

Ms Paul—Pre-apprentice.

Mr Robertson—The pre-apprenticeship? At this point in time, subject to the consultation, we have not got a specific rollout date for that, but it will be scheduled in a way that can be developed and rolled out in a way that schools can take it up.

Senator NASH—Would you mind coming back, when you know, with a bit more time line and concrete detail about how that will all operate?

Dr Bruniges—Sure.

Mr Robertson—Yes.

Senator NASH—I am trying to marry up the expected time lines of when these cadetships are supposed to start, and obviously you will need a curriculum to go with that.

Ms Paul—Yes.

Senator NASH—So if you could tighten all of that up and give us some more specific time lines on start dated and expectations of curriculum finalisation, that would be useful.

Mr Robertson—Yes.

Ms Paul—It basically goes the foundation skills, which is the baseline, first in 2012. That is largely ACARA largely. Pre-apprenticeship is next. We will supply a time that involves a time line. That involves the IFCs in particular.

Senator NASH—That would be good. Thank you very much. Thanks, Chair.

CHAIR—Thank you. Senator Back.

Senator BACK—I can finish off the trade training centres. Round 3 was announced in November by Minister Garrett.

Mr Robertson—That is correct, Senator.

Senator BACK—How much was that funding?

Mr Robertson—That was for a total funding amount of \$219.6 million.

Senator BACK—How much of that has currently been committed?

Mr Robertson—I would have to take that on notice but of course there would not be much, because the formal commitment comes when we sign the funding agreement. So essentially this in an announcement in principle and then we start establishing the agreement with the successful proponents.

Senator BACK—Have the applications for round 3 closed?

Mr Robertson—Yes. The time frame was round 3 was open during the year. It closed roughly in June/July. It was assessed and announced in November. So at that point the proponents or the schools know that they have been successful and they have been approved for an amount of funding, and then we engage with them in establishing a funding agreement, from which they then construct their TTC.

Senator BACK—Have you announced or when can you announce who has been successful in those applications?

Mr Robertson—When the minister made the announcement the list of schools was part of that announcement.

Senator BACK—Will there be a round 4?

Mr Robertson—As I was saying earlier on, Senator, when the minister made the announcement around round 3 he also indicated that there would be a round 4 in 2011 and the details would be provided early in 2011.

Senator BACK—Have they been?

Mr Robertson—They have not at this point in time.

Senator BACK—But it is still proposed they will be?

Mr Robertson—It is still proposed.

Senator BACK—Will it be equivalent funding? Has that decision been taken?

Mr Robertson—No it has not, but we do know there is at least that equivalent amount of funding in forward estimates, Senator.

Senator BACK—Of those who applied in round 3, was the number who were unsuccessful revealed?

Mr Robertson—There were. I would have to take that on notice. It was probably no more than about 10 that were unsuccessful.

Senator BACK—So at this point, anybody hoping to participate in the next round would be in a waiting mode until such time as a decision is taken and the round is advertised.

Mr Robertson—That is correct.

Senator BACK—That is all I needed to know.

Mr Robertson—Noting, of course, Senator, that the government has committed to a 10-year program.

Senator BACK—Thank you. Thank you, Chairman.

CHAIR—Senator Mason.

Senator MASON—Thank you, Chair. I would like to go to program 2.5.

Ms Paul—Do you want to do the contracts?

Senator MASON—Ms Paul, can we just actually go back to before the contracts. You might recall that I asked about staffing this morning. I asked about whether there were any staff on leave with pay in the last 12 months, and whether this leave had been the request of the department where an employee may have been charged with a criminal offence. And you said you did not think there was.

Ms Paul—No, I said I did not know. I was not aware.

Senator MASON—Could you check?

Ms Paul—I think we have taken that on notice.

Senator MASON—You have checked. No-one here in Canberra or in South Australia?

Ms Paul—I think we have already taken it on notice and I will pay particular attention to that. It is not unheard of, as I say, but I just do not know. It may well be the case.

Mr Storen—The first contract you asked about was contract number CN35—it might not be that one.

Senator MASON—Is this the office and desk one?

Mr Storen—The office and desk one with Frenchman's Group.

Senator MASON—Yes.

Mr Storen—That contract is for the supply of pot plants to our Brisbane state office. The contract is for the 2010-11 financial year.

Senator MASON—How many desks does that involve?

Mr Storen—It is about four and a half floors of people. It is around 180 staff.

Senator MASON—How many desks, though, do you get—

Ms Paul—You do not get a plant on the desk.

Mr Storen—That is not desks, sorry.

Ms Paul—It is just the normal sort of plants.

Mr Storen—It is the pot plant provision for office space, foyer space and so forth.

Senator MASON—So it is all sorts of things?

Ms Paul—It is just pot plants in the normal way you get in any public building.

Senator MASON—I think our pot plants have been taken away, Minister, have they not? In my office they have been.

Mr Collins—They have.

Senator MASON—I might have to get you on the job, Mr Storen, to fix it up around here. There are none in my room any more; they have all gone away. So this is for pot plants?

Mr Storen—That is correct.

Senator MASON—How many do you get for that?

Mr Storen—About four and a half city office floors' worth of pot plants. I might have to go away and come back with a number.

Senator MASON—Is it a jungle or savannah, Mr Storen?

Ms Paul—I suspect it is more like a savannah, but I note also that we had to evacuate our Brisbane office, which is the one in question, for two weeks following the floods. So I am not actually quite sure what the current status would be anyway.

Senator MASON—They are well watered now, Ms Paul, perhaps, I do not know.

Ms Paul—Certainly in the garage apparently. And yes, our staff were affected for a fortnight.

Senator MASON—Can you just tell us how many plants you get for that? I am jealous of the department in Brisbane because we have lost out pot plants here in Parliament House.

Senator JACINTA COLLINS—I think they have got some bigger problems.

Ms Paul—Other than having to ask people to go and physically count, I think the answer is it is four floors' worth of plants.

Senator MASON—It does not quite answer the question, but I am in good mood this afternoon so I will not press that. Could we go onto CN361203 and CN361202? That is events, decorations and theme services.

Ms Monkley—That is a contract that was for the 2010 Australian Training Awards presentation dinner.

Ms Paul—It is for the Apprentice of the Year and so on.

Senator MASON—Is that for both contracts or just one?

Ms Monkley—The dinner was for both contracts. They were separate services.

Senator MASON—For the one dinner?

Ms Monkley—For the one dinner. So the first contract that you are referring to, 361203, was for the event decorations and theme services provided by Dream Weaver Florist and Special Events, and that went to the staging of the event, the stage management and the direction of the awards themselves.

Senator MASON—So what is that, about \$145,000, roughly?

Ms Paul—It is a dinner of 1,000 guests usually. I have been going to them since becoming Secretary in 2004, and perhaps even before that. They happen once a year. It is the premiere event at which the Australian Apprentice of the Year is announced and awarded. All the Commonwealth and state ministers for vocational education and training attend. It is a big event in that there are many categories of awards for employers and for apprentices. The Indigenous Apprentice of the Year is awarded at this event and so on. We manage it internally so we make a saving in that regard. I have a team that does that. They do it very well and have done for many years. It always has had the same nature: to appropriately celebrate the achievements of apprentices.

Senator MASON—What is the theme? Is there some sort of theme for it?

Ms Paul—I suspect the theme refers to things like the way the place looks and so on. There was not a theme other than celebrating the achievements of apprentices.

Senator MASON—Do you take out tenders for this, Ms Paul?

Ms Paul—I do not know that I can answer that.

Ms Monkley—I can answer that. The selection method for that one sought three written quotes from the suppliers because of the expected value of the contract.

Senator MASON—Have the people who got the contract done this sort of work before?

Ms Monkley—I would presume they have, but we would—

Senator MASON—Have they done it for the department before?

Ms Monkley—I do not have that information with me at the moment.

Senator MASON—Not that I spend all my time pouring over—

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

Ms Paul—Not necessarily, because the event is in a different state each year and so we would have gone for three local quotes. I do not know whether the contract actually came in at that contract value.

Senator MASON—So where was the last one held?

Ms Monkley—I do not have that information, the last one.

Senator MASON—Ms Paul, you were there.

Ms Paul—I know.

Ms Monkley—This one that you are referring to was held at the Sydney Olympic Park Sports Centre.

Ms Paul—That is right, it was at Homebush. It was in one of the big halls down by the aquatic area.

Senator MASON—No one ever invites me to gala events, Ms Paul; I always miss out. It is the story of my life. Is there a total cost for the dinner?

Ms Paul—That is it.

Senator MASON—That is 145-odd thousand or thereabouts, and about 1,000 people or thereabouts attending?

Ms Paul—There are always 1,000 people.

Senator MASON—Or somewhere around 1,000?

Ms Paul—Yes.

Senator MASON—Mr Storen, the next one is the development and delivery of professional training for SES.

Mr Storen—Yes, Mr Wyers can talk to those, Senator.

Mr Wyers—That essentially is our flagship leadership program for our SES, so it is a 12-month program that all our SES participate in as part of our overall investment in their leadership and development.

Senator MASON—How many people is that?

Mr Wyers—We have 181 SES positions in the department at 31 December.

Senator MASON—But how many would have gone to this training?

Ms Paul—They have all had access to this.

Senator MASON—What sort of training does it involve?

Mr Wyers—There is a range of things. We have some leadership groups facilitated by Yellow Edge where they get to go and look at key leadership challenges. We have had an external speaker come in. Ian Chubb from the ANU came—

Senator MASON—Mr Chubb. I like Professor Chubb.

Mr Wyers—He came in and spoke about leading through change. There is a range of ways that people get engaged. Some people participate in these learning groups; others are more

interested in the external speakers. They use them to identify other learning needs. One of the other contracts you were interested in, CRN355146, was for the Maura Fay Group.

Senator MASON—Yes, the last contract.

Mr Wyers—Yes. That is one of them. So Yellow Edge let us know that some of the SES were interested in developing some of their coaching skills.

Senator MASON—It is an acting and casting agency. That is what I have got. Is it?

Mr Wyers—No. Sorry, Maura Fay should be listed as an education and training service. So that contract was to work with some groups of our SES to improve their coaching skills and leading of people—the sort of thing that comes out of these programs around development.

Senator MASON—Okay. As to the supplier of that contract 146, you say it is an education and training service, but is the Maura Fay Group an acting and casting agency?

Mr Wyers—The Australian Public Service Commission have a range of panels that you can access providers from, and they certainly came from the learning and development panel. So whether they have a number of arms, I am not sure, but certainly they—

Senator MASON—That does not quite answer my question, does it?

Ms Paul—We would not know.

Mr Wyers—I would not—

Ms Paul—We have not sourced them in that way; we have sourced them for training from the APSC.

Senator MASON—They are not actually inconsistent. The argument might be that politicians should go to acting and casting agencies, Ms Paul, who knows?

Mr Collins—Not you, Brett!

Senator MASON—Perhaps I have been! All right, but this 146 and the 489 have both been used for SES training.

Mr Wyers—SES development.

Senator MASON—SES development. It is a very big department, isn't it, with 181 SES officers?

Ms Paul—Yes. You will recall it was two former departments and part of a third. We are now at about 5½ thousand people.

Senator MASON—As you know, Ms Paul, my view is always that senior public servants are underpaid and overworked, so I actually think that training is a very good thing, and I do not think senior public servants are overpaid.

Mr Collins—Senator Mason, I can help you with the Maura Fay Group. They offer corporate training workshops, film, television, TV and theatre casting—

Senator MASON—Oh, they do. So I was not—

Mr Collins—speakers, presenters and creative events. There are three different arms to their business.

Senator MASON—Yes. They are not necessarily entirely inconsistent either. I can sort of see—

Mr Collins—They portray it as a jigsaw.

Ms Paul—Clearly we have picked up on the corporate training arm through the APSC.

Senator MASON—Can I ask, Mr Storen, about contract 895, relating to 120 training and 36 employment opportunities for Indigenous—

Mr Storen—The next three contracts on your list, Senator, all relate to Indigenous employment, and Mr Griew is ready to talk to you about that.

Senator MASON—Okay, thank you.

Mr Griew—The number you just quoted, Senator, I am sorry, is not the CN number I have here.

Senator MASON—CN 359895.

Mr Griew—I have got that one.

Senator MASON—You have got that one? I think the other two Mr Storen is referring to, the last three digits—

Mr Griew—332?

Senator MASON—Are 332 and—

Mr Griew—635.

Senator MASON—635, correct.

Mr Griew—Do you want me to run through those three quickly?

Senator MASON—Yes. Can you go through those. Let us start with 895, if that is all right.

Mr Griew—Booroongen Djugun Aged Care Service is an Indigenous aged-care service in the Macleay Valley, serving West Kempsey and surrounds. This organisation has been contracted to provide Indigenous people—

Senator MASON—Could you just hold on a second. Could we just go back; I am sorry to do this.

Mr Griew—Righto.

Senator MASON—This is 895?

Mr Griew—This is 895.

Senator MASON—What I have got is 120 training and 36 employment opportunities for Indigenous Australians. Is that right?

Mr Griew—That is correct.

Senator MASON—That is correct; all right.

Mr Griew—In the aged-care industry.

Senator MASON—In aged-care. Okay.

Mr Griew—They are provided through an Indigenous aged-care provider as the base. It is an aged-care provider based in West Kempsey and serving the Macleay Valley area.

Senator MASON—Where were these specific employment opportunities provided. Were they in West Kempsey?

Mr Griew—They are training places, so presumably in the aged-care industry throughout New South Wales.

Senator MASON—They are training and employment, aren't they? It says there are 120 training—

Mr Griew—And 36 places for employment.

Senator MASON—And 36 places, so—

Mr Griew—Those would be targets for the number of graduates that the project would be seeking to find employment for in the aged-care industry—not necessarily, I would think, all at the Booroongen Djugun Aged Care facility, but possibly.

Senator MASON—When they say 36, is that an aspirational target?

Mr Griew—No, it is a performance target of the contract. In this case it has been selected through an open tender process, so the services come back. We have obviously identified aged care as a good potential source of employment for Indigenous people in rural New South Wales. We have gone out to tender. This organisation has won that tender. We will have negotiated with them on the basis of their tender, target performance indicators for the number of people they train and the number who would go on to find employment.

Senator MASON—Alright. So it is a target. If we take 120 training and 36 employment opportunities, for those that will receive training but no job that is not a target. What prospects will they have of finding work, Mr Griew? Has that been assessed?

Mr Griew—I am sure it has been assessed. The comment I would make about that is that the aged-care industry, the health industry and the community service industries are high-demand employers in which it has been our view that we needed to promote Indigenous career opportunities.

Senator MASON—In that area?

Mr Griew—Across Australia.

Senator MASON—Okay. Because there is demand for them.

Mr Griew—There is demand. absolutely, and it is a good industry with good, secure prospects, which is resilient through good times and bad.

Senator MASON—What is the duration of training, Mr Griew?

Mr Griew—I may have to take that on notice. It does not say here. I presume it would be oriented towards a standard qualification, but I do not have that information.

Senator MASON—Okay. You can check that. What is the nature of the training provided, can you take that on notice as well?

Mr Griew—I can.

Senator MASON—Thank you very much. How much is the cost per training place?

Mr Griew—The total contract value is \$359,152.

Senator MASON—Yes.

Mr Griew—And the target number of training places and employment outcomes has been specified, so I presume you could calculate that by dividing one by the other, but I can get a more full answer—

Senator MASON—I have calculators in stereo here, Mr Griew. I cannot use either of them.

Mr Collins—I do not think that will help.

Senator MASON—I cannot use either of them, but I have them, Mr Griew.

Mr Griew—If one were to divide it, the approximate unit value is obviously about \$3,000, but if we are taking on notice the nature of the training, why don't I also find out the nature of the cost structure of the training for you.

Senator MASON—I will be overjoyed to hear that information. Mr Griew, let us go to the last two, which I think finishes all of them, Mr Storen, does it not?

Mr Storen—That is correct, Senator.

Mr Griew—So the—

Senator MASON—They are 635 and 332.

Mr Griew—Okay. 635 is with the Darwin Regional Indigenous Advancement and CDEP Incorporated. It is a horticultural project. This service provider has been contracted to source 50 jobseekers in the Darwin area and provide them with on-the-job training and accredited units from certificates II and III in horticulture, as well as work preparation training.

Senator MASON—Okay. That is 635.

Mr Griew—The total contract value is \$405,000.

Senator MASON—And 332, what is that about?

Mr Griew—332—

Senator MASON—The other one is in the Northern Territory; 332 is in Sydney, isn't it?

Mr Griew—It is in Wagga Wagga.

Senator MASON—Sorry.

Mr Griew—It is a business enterprise centre which has been contracted to undertake a feasibility study outlining business opportunities, funding sources and employment outcomes, for a particular group, the Waggan Waggan group. That is a \$23,875 project.

Senator MASON—I have got \$407,000. Is that right?

Mr Griew—I do not have that amount for the one that ends 332. I have \$405,000 for the one that ends 635, which was the Darwin project.

Senator MASON—What I have got in front of me is CN 360332, and it is for \$407,200.

Mr Griew—It may be, Senator, that in the rush of getting this done, that I have got information on a different project to the one you are asking about, if there has been some confusion of numbers. I can only, I am afraid, take that on notice to confirm. The project I have in front of me I am sure is accurately described.

Senator MASON—I can show you, if you like.

Mr Griew—Yes. Does it have the name of the organisation?

Senator MASON—Oh no. Have a look at that, Mr Griew.

Mr Griew—My interpretation of this is that we have two different projects here, and I apologise.

Ms Paul—Do you know what we have done with that? I think we have got one number wrong. I think we are answering you on 322, not 332. Why don't we come back on notice on the one that is \$407,000, but basically it will be similar. The one you are after, 332, is in Merimbula.

Senator MASON—Okay. Mr Griew, can you look at both of those on notice and what types of training and employment opportunities each of the contracts are for, that ancillary question. Also, Ms Paul, the question would be, why is it costing so much more to train the employees, the workers, in—I think it is Sydney?

Ms Paul—Yes, that is true. It looks like it, doesn't it?

Senator MASON—It is a rather large difference. Could you also explain the differences why the training is costing so much more?

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

Mr Griew—On notice, that is fine.

Senator MASON—Thank you, Mr Storen, Ms Paul. That is all on cost portfolio, Mr Chairman.

CHAIR—We will excuse you this time, but only this time, for not presenting the documents to the secretariat for proper tracking and recording purposes!

Senator MASON—I did not mean to mislead you, Mr Chairman.

[2.29pm]

CHAIR—This is sort of behaviour which I have to stamp out!

Senator MASON—Ms Paul, now 2.5, digital education revolution. This should not take time. I need some more information gathering. Dr Arthur, you are back. Who is the lady on the—

Ms Bloor—Rhyan Bloor.

Senator MASON—That is right, yes, welcome back. Could we go to round 2 of the rollout? Of the 141,177 computers approved under round 2, how many now have been delivered and installed?

Ms Bloor—127,091, Senator.

Senator MASON—Of the 34,721 computers approved under round 2.1, how many have now been delivered and installed?

Ms Bloor—That would be 28,842.

Senator MASON—Outside of the three rounds, how many computers have now been delivered and installed?

Ms Bloor—Under the DR national partnership and funding agreement, 140,821 have been installed.

Senator MASON—So what is the total of computers delivered and installed so far?

Ms Bloor—Senator, that is 413,808.

Senator MASON—Just checking the dates, I think, Ms Paul, it is correct to say that you and Dr Arthur said that by 31 December 2011 all the computers should be delivered and installed. That still remains the objective?

Ms Paul—Correct.

Senator MASON—By way of background—and I expect you will have to take this on notice, so bear with me—can you provide me, on notice if necessary, with an up-to-date list of how many computers have been approved and how many delivered and installed, broken down by federal electorate?

Ms Paul—We certainly could not do it now. I am not sure whether—I imagine we can do it on notice.

Ms Bloor—Yes.

Senator MASON—If it is a totally ridiculous request, Ms Paul, let the committee know, and I will understand that.

Ms Paul—We have taken it on notice.

Dr Arthur—We can take it on notice, and since they are going to a particular school, and we can track the school to an electorate, we are able to do that calculation.

Senator MASON—Thank you. Similarly can you provide me with a list of how many computers have been approved, and how many delivered and installed, broken down by state, and then by government, Catholic and independent sectors, within each state and territory.

Ms Bloor—Certainly we can do that.

Senator MASON—Alright. On notice, that is fine. That is all I need to ask on that, Mr Chairman.

CHAIR—I think we are ready to move on to then—

Senator MASON—I am still on 2.5, internet connections. Sorry, that was just the rollout. On internet connections, the NBN is now on foot, I understand. How many secondary schools with years 9 to 12, have so far been connected to the fast, up to 100 megabits per second fibre as part of the NBN rollout?

Mr Collins—Sorry, Senator Mason, are you asking us to eliminate secondary schools that are not 9 to 12, like senior secondary schools?

Senator MASON—I think the original proposal, to be fair to the government, was students in 9 to 12. That was the government's original proposal.

Mr Collins—Yes. But you want us to include in that response schools that simply provide 10 to 12?

Senator MASON—Yes. And I do not think that is a particularly limiting factor. I think we have always agreed on how many schools there are. I do not think that has been an issue in contention, really.

Ms Bloor—There are five early release sites of the NBN and they certainly have schools in those sites. I am not aware of which ones have years 9 to 12. There are then 17 additional secondary sites for the NBN, and we estimate that there are about 120 schools in those sites. Again, I would have to take on notice which ones of those are senior secondary school.

Dr Arthur—And I might add that a complicating factor, for example, in New South Wales, is that if it is a New South Wales government secondary school it may well have an existing fibre connection provided by the New South Wales government, and there will be benefits for those schools from the competition effects of the overall NBN exercise, but we will need to take on notice to get a breakdown which eliminates those kinds of issues.

Senator MASON—I understand that, but I am not concerned—even the schools who have connections because of, you know, state governments or indeed Catholic or independent schools, most of them, Dr Arthur, as we have discussed ad nauseam, do not have up to 100 megabytes. They have about 10 megabytes a second.

Dr Arthur—Over 60 per cent of Australian schools are currently connected to optical fibre, Senator.

Senator MASON—That is right.

Ms Paul—We have taken on notice the NBN sites.

Senator MASON—So I just want to find out how far the NBN has come.

Ms Paul—Yes.

Senator MASON—I know that some have been connected, I acknowledge that, but I want to know how far.

Ms Paul—Yes and we can do that. We do not know here which ones are secondary and which ones are not. That is what we will have to go away and work out.

Senator MASON—I understand that the rollout of the NBN is not administered by DEEWR, but by the department of broadband. Does the department have any idea about the timetable for the future rollout?

Dr Arthur—We do not have information other than that which is on the public records. We have conversations regularly with the Department of Communications, Broadband and the Digital Economy on this issue, and indeed, we have conversations with the National Broadband Network Company, but those discussions do not go to the detail of their rollout plans. That is not a matter which they properly would need to discuss in detail with us.

Senator MASON—So they do not take in to account the concerns of the Commonwealth Department of Education and what might be educational priorities in the rolling out of the NBN?

Dr Arthur—Not at all, Senator. We have regular and proper communications with the department, at a variety of levels, about exactly that issue in order to ensure precisely that the department is well aware of the educational issues associated with that. Indeed, we have coordinated, through the Australian Information and Communications Technology in Education Committee, input from the Australian education sector generally on that issue and that committee, AICTEC, has made formal submissions to a number of the processes which DBCDE has put in place to guide the implementation of the National Broadband Network.

As I have said, we also have conversations directly with NBN Co. Those are largely information-sharing activities, since it is properly the department of broadband which provides instruction to NBN Co. on its activities, but we do have, as I have said, discussions with them to ensure that there is appropriate flow of information between them and ourselves. The point I made was that the formal process of making decisions and announcing decisions about the rollout of the NBN is something which affects a wide range of stakeholders, including commercial stakeholders, and therefore is appropriately managed and the publicity around that and the information on that is appropriately controlled by the relevant department.

Senator MASON—Thank you. You have all these consultations with the department of broadband—I appreciate that; the committee is delighted to hear that—but you do not know which school is going to be connected next; is that right?

Dr Arthur—Senator—

Senator MASON—Do you or don't you, Dr Arthur?

Ms Paul—I think we have said.

Senator MASON—It is a fair question. You have all this consultation but do we know which school is going to be connected next? It is a fair question, Ms Paul.

Ms Bloor—As part of the engagement that we have both with the education sector and NBN and DBCDE, as soon as we are aware we alert education authorities of where the next release sites are and we do provide a conduit for that information.

Senator MASON—Can you tell me which schools are next about to receive NBN, Ms Bloor?

Dr Arthur—We will take that on notice.

Senator MASON—Hold on; this is a process question. I accept you have discussions with the department of broadband. I absolutely accept that; I am not disputing that one little bit. What worries me is the response.

Dr Arthur—Senator—

Senator MASON—Hold on, Dr Arthur.

Dr Arthur—I will answer your question, Senator, if I can, which is that at an appropriate moment either the department or Senator Conroy will announce the geographic locations

which will be the subject of the next phases of the NBN rollout. It would not be appropriate for this department to be engaging in any activities in advance of that.

Senator MASON—When that NBN rollout is announced, it going to disadvantaged schools first—the clusters of disadvantaged schools that have been chosen for the NBN rollout?

CHAIR—I am not sure Mr Arthur can answer that—

Senator MASON—No, I do not think he can.

CHAIR—because he said he finds out when there is a public announcement made, so that is really a question that needs to be directed elsewhere.

Dr Arthur—Indeed. It would be appropriate to ask the department of broadband and communications their decision-making processes in terms of the rollout of the NBN.

Senator MASON—That is fine. We now know there is consultation but we do not know much about what is going to happen next. We have learned that already. With regard to the NBN time frame, the department took a question of mine on notice, EW0651_11, about the time line of the rollout. You gave me a response taking account of the first half of this year, you might notice. Do you have any additional subsequent information about the further rollout in terms of what is planned beyond the first half of this year? What areas will be covered and how many schools might receive connection as part of the process?

Ms Bloor—No, we do not have any additional information apart from the second release sites.

Senator MASON—Good, thank you. We will all wait for Senator Conroy. My next set of questions, Chair, relate to the digital education revolution but in a particular instance. Is that all right?

CHAIR—If we are just somewhat changing subjects, if you do not mind—

Senator MASON—It is the same computer rollout.

CHAIR—That is right, but if we are taking a breath we might go to Senator Williams, if you do not mind, for about five minutes.

Senator MASON—Sure, yes.

Senator WILLIAMS—Thank you. I want to refer you to a program known as the Dorothea Mackellar awards. Are you familiar with it?

Dr Arthur—That falls within my group, and also the relevant branch manager is available so we are happy to assist you if we can.

Senator WILLIAMS—Minister Garrett has withdrawn the \$50,000 a year funding for this program, based at Gunnedah in north-west New South Wales. It has been running since 1984 and is run by volunteers with a part-time project officer. It is known as Australia's oldest and most prestigious national poetry competition for schools. Is there any reason that this \$50,000 was withdrawn?

Dr Arthur—I will just make one correction: I do not think that decision was taken when Minister Garrett was minister.

Ms Hanlon—That is correct. The decision not to fund the Dorothea Mackellar poetry competition was made by the Deputy Prime Minister, Julia Gillard.

Senator WILLIAMS—Do you know why?

Ms Hanlon—The competition was part of Literacy and Numeracy Week, which is an event that has been run for many years. A variety of competitions and a variety of events have been happening through that Literacy and Numeracy Week. The format of that week has changed quite considerably over the last couple of years and decisions were made about which things would be funded or not on an annual basis. The Dorothea Mackellar competition had reduced in its scope. It was not considered to be a particularly national competition, particularly in the latter years.

Senator WILLIAMS—What do you mean it was not particularly national?

Ms Hanlon—It was drawing most of its subscribers from New South Wales.

Senator WILLIAMS—Let me give you some figures on that. Looking at entrants per 100,000 people, there were 65 entrants per 100,000 people from New South Wales, 59 per 100,000 people from Tasmania, 58 per 100,000 people from the ACT, 27 from Western Australia, 18 from Victoria, 17 from the Northern Territory, 16 from South Australia and 15 from Queensland. New South Wales is the highest, Tasmania the second highest, the ACT the third. Mr Garrett said in a letter to Tony Windsor, the member for New England: ‘As you would understand, it is important that school activities funded by the Commonwealth are truly national, particularly in the constrained fiscal environment we face. I have been advised that participation in the awards in 2009 were heavily concentrated in New South Wales and Victoria despite efforts by the organisers to promote the awards nationally.’ Victoria runs fifth per 100,000 students entering it. We have Tasmania with 59 out of 100,000. For every 100,000, New South Wales has 65 and the ACT has 58. Those statistics surely show that it was taken up right around Australia.

Dr Arthur—I think we can provide the background for the decision. We are not really in a position to canvass views on the merits of that particular decision. We can really provide background.

Ms Hanlon—Can I just clarify: the competition actually was not run in 2010, so I assume that you are quoting figures from the previous year.

Senator WILLIAMS—Yes, 2009. Sorry. My apologies.

Ms Hanlon—I do not have those figures with me at the moment. There are two other competitions that have been run during Literacy and Numeracy Week, and both of those other competitions in comparison had a broader national scope. The fact that this particular competition was not funded last year was an overall decision in terms of the variety of events and competitions that were run during that week.

Ms Paul—This is all part of refreshing National Literacy and Numeracy Week. I understand the point you are making, but it might just be worth it, to put a bit of context around it, if Ms Hanlon described just briefly the competitions that are now in Literacy and Numeracy Week—the ones which we considered to be broader. We will not take long.

Ms Hanlon—There are a number of other competitions. A math competition and a reading competition have been run. They have also been highly successful competitions. In terms of the changing arrangements for Literacy and Numeracy Week, there is a view that we will be arranging the events of this year and the following years around the national curriculum, so there will be a reconsideration of the events and the competitions that will be run. Prior to this there has been a history of these competitions and events. There has been a consideration in the last 12 months, begun by the former Deputy Prime Minister, to reconsider the nature of these competitions.

Senator WILLIAMS—I make this point. The Dorothea Mackellar Poetry Awards have been running since 1984.

Ms Hanlon—Yes.

Senator WILLIAMS—I believe they have been growing every year—that is the information I have got. The statistics I have got show there is participation through every state throughout Australia. As I said, Victoria is running at No. 5 when it comes to per hundred thousand participation, and I just have a concern that, as to this so-called education revolution from the then minister and now Prime Minister, Ms Gillard, the \$50,000 is putting an anchor on this whole operation. I mean, Dorothea Mackellar is an icon of Australia, and how right she was with ‘droughts and flooding rains’ which we have experienced in the last six months from one end to the other.

Ms Hanlon—Yes.

Senator WILLIAMS—And I just find it amazing that the argument the minister, Minister Garrett, puts up is that it is not truly a national competition. As to the figures I have given you, I would be glad to table them, Mr Chairman, if you would like.

CHAIR—I do not mind, and I am happy for you to make the point about being disappointed about the decision the minister has made, but you have actually got the answer to that. I am not sure the officers can be asked to take that any further.

Ms Hanlon—Can I also add, Senator, that the minister is in the process of considering the events and the competitions for Literacy and Numeracy Week for this year, and, as I said, each year there is a new consideration. So I would not cross out the opportunity for this competition to run again, but I think there would be negotiation around its focus and how it was actually supporting the national curriculum.

Senator Jacinta Collins—Sorry, Senator Williams—as to the figures that you are tabling—which I have no objection to—can we just clarify the source?

Senator WILLIAMS—One of my staff researched. I cannot give you that answer straightaway, but they are the statistics I have had on a table printed out on it. I do not know where he got those figures from, but he just presented them to me and said, ‘Here are the figures of the participation rate over 2009.’

CHAIR—Well, you have read them out. They are on hand.

Senator WILLIAMS—Yes.

CHAIR—So it may be that we ought not table them.

Ms Paul—And we have noted the concerns, obviously.

Senator WILLIAMS—Thanks, Chair.

CHAIR—Thank you, Senator Williams.

Senator MASON—Ms Paul and officers, is the department aware of the case of the Circular Head Christian School in Tasmania's north-west?

Senator Jacinta Collins—I am not.

Ms Paul—I am not, Senator.

Senator Jacinta Collins—Sorry, the case, you say?

Senator MASON—Yes. It is a peculiar case, Minister, a peculiar case. You know, I come across these peculiar cases.

Senator Jacinta Collins—I am not surprised. You tracked every peculiar case.

Senator MASON—No, I did not, and I did not mean it like that, Senator, but there is—

CHAIR—It is not a case of opposites attracting in this case.

Senator MASON—I did not mean it quite like that, no. Let me just outline the facts—well, the facts as the media reported them, put it that way. There is the curious case of the Circular Head Christian School in Tasmania's north-west, which was hooked up in July 2010, and, on 25 November 2010, the principal of the school, a Mr Patrick Bakes, complained that the connection of 100 megabits per second had only lasted one day—that is, the day of the official launch—and ever since then it has been around 30 megabits per second. Mr Bakes said that the internet service provider said he has been trying to fix it for months and says that it was sounding like it was an infrastructure problem. Then, four days after all this bad publicity, on 29 November 2010, Mr Bakes, seemingly magically, released a statement that the connection had been fixed and was running reliably at full speed. He also said that he was a great supporter of the NBN and urged governments to speed up the technology rollout to schools across Australia. Is anyone aware of that case yet?

Dr Arthur—No, Senator.

Senator MASON—No, still not.

Ms Paul—I am not aware of that media—

Senator MASON—I come up with all these things, Chair, and no one responds, no one knows.

CHAIR—I think you are in the wrong portfolio.

Senator MASON—I think I might be.

Senator Jacinta Collins—Sorry, Senator Mason, but it might help us if you tell us which media report you are referring to.

Senator MASON—ABC.

Senator Jacinta Collins—ABC News, Hobart?

Senator MASON—ABC—I assume it is from Tasmania and it is the ABC News and then the next—

Ms Paul—What date was it, Senator?

Senator MASON—Thursday, 25 November—

Ms Paul—Okay. We will take it on notice.

Senator MASON—at 4.38 pm, Ms Paul.

Ms Paul—Okay. That is very precise; much appreciated. We will have to take it on notice.

Senator MASON—Yes. What I want you to take on notice are these questions. He was a fairly severe critic of the operation and then four days later he was a great advocate, and it struck me as sort of rapid Maoist self-correction, Ms Paul. I thought, ‘This is interesting.’ So could you find out if the department—Commonwealth; perhaps you cannot find out with the state department—contacted the principal, Mr Bakes, and informed him; whether he was contacted by the Commonwealth department or the state department.

Ms Paul—We will take it on notice.

CHAIR—Just so that I am clear: is this an allegation that is being made or is simply an assumption you want to be explored?

Senator MASON—One to be explored, to find out if the principal was contacted by any state of federal departments.

Ms Paul—None of us is familiar with that as far as we can tell.

Senator MASON—You are not aware of it?

Ms Paul—We will take it on notice. We certainly will try our best on behalf of any contacts from our own department, although it does not look likely, does it, on the face of it. I do not know that we can do it for other Commonwealth departments, and it might be a bit hard to do it from the state one, but we will see how far we can go with it.

Senator MASON—So you were not aware of this problem that persisted for over four months? You have no idea?

Ms Paul—No, I have not heard this and I have not seen that media report either.

Dr Arthur—Senator, we have no role in that question.

Senator MASON—No, but you would be interested, wouldn’t you, Dr Arthur, that things were not working too well? I would pass a cursory glance myself.

Dr Arthur—We will take it on notice.

Senator MASON—Dr Arthur, I am always finding interesting things for estimates.

CHAIR—You could ring and ask yourself, I suppose.

Senator MASON—I do not want to ring poor old Mr Bakes. He is obviously—how do I put this?

Senator Jacinta Collins—Would you wish him on Mr Bakes?

Senator MASON—Yes. I think we might leave him alone for the moment, Chair.

CHAIR—Well, you are such a household name in estimates, you have assured us. He will know who you are.

Senator BACK—He is moving to Barcelona!

Senator MASON—I do not know what time of the night it is in Barcelona, Chair, but it will not be long, believe me, before we are contacted again, I know.

Senator BILYK—Trust me, Senator Mason—if he is from Tasmania, he will not be able to vote for you.

Senator MASON—Thank you. No, he cannot, can he? That is true. Can we look at an issue, Ms Paul, that we have canvassed in the past, and it is sort of a difficult issue because it is one, perhaps, of communication, and that is: schools charging for computer use. We have touched on this in the past.

Ms Paul—We have.

Senator MASON—I have received some information from constituents, and in one case through an MP. Again, if you are aware of this, let me know, but I suspect you are not. But let me canvass the issue. In the Redlands—which is east of Brisbane, towards the bay—according to a constituent, Cleveland State High School says that only year 11 and 12 students were given laptops, and that may be because of the rollout process; it may well be. But they had to pay \$240 a year for them. This is what is being claimed. I am just saying this is being claimed. I do not know about the veracity of this.

Ms Paul—Sure.

Senator MASON—If the department could check and find out what is going on, I would be very happy.

Ms Paul—Was that a media report as well?

Senator MASON—No.

Ms Paul—This has come as a report to you, okay.

Senator MASON—This has come from a constituent—

Ms Paul—We will check it out.

Senator MASON—and through an MP in this case, Mr Chairman.

Ms Paul—We will check it out for you.

Senator MASON—Similarly, at Alexandra Hills State High School, again, only years 11 and 12 were given laptops and they had to pay \$300 a year. This is what is being put. Again, I am not saying any more than that.

Ms Paul—Yes.

Senator MASON—And at Capalaba State High School, I was told that only the teachers were given laptops. If that could be checked, I would be very happy. And also, at Proserpine State High School, sort of in the central north of Queensland—I have actually got a copy of an email, and I can certainly give a copy of this to you, Ms Paul, and a copy to the chair, if that—

Ms Paul—It would be helpful. As we have said before, the policy on this is clear and there have been instances that we have had to intervene on.

Dr Arthur—As has been indicated, we will take it on notice. There is also a regular flow of correspondence to the minister's office and the department on this sort of issue, and we are quite accustomed to following this up and ensuring that our guidelines are being properly implemented as part of our normal implementation of the program.

Senator MASON—Ms Paul, if it is true it is contrary, I think, to government policy.

Ms Paul—It may be true. As Dr Arthur has just said, that is exactly why we follow every one of these up.

Senator MASON—Could you take that on notice and come back?

Ms Paul—Yes.

Senator MASON—I do not think you have received any complaints—certainly not that complaint. Could you just confirm whether that is correct?

Ms Paul—We will also tell you, if so, what we did about it.

Senator MASON—What action you have taken, yes, thank you: I appreciate that. On that issue that is all I can add. I certainly cannot go to the veracity of it.

CHAIR—We are still on 2.5?

Senator MASON—Yes. One last issue, if I can. In the Auditor-General's report on the Digital Education Revolution Program—National Secondary Schools Computer Fund—I think it is fair to say that the Auditor-General has not been nearly as critical of the department as in a previous Auditor-General's report that I brought to your attention, Ms Paul. So it has not been all bad, but can I raise a couple of issues from it? In paragraph 5.51, it says:

While not strictly in line with the originally announced timetable, DEEWR has pursued a pragmatic approach to allow education authorities to achieve the computer to student ratio of 1:1 early in the 2012 school year, where this timing is suitable given education authorities' preferred implementation approach.

You mentioned before, Ms Paul, it is still the end of 2011, isn't? We are not moving into March, April of 2012, are we?

Dr Arthur—No, Senator. The point about that is that it is, as the audit office notes, a matter of pure pragmatism. There are not students, in fact, in school from about 15 December or even earlier to 1 February or towards the last week of January, and therefore the appropriate goal should be to ensure that at the opening of the 2012 school year that the computers are in place. It would in fact not be sensible and pragmatic to ensure that the computers were there on 31 December; that was really not the point.

Senator MASON—I see what you are saying. I suspect there will be no one at school on 31 December, Dr Arthur.

Dr Arthur—Indeed.

Senator MASON—Can we go to departmental oversight? A couple of observations there, Mr Chairman, from the Auditor-General's office. Page 19, paragraph 21, if I can, Ms Paul. It says:

Nevertheless, there were some aspects of the department's oversight of implementation that could have been strengthened. While DEEWR worked with education authorities to collect preliminary survey

computer data as a basis for allocating application round funding, and required education authorities to verify and provide assurances about the accuracy of the data, DEEWR did not perform simple checks on the data to provide assurance over data quality.

And then paragraph 25 a little bit below on pages 20 to 21, the Auditor-General continues by saying:

Discrepancies in preliminary survey data identified by the department's internal auditors in early 2009 and by the ANAO using the most up - to - date preliminary survey data in mid 2010, on which funding decisions have been based, are yet to be addressed.¹⁶ The ANAO's testing revealed that there were 460 instances (16 per cent of 2929 schools) where schools had provided anomalous data. For the majority of these instances, the size of data discrepancies was in the vicinity of 10 computers (\$10 000 in application round funding) or less, although some discrepancies were greater.

What is your comment on that, Ms Paul?

Ms Bloor—The simple checks that the audit office is referring to there relate to the nature of the preliminary survey document. The department asked for information both about the number of computers that were under four years old and the number of computers that were over four years old. There was also a summation column. The discrepancies that are referred to were instances where the sum of the two earlier columns did not add up and the department did not ensure that they did add up. The reason for that was that the parameters of the fund had already established that we were focusing on computers that were less than four years old. So, as the audit office points out, the discrepancies were not of a material kind.

Senator MASON—Not of a particularly material kind, I think.

Dr Arthur—No, Senator. Not of a material kind, the point being that, as Ms Bloor has indicated, the figures that were actually used to make the funding decision were the figures of computers less than four years old. The audit office notes that one of the things we could have done was check some comparisons and see which ones in which the sums did not add up and then ask schools to check those figures.

Instead we asked education authorities to check all of the figures. We identified the figures we were going to use to make actual funding decisions. We had all of those figures put through quality assurance processes. The audit office also observes in general terms that there have been no issues raised after the event in terms of the accuracy of those figures. Those figures have been used again and again and they have not been raised as an issue.

Senator MASON—Hold your horses: I will get to those other issues in a minute, Dr Arthur, as I always do. Figure 2.4 on page 49: about 25 schools were off by more than 100 computers—is that right?

Dr Arthur—I think that Ms Bloor has already indicated the origin of those figures: that it is a question of where a number of columns and figures in one set of columns do not add up to the figures in the same set of columns; that we made funding decisions on the basis of the figures with computers less than four years old and which went through a quality assurance process with all schools for those figures.

Ms Paul—In other words, this is irrelevant to what we were actually targeting, which naturally were those schools that had computers more than four years old.

Senator MASON—I will grant you, Ms Paul, it is not as bad as the BER: nothing like that. The audit office found that because the initial survey conducted over the school holidays of 2007-08 was rushed to meet the government's deadline of 100 days to commence round 1 and for those schools where the ratio of computers were student was 1.8 or worse. The department identified this as a risk but it was working according to a timetable, of course, set by the government; I understand that. The audit office say on page 45, paragraph 2.15 and 2.16 that education authorities were only given two days to undertake face validation and quality checks of the data originally collected from schools.

At page 21 at paragraph 26 it says:

While DEEWR's quality assurance process enabled it to check education authorities' assessments of selected schools' applications based on data provided by schools, it did not allow the department to assess the accuracy of schools' application data.

The department clearly identified it as a problem having the first round commence within 100 days. I understand that puts the department under pressure since it did not allow enough time to conduct a proper survey of the then current computer stock at schools Australia wide. Sixteen per cent of schools provided inaccurate information according to the ANAO; is that right?

Dr Arthur—We have already answered that question in terms of the technical issue that is associated with the Audit Office's comments. I would not accept that in some the Audit Office's comments add up to a statement that a proper survey was not carried out. I do not think that is a fair reading of the Audit Office's comments.

Senator MASON—I did not quite say that.

Ms Paul—We checked and crosschecked and so on. What they are getting at, in all of these comments, is how columns added up across or down, or whatever—whether the rows added up.

Senator MASON—Clearly there is a problem. Did the department communicate those concerns to the minister within the 100 days?

Ms Paul—The concerns were irrelevant because it did not make any material difference, as far as I understand it.

Dr Bruniges—Yes, that is right.

Senator MASON—Let us have a look the department's ability.

Ms Paul—The ANAO here is looking at a spreadsheet in a way which makes no difference at all to the outcome because we were looking at computers more than four years old.

Dr Arthur—Perhaps I can help you with the sequence.

Senator MASON—I know there was not a lot of time. Given the inaccuracy, in the long term it may not make much difference, but the process worries me. The Auditor-General did not bring this to the attention of the public just to make us feel good.

Ms Paul—Sure.

Senator MASON—It is an issue they have raised, not me.

Ms Paul—We can probably offer some more comment on that if you wish.

Dr Arthur—The sequence may help you. The applications were open within 100 days on the basis of the figures provided and the funding was subsequently carried out. As the ANAO report indicates, subsequent to the events—and proper process was occurred out within the department—we had our own internal auditors look at this issue and that issue was brought to our attention. As program manager, I examined the issue, reached the conclusion that the issues raised by our internal audit team, as Ms Paul said, made no material difference to the accuracy of the process. I also took the view that there was no mechanism by which one could, after the events, deal with the issues of two sets of figures not exactly summing with each other. It would not in fact sum 12 months after the event, but I stand to be corrected on that, and be in any way feasible to ask schools to reconstruct the count that they had taken on that particular time. Therefore, the view was taken that since there was no material effect on the accuracy of the funding allocation flowing from that, no further steps should be taken. I took that view also taking into account the fitness for purpose of the exercise. It was not an exercise which determined whether or not a school be funded; it was an exercise which determined which schools would be funded ahead of which other schools.

The overall policy made it clear that there would be funding available to all schools in proportion to the number of students that they had—the key driver of the number—and therefore the issue raised by the internal auditors should not lead to any further action. Since then, as is also noted, and we can provide more detail on that, we have taken a number of programmatic steps to ensure that if there are any schools that feel they were disadvantaged in terms of the count of the numbers of computers they had overall those schools can bring that to our attention to ensure that they are not disadvantaged.

Senator MASON—Dr Arthur, you tell me it did not make any difference—and I cannot dispute that because I do not know—but I can read the report and paragraph 21 says:

... DEEWR did not perform simple checks on the data to provide assurance over data quality.

Paragraph 26 says:

While DEEWR's quality assurance process enabled it to check education authorities' assessments of selected schools' applications based on data provided by schools, it did not allow the department to assess the accuracy of schools' application data.

That is what the report says, does it not, Dr Arthur—yes or no?

Ms Paul—I think we have answered that in terms of precisely what the ANAO was getting at.

Senator MASON—I would not make light of it, though, Ms Paul. I do not think anyone should make light. The Auditor-General does not make adverse findings like that just for fun.

Ms Paul—We never make light of an ANAO report, although I would note that neither recommendation in this audit goes to these issues. I presume they must have been satisfied with our responses in terms of what we had done following.

Senator MASON—Let me go to monitoring and report, where I am not sure they were, because there is a recommendation in relation to that. Paragraph 35 says:

In its 2010-2011 PBS, DEEWR has not established key performance indicators to measure program effectiveness for the DER. The sole key deliverable included in the statements for the DER—'number of schools assisted'—has a target of 2900 schools assisted in 2010-2011.

Paragraph 36 says:

As referred to above, under bilateral and funding agreements to achieve a computer to student ratio of 1:1, the department did not require education authorities to establish one or two interim progress milestones based on their implementation plans, against which education authorities would subsequently report. Such an approach would have assisted DEEWR to monitor progress and report to stakeholders on performance, and to identify implementation problems sufficiently early to allow remedial action to be taken.

This resulted in a recommendation, number 2 which says:

The ANAO recommends that, in order to strengthen external reporting and help steer program direction, DEEWR establish a balanced set of Portfolio Budget Statements key deliverables and performance indicators to measure the effectiveness of the Digital Education Revolution program.

I think the department has agreed to that?

Ms Paul—We have.

Senator MASON—So there was a problem there?

Ms Paul—I do not know that we thought so at the time. We had a single performance indicator, which kind of made sense, which was the number of schools assisted, which is fairly common-sense and I would have thought most people would be interested in that. The ANAO, however, is saying that we should have more of a dashboard approach with more KPIs. That is fine, and we will do it for the next PBS.

Dr Arthur—Indeed. Their comments essentially go to the very important area of transparency and they note that we had, internal to our program management, a range of mechanisms to ensure progress was being made—essentially that was the monthly reports, not particular intervals, in terms of computers installed. The ANAO are saying—and it is entirely appropriate for them to do so and we have accepted it—that in terms of the proper transparency of our operations more generally that kind of internal monitoring should be reflected in the portfolio budget statements, and in terms of continuous improvement we will move to implement that recommendation.

Ms Paul—In other words, in a way, we have probably offered more transparency here than we were against one KPI in the PBS. Now, as Dr Arthur is saying, we will offer more transparency through the PBS as well.

Senator MASON—You agree with the recommendation?

Ms Paul—We have got the data; we were not putting it in the PBS. We are happy to do so.

Senator MASON—Thank you. The final issue with respect to the Auditor-General's report goes to the schools' preparedness. On paragraphs 2.69 and 2.70 on page 63, the ANAO says:

... in the ANAO survey of school principals, 28 per cent of principals indicated that their school did not have all the necessary factors in place to effectively use the computers installed under the NSSCF. ICT equipment has a limited lifetime (in this case four years), and delayed utilisation reduces the economic value of the investment.

When asked what factors needed to be put in place for students to effectively use computers in the classroom, most principals addressed infrastructure needs and staff training.

Paragraph 2.71, the Auditor-General says:

Of those principals that indicated that their school did not have all the necessary factors in place to effectively use the computers, 51 per cent—

so a majority—

were not confident, or didn't know whether the necessary factors would be in place by the end of 2011.

That is what the Auditor-General said. Paragraph 2.72 says:

DEEWR advised that schools' capacity was not an inhibitor to funding, therefore a school being assessed as not ready for funding would have no impact on the quantum of funding for that jurisdiction.

Paragraph 2.77 says:

DEEWR advised that the approach adopted was for education authorities to be the bodies responsible for the detail of ensuring schools' readiness for installation of computers, and considered that adopting a more hands on role in this regard would have been detrimental to progress.

That is the background. Has the department demonstrated that it has been concerned about the capacity of schools to properly and in a timely manner implement the program at the school level?

Dr Arthur—Yes. That is precisely why we took the implementation approach we did—that is, we provided the money for round 1 essentially at the end of the 2007-08 financial year with a requirement that the funds be expended within two years. We did that precisely so that those issues could be addressed by the education authorities or by the individual schools in the Catholic independent sectors prior to the actual installation of the computers. That is precisely why the computer rollout that we have been discussing has occurred in the pattern that it has. It is also to be noted that that information was provided before the government made a decision to provide over \$800 million to deal with infrastructure preparedness issues.

Senator MASON—Issues I raised, Dr Arthur, you will recall, before anyone else. Do you recall that?

Dr Arthur—I cannot make a comment on your claim to priority. I can certainly agree that you did raise that issue.

Senator MASON—Yes. I recall that.

Dr Arthur—Certainly those issues were addressed by the government.

Senator MASON—Yes, they were addressed after I raised it.

Dr Arthur—Since then the computer rollout has occurred and the department has certainly not been made aware of significant issues related to lack of preparedness or an inability to install computers due to lack of preparedness.

Senator MASON—Did the Department then assume, Dr Arthur, that all schools were equally able to effectively roll out and use the computers?

Dr Arthur—No, we made no such assumption.

Senator MASON—No such assumption?

Dr Arthur—That is why we undertook the program of implementation that we did—the one that I have outlined for you.

Senator MASON—Therefore nearly 30 per cent of schools around the country did not have the necessary infrastructure to make the best use of them. That is correct, is it not?

Dr Arthur—Yes and that is precisely why we carried out the implementation approach I have described. For example, a number of those schools would have been in New South Wales.

Senator MASON—The Auditor-General does not agree with you.

Dr Arthur—The result of that was that, for example, every school in New South Wales was entitled to receive a completely new wireless networking infrastructure. All of the infrastructure issues associated with preparedness were addressed. They all had access to the professional development things necessary to implement the computers effectively. Our program implementation approach of giving appropriate time for these issues to be addressed and ensuring, in our program management activities, that they were addressed was the response that we adopted.

Senator MASON—Did you read this report?

Dr Arthur—Indeed, Senator.

Ms Bloor—Also, Senator, could I—

Senator MASON—Hold on, Ms Bloor. The school principals have clearly been interviewed. You know that, do you not?

Dr Arthur—Indeed.

Senator MASON—As I said, 28 per cent of them indicated that their school did not have all the factors in place to effectively use the computers and more than half were not confident or did not know whether the necessary factors would be in place by the end of 2011. Why did you not gauge this before all of this happened?

Dr Arthur—We did. We took that into account very carefully at the time.

Senator MASON—That is not what the Auditor-General says.

Dr Arthur—The Auditor-General does not say that the program implementation was in fact adversely affected by that. The reason it was not was that the preparedness issue was addressed by us in the actual implementation of the program.

Senator MASON—I am quoting from paragraph 2.69:

In the Auditor-General's survey of schools principals, 28 per cent of principals indicated that their school did not have all the necessary factors in place to effectively use the computers installed under the scheme.

That is right, is it not?

Ms Bloor—Senator, to clarify: the ANAO approached 450 school principals. They got a response rate of 39 per cent—175 responded. The 28 per cent figure that you are quoting is 28 per cent of a relatively small number of school principals.

Senator MASON—Ms Bloor, have you done a better survey?

Ms Bloor—No.

Ms Paul—That is not a question Ms Bloor can answer.

Senator MASON—If you have got better figures than that, Ms Bloor, I am happy—

Ms Paul—Ms Bloor is saying that that means that 28 per cent of a 39 per cent response rate from 400 principals surveyed is one hundred and something. Of that, half said the factors might not be in place by 2011. I think what you are seeing here—

Senator MASON—Ms Paul, do you have any better figures than that?

Ms Paul—These are the ANAO's figures.

Senator MASON—Exactly—they are the Auditor-General's figures. I am not making the figures up, Ms Paul.

Ms Paul—No, of course not. The point that we are trying to make is that it is a sequencing issue. It may well be the case that the 50 or 70 principals, which is what that number comes down to, had not yet received that infrastructure pack that New South Wales are rolling out. The thing is that it is a matter of sequencing. We have taken that into account, so it could well be the case that some principals think their infrastructure is not ready yet and that it may not be until some time during 2011 when, in New South Wales, as Dr Arthur said, they receive a whole new infrastructure pack. That will then allow them to achieve the 1:1 by the end of this calendar year.

Senator MASON—Sequencing is important, is it not, Ms Paul?

Ms Paul—Yes, it is.

Senator MASON—It is not just a sequencing problem; it is about program implementation. It is not irrelevant.

Ms Paul—If I did say it was a problem, I should have said it was a sequencing issue. I think the point Dr Arthur is trying to make is that it is not surprising that, at one stage, a principal might say, 'I do not have the infrastructure yet,'—because they might not yet have it. They might have been a New South Wales principal who had not yet received their new infrastructure pack. Once they do, they will be ready to achieve their 1:1 by the end of 2011. That is what that is about.

Senator MASON—That is an important issue, is it not?

Ms Paul—Of course it is. The sequencing is important. Not only did the government offer more than \$800 million extra for infrastructure and support but, as Dr Arthur said, the education authorities have actually taken quite good advantage of that and are doing quite innovative things such as, in New South Wales, this whole new infrastructure approach for every targeted school.

Senator MASON—The issue of school preparedness is hardly a glowing endorsement of the program.

Ms Paul—It was coming off quite a low base. It is all part of getting the sequencing right to end up with 1:1 by the end of this year.

Dr Bruniges—I was going to the heart of staff training, too. As new computers and technology and programs change there is a constant need for practising classroom teachers to be retrained.

Senator MASON—These are all issues that have been raised before this committee, you will recall.

Dr Bruniges—I do indeed. I think that, in terms of the audit and the issues of the professional learning of staff and staffing needs on different programs and so forth, clearly many of the principals use this issue for staff development days and training of teachers. That will be a continuing process as different programs or technologies go into schools.

Senator MASON—I sometimes think, Ms Paul, that some of these issues are like *deja vu*.

Proceedings suspended from 3.28 am to 3.46 am

CHAIR—We go to NAPLAN. Senator Mason.

Senator MASON—We have discussed NAPLAN several times, so I will spare you a broad philosophical discussion this afternoon, Ms Paul, for which I am sure you will be grateful. Could we just go to a particular instance. You have probably read about this. The Dallas Brooks Community Primary School, also known as Dallas Primary, I think—it may have changed its name—

Ms Paul—Could I ask a question?

Senator MASON—Yes, of course.

Ms Paul—I am sorry to cut through. Are you going to an issue to do with the tests and the administration of the tests, which is an ACARA issue, which is why I raise it? They are here. They are coming—

Senator MASON—Yes, I suppose it is. It is really about the very good results of this particular school. Is that for you, Ms Paul, or—

Dr Bruniges—It depends on the nature. We will try.

Ms Paul—Yes, we will try.

Senator MASON—You will try.

Ms Paul—Yes. We will see whose it is.

Senator MASON—That is fine. We will see how we go.

Ms Paul—Yes.

Ms Collins—Hopefully ACARA is listening too, so we will not need to repeat it in the end.

Ms Paul—They are here.

Senator MASON—Dallas Brooks Community Primary School—do you know if I am right in saying this school went from a school which was achieving well below average in the NAPLAN tests to one of the top performing schools in Australia in one year? Have you heard about that, Dr Bruniges or Ms Paul?

Ms Paul—No.

Dr Bruniges—No, sorry, Senator.

Senator MASON—This may have to be an ACARA question.

Ms Paul—Yes. ACARA are nodding, Senator, so I think it is probably one for them.

Senator MASON—It is an ACARA issue, perhaps. I might ask those gentlemen later, then, Chair. I have no further questions on NAPLAN except those that relate to ACARA.

CHAIR—Then let us move to the BER. We are going to change. Did you make any arrangements with Senator Evans about this?

Senator MASON—If it would assist Senator Evans, I am happy to do ACARA now. If it suits Senator Evans, that might give him time to get here to do BER.

CHAIR—ACARA is here and I think they would be happy to be dealt with.

Ms Paul—I think that was his preference.

Senator MASON—Why don't we do that.

CHAIR—I think everyone else in the room is probably annoyed at them for doing that.

Senator MASON—I am not certain it will take—

CHAIR—Dr Hill, are you happy to go straight to questions or did you have something you wanted to say to the committee first?

Dr Hill—No, not at all.

CHAIR—Thank you. Senator Mason.

Australian Curriculum, Assessment and Reporting Authority

Senator MASON—I would like to quickly go to the issue I raised with Ms Paul relating to Dallas Brooks Community Primary School. Gentlemen, are you aware of that issue?

Dr Hill—I have only just recently become aware of it. It is a Victorian school that did indeed have a big increase in its test scores. Within Victoria, the entity that has responsibility for the administration of the NAPLAN tests is the VCAA. They do have the authority to investigate all incidents and this particular case did look suspicious and raised concerns from other principals in the area.

Senator MASON—It went from a fairly low performing school to a very high performing school within one year.

Dr Hill—That is right, yes.

Senator MASON—What did the investigation find?

Dr Hill—It was investigated and my understanding is that they were unable to find any evidence of any irregularity at all. My general manager in charge of testing, Peter Adams, may be able to comment a little further on that.

Mr Adams—As Dr Hill said, the investigation was conducted by the VCAA. We do not have investigative authority; however, we were kept advised of progress. As Dr Hill said and as you have rightly pointed out, there was an apparent significant increase in performance, I understand, in the school. There was concern amongst local principals that that performance seemed to be inordinate and therefore it was suspected there may be something untoward happening.

The investigation that was undertaken was extremely thorough, I understand. There was nothing located in the investigation to suggest that anything untoward had happened. I again

understand from reports that the principal has indicated that she has undertaken a very significant program focusing on literacy and numeracy in the school and argues that the increase in performance is a function of that. This is the information we have and we have to rely on the advice we are given by the investigating body.

Senator MASON—So there was no bad faith found anywhere?

Mr Adams—I imagine that they would have investigated the process for the administration of the tests and the security around the tests to determine if there had been any security breach or any cheating had occurred and none of that was unearthed. A very senior person in the Victorian department undertook the investigation.

Senator MASON—Do you have a copy of that report?

CHAIR—The reports do actually say that the principal provided an explanation as to why there would have been an increase.

Mr Adams—That is correct.

Senator MASON—Was there a formal report completed?

Mr Adams—I am speculating here. I imagine a report of some format would have been returned to the VCAA. We do not have a copy of that, but I would imagine they would have a copy.

Senator MASON—Can I quote Mr Nelson. He says this.

CHAIR—I am sorry. Who is Mr Nelson?

Senator MASON—I should say who he is. He quit as regional network leader for Hume South, which I think is an educational district in Victoria.

Dr Hill—Yes, that is a country region. Dallas, I believe, is in a metropolitan area.

Senator MASON—Sorry to interrupt. I just needed to tell the chair who he is. He quit as regional network leader for Hume South, an educational district in Victoria, over doubts about the accuracy of the test results and concerns that a departmental investigation into Dallas primary's dramatic improvement 'lacked rigour'. He resigned over the investigation. I would like you to comment on this, Dr Hill, if you can. Mr Nelson said this:

This makes a mockery of NAPLAN. If they did so incredibly well in the test, why hasn't it been shared with other schools as world's best practice? It would be the cure for cancer in education.

There is a dramatic improvement; what is the secret?

Dr Hill—As I said, I only just recently heard about this school, so I could only comment in general terms about what can lead to dramatic increases. One thing we do know is that a function of all gain is that the lower you start the bigger your gains. If you start very high, particularly in literacy and numeracy, the amount of gain is likely to be quite small. Part of this is due to a statistical artefact called regression to the mean, which means that, if you would test a second time, those that started low tend to come up in any case and those that started higher tend to come down.

Senator MASON—Dr Hill, this is not about one of the best, most improving schools. This is not about a school that improved the most.

Dr Hill—Sure.

Senator MASON—I want to make that clear. This is about going from one of the worst performing schools to one of the highest performing. In other words, they have gone from right down the bottom to right up the top. I do not mean in terms of improvement; I mean in absolute results.

Dr Hill—I would say that that is something that needs to be investigated. The chances of that happening in the normal run of schools is quite low, but, if there is a program in place that can turn around the school, then those things are possible. They have happened before and they can happen again, particularly if you have a new program and new staff to do that. These sorts of turnarounds can be achieved.

Senator MASON—There is certainly no evidence of that from newspaper coverage. I am with Mr Nelson. Let's assume it is all bona fide. How? It is a fair question. How is it done?

Dr Hill—Yes.

Senator MASON—I would love to know. I am sure you would, sir.

Dr Hill—The issue of a complaint like this is a matter right now that rests with the test administration authority. ACARA has no investigative authority for it.

Senator MASON—I understand that.

Dr Hill—We are certainly interested in pursuing all instances where we suspect there is a result that looks somewhat suspicious and we do ensure that the test administration authorities are encouraged to follow it up. In fact, the Victorian department did follow it up and I cannot go any further.

Senator MASON—I understand that.

Dr Hill—I will not comment on that.

CHAIR—I have to say, Senator Mason, that I am just a little cautious that we do not have much information.

Senator MASON—That is true.

CHAIR—I just want to make clear that the purpose is simply to ask questions and no-one should take any implications of accusations from the questions being asked. The matter has been investigated; that is the evidence that is before us. Based on that, the school ought to be congratulated really, subject to finding out anything more. I would prefer to leave it there on the basis that I suspect there will be some further inquiries made about the performance outcomes of this school.

Senator MASON—In effect, Chair, what is the secret of the school? How did they manage this enormous improvement? As I say, it is not just improvement; it is actually in absolute terms from poor to very, very good.

CHAIR—Yes.

Senator MASON—Dr Hill, are you worried that these sorts of anomalous results or seemingly anomalous results—

Ms Collins—I think that is a better expression.

Senator MASON—could undermine the credibility of NAPLAN?

Dr Hill—I would be if they were not investigated, but because it was properly investigated I am confident that we have no evidence that there was any untoward behaviour in all of this. The important thing is that they are properly investigated.

Senator MASON—Can you do something for me? Can you find out what the trick was—how this happened and what educational program or educational tools were used to garner these wonderful results.

Dr Hill—Yes.

Senator MASON—If you could share that with the committee next time I would be very grateful.

Dr Hill—I will take a note of that.

Senator MASON—Thank you.

CHAIR—Are there any other questions for ACARA?

Senator MASON—Yes, there are.

CHAIR—Okay.

Senator MASON—I go to the MySchool 2.0. That was to be launched on 3 December. A report was prepared, I understand, by Deloitte on the information which will be reported in MySchool 2.0 which showed 23 issues which could lead to financial data being misstated or which were likely to prevent fair comparison between schools. I understand—correct me if I am wrong—a number of independent schools are apparently threatening legal action because the data shown on the draft of the MySchool website does not accurately reflect the information given to their school communities.

Turning to the Deloitte report on the 23 issues which may lead to data being misstated, are you planning to release that report?

Dr Hill—Absolutely. It will appear on the website and there will be a full description of the methodology. This methodology is something that attempts to achieve something that has never been done before.

Senator MASON—Sure.

Dr Hill—I have been waiting for 20 years to see what the funding of individual schools looks like across the nation. The methodology is very complex, and because of the fact that, for example, government schools' finances are done over financial years and independent schools over calendar years. Things like this can lead to areas where a firm such as Deloitte, when they look at finances, cannot give an assurance of absolute comparability. But these are the things that, as accountants, they meticulously list, areas where a decision has had to be made about a method to make the data as comparable as possible. The overall conclusion is that the data are, for the purposes of the MySchool website, comparable, but there are areas where the scope can be somewhat unknown, where there are other limitations which are not deemed material or where, in a couple of cases, there are some that could be material.

Senator MASON—Alright. So you are going to put up that on your website soon?

Dr Hill—Absolutely.

Senator MASON—Do you know when?

Dr Hill—Yes. Our full expectation is that the website will be launched on 4 March. That is—

Senator MASON—4 March.

Dr Hill—Yes.

Senator MASON—The end of next week.

Dr Hill—That is right—a week Friday.

Senator MASON—Thank you.

Dr Hill—Subject to Deloitte's final assurance report.

Senator MASON—I understand that. Have each and every one of those 23 issues that were raised now been addressed?

Dr Hill—By the very nature of funding arrangements, they were ones that could not be addressed. For example, we cannot do anything about the calendar year versus financial year reporting of schools or the need to have notional allocations rather than actual expenditure for some schools. Some of them cannot be addressed. There are others that we hope over the coming years we will address, particularly in the case of government schools, to ensure that increasingly funds are allocated down to the school level and that ledgers are set up to identify expenditure on specific schools.

Senator MASON—Okay. I move to ICSEA, the Index for Cultural and Socio-Economic Advantage. What proportion of schools will have a 2010 ICSEA calculated for them?

Dr Hill—When it comes to calculating the 2010 ICSEA the formula has four parts. One is an index of the socio-educational advantage of the school. Then there is the language background of the students, the percent that are Aboriginal, and also an index of remoteness. So there are these four parts. The first part, which is the index of the socio-educational advantage, for the majority of schools that will be computed using direct student data—that is, the data on the parents of each individual student has been collected, and that is used to create the index.

In the case of mostly small schools, it has been found that if you have a small school with a limited number of students the census collection district data provides a better predictor of their NAPLAN performance than the direct data that they have. This is often the case in schools where getting direct data from parents is difficult in the first place. I am thinking particularly of remote Aboriginal schools where just getting that data is hard. So the census data can be a better indicator. So it turns out that 76 per cent of schools will have their index calculated with that part of the index that relates to Community Socio-Educational Advantage using direct data and—

Senator MASON—Are you saying that—

Dr Hill—Just to complete the picture, that covers 92 per cent of students. So although it is 76 per cent of schools, it is 92 per cent of students, indicating that this is particularly an issue where it comes to small schools, the census collection district data provides a better indicator.

Senator MASON—So the other schools will have, in effect, the 2009 process. Is that right?

Dr Hill—The new formula is for all of them, but that part of the index will still be calculated using the census collection district data.

Senator MASON—That is because ACARA has made a determination that that is a more accurate reflection.

Dr Hill—Precisely.

Senator MASON—Right. Have you seen any complaints about that? Are people concerned that there are, in effect, two different methodologies being used?

Dr Hill—We have had lots of queries about it and we have run information sessions for the different jurisdictions. I think the main concern has been why using direct student data leads to a different outcome for some schools. It comes down to a phenomenon that we received a lot of criticism for last year. We had instances of schools that had an index that was computed, and the school said that simply does not reflect our particular students. The problem was that, while in general if you have data that is based on a census collection district, that is fine because we are dealing with only about 220 households and you assume some homogeneity, in some cases you can be within a single census collection district and that is not the case. There are a range of backgrounds of the families living in that area, and what is clear is that there is a tendency for people to make different decisions within the same collection district depending on their individual circumstances.

Senator MASON—You mentioned was it 92 per cent of students.

Dr Hill—Yes.

Senator MASON—And 75 per cent of schools.

Dr Hill—Seventy-six.

Senator MASON—Okay, 76 per cent of schools. Did those 24 per cent of schools and eight per cent of students choose to have this other approach or did ACARA simply think this is a better approach?

Dr Hill—We had a statistical decision rule that looked at the data for a given school, looked at the confidence interval around their estimate and, when it exceeded a certain value, we defaulted to the census collection district data. So in other words it was a proper decision rule objectively made on the accuracy and quality of the data we had from that particular school.

Senator MASON—So it was, in effect, a mathematical decision.

Dr Hill—Absolutely.

Senator MASON—It gives a better indicator of school comparability than the other system.

Dr Hill—That is right, yes.

Senator MASON—I see. Because I have just had feedback from some schools and some parents that this makes comparisons more difficult and unfair because you are using different systems. I do not know. I am not an expert in this. Are you aware of that sort of concern?

Dr Hill—Absolutely. One thing I should say is that in fact the overall correlation between doing it using one method or another is very high indeed; it is over 0.9. In other words, they are measuring exactly the same underlying dimension. It is just that one happens in one circumstance to do it better than the others. So we believe that we have all the statistical arguments why we should have both available. If we do not do that, we are going to disadvantage the schools for whom we do not have the adequate quality of direct information.

Senator MASON—Schools do not choose which analysis or which methodology you use—you simply make that assessment based on statistical reasons? I just want to make sure that is clear.

Dr Hill—That is right, on the quality of the data.

Senator MASON—On the quality of data. Schools cannot choose.

Dr Hill—No.

Senator MASON—You make that decision. That is fine. I have received quite a bit of feedback on this. There is quite a bit of political agitation about it. As long as you are aware of that.

Dr Hill—Yes.

Senator MASON—But you can justify your stance?

Dr Hill—Yes. We do publish on the website a plain English explanation of this. We do have the technical paper, which I think is important, so that the people who really want to get into the various analyses that we have undertaken can see what the results were and the basis for our decisions on those.

Senator MASON—Do some schools ask for their ICSEA score to be re-evaluated?

Dr Hill—Absolutely.

Senator MASON—Do you change your methodology in that re-evaluation?

Dr Hill—I think initially some 300 schools asked for a review of their ICSEA value. These were generally schools where there had been a significant change between last year and this year. They were provided with the opportunity, once we had given them all their information and we have given them the formula and shown how the data for their school looked, to then provide additional data that would help us evaluate again their school's ICSEA value. A number of schools did provide us additional data and we calculated their value.

Senator MASON—My question was whether you used a different methodology upon the re-evaluation.

Dr Hill—No. It was a question of always using better and generally more information.

CHAIR—Out of the 300 that asked for a review, how many resulted in a change to their value?

Dr Hill—In the cases where they provided additional data, it always led to some change. In most cases the change was very small. The surprising thing is that in many schools we had information for two years of schooling only, namely the year levels of the students that were tested in NAPLAN. The school said, ‘Yes, but we have got information for other years of schooling.’ So they would provide that additional information and in most cases it changed very little. In other words, the profile of the students within a given year level did not change when you moved to the next year level. By and large that did not change the results very much. In other schools where they had a lot of missing data, it did change things. When we went back to the parents and got more information it did change things. But overall our assessment is that for those schools that provided additional data it did not result in big changes.

Senator MASON—A constituent says, ‘We will re-evaluate it and then re-evaluate it again,’ and each time the score goes up. Maybe that is appropriate, maybe it is not; it is a matter of so long as the process has integrity. You are saying it does and that the same methodology is being adopted.

Dr Hill—Yes, I believe so. Every change goes to an expert review panel. They have decision rules and they require the evidence that we have before it is adopted.

Senator MASON—How many schools have outstanding issues with their financial data?

Dr Hill—The number was very large to begin with. In fact, the reason why we were unable to launch the website in December was that two weeks before the launch we discovered there was a minor issue with the methodology that affected an unknown number of schools relating to how income was used to then pay off loans. This had not been detected at the stage at which the methodology was developed, but in giving out draft values to the schools for checking this was identified. It was identified at a time just before Christmas and we were unable to resolve it then. So we have had to send out requests to every independent school in Australia to establish whether they were involved in this situation.

Senator MASON—Every independent school?

Dr Hill—Every independent school.

Senator MASON—Just independent schools, not other schools?

Dr Hill—No. It did not affect Catholic schools; it simply affected over 1,000 independent schools. Through that process we were able to locate those of them that had the issue or thought they had the issue. We have been working since just before Christmas until now in tracking them all down and in addition then giving all independent schools the opportunity to then validate their data and say, ‘Yes, we agree the data you have is correct.’ That is not a compulsory part of the methodology; it is something to give assurance to us and the school that it is correct. As of last night we only had 28 schools that still had unresolved issues with their data. We believe all the rest are correct and well over 900 of the independent schools had themselves on a voluntary basis validated their data and said, ‘Yes, it is all correct.’

Senator MASON—Well over 90 per cent, you would argue, have validated that the financial disclosures are correct?

Dr Hill—Exactly.

Senator MASON—Was it 4 March you mentioned that you think the issues will be resolved by?

Dr Hill—There could be a handful of schools where we still have unresolved data, in which case we will not be publishing any unconfirmed financial data.

Senator MASON—So where there is still contention you will not be putting it up?

Dr Hill—Accuracy is the key thing that we are striving for here. If we cannot confirm it we will not publish it.

Senator MASON—What is a typical issue about financial disclosure? What is the typical issue that causes so much problem?

Dr Hill—I think the really big issue has been in the accounting model which says we have got to try and get a handle on what is recurrent and what is capital. For a government school that is straightforward; you get a recurrent budget and you get a capital budget. You get separate streams of income.

Senator MASON—Yes.

Dr Hill—For the Catholic system it is less of an issue because they have got systemic processes to handle the capital. Independent schools run as businesses. They have income and some of that income needs to be attributed to capital expenditure.

Senator MASON—Of course it does. That makes sense.

Dr Hill—So it is in those tricky areas where we need to get better at being able to collect that information at source. The department is working to ensure that next year the kinds of issues we have had this year in collecting this information do not arise because it will be collected at the point at which schools complete their financial questionnaire.

Senator MASON—Alright. Just to repeat, if by 4 March the issues have not been resolved, the MySchool website simply would not have the details up—there would be nothing up there.

Dr Hill—For the particular schools.

Senator MASON—I think that is good news, because some schools are worried what is going to happen, whether there will be a red line put through them or something. But you are saying there will not be anything up until the matter is resolved.

Dr Hill—That is right. It will just say ‘unconfirmed’.

Senator MASON—That is fine. Can I ask about national curricula. In the past we have chatted about cross-curriculum perspectives, and you know my view of that. Is there any hard evidence in relation to how Australia’s proposed national curriculum has been benchmarked against the world’s best school curricula?

Dr Hill—Absolutely, Senator. We felt right from the beginning that we had to have an objective and rigorous approach to benchmarking. So we looked internationally at the different methodologies available and we chose one developed by a Professor Andrew Porter and colleagues in the USA. There is a lot of documentation of the method and good reviews in the *Review of Educational Research* about these methods and that really confirms that it is probably the most appropriate for this particular way of doing things.

So you set up an initial framework and against that framework you can then compare both the Australian curriculum and other curricula. The framework is independent. In other words, you are not comparing others with yourself; you are comparing with an objective third standard, which is the standard. So we have used that methodology and we have used it, first of all, as we were developing the curriculum to benchmark how the Australian curriculum compared with the other states and territories. We look not just at what is the content in the curriculum—

Senator MASON—Yes, I did not mean just states and territories, I also meant in overseas—

Dr Hill—Absolutely, yes. So we did it locally within the nation.

Senator MASON—Yes, sure.

Dr Hill—Both the content and also the degree of cognitive complexity required of students.

Senator MASON—Yes, sure.

Dr Hill—So we saw that and that helped us in making sure that we did not overcrowd the curriculum and that there was good alignment between what we were doing and what was happening in the nation, and that happened. But then when we got close to resolving the Australian curriculum, we started doing the international benchmarking and we did it with those nations that performed the best and that also have curricula that are comparable with ours.

Senator MASON—Was that, say, Finland and Singapore or something?

Dr Hill—Exactly. It was Finland; it was Ontario, Canada; it was New Zealand and it was Singapore. They were the four nations. We found that you could not really do it for history. History is such a country-specific thing. Obviously in Australia when we learn history it is about Australian history and world history, but it is from an Australian perspective. So we did it for English, math and science, and we had an independent firm of consultants help us do this. When we did the benchmarking, we had them come in and do the analyses of the documentation of each of those countries compared with the national one.

Senator MASON—All right. Can we just go to the curriculum in particular. I have it here, looking at the foundation year and then year 1. When I read foundation year and then year 1—foundation year is like preschool, is it?

Dr Hill—Exactly, yes.

Senator MASON—Okay.

Dr Hill—Or kindergarten we called it earlier on.

Senator MASON—Kindergarten.

Ms Collins—Four-year-old, preschool.

Senator MASON—Okay. From what I gather, Dr Hill, looking at this:

Young children will learn Aboriginal and Torres Strait Islander methods of adding and subtracting in the foundation year before they learn in year 1 that the number 89 is less than the number 99.

That is what it seems to say to me. It says, foundation year—down the bottom:

Represent practical solutions to model addition and sharing.

- Using Aboriginal and Torres Strait Islander methods of adding and subtracting, including spatial patterns and reasoning.

That is in the foundation year. Then in year 1 it is:

Identifying numbers that are represented on a number line and placing numbers on a prepared number line. Recognise model, read, write and order numbers to at least 100.

So what was happening in the foundation year should happen perhaps after kids learn how to count, or am I missing something, Dr Hill?

Dr Hill—I will pass over to Mr Rob Randall. He is our director of curriculum and he may just know a bit more about this area than I do. This is a detail that I am afraid I am not—

Senator MASON—Yes, I am not an expert, but just my intuitive sense—

Mr Randall—Senator, I actually do not have that document in front of me, but I guess as I heard your reference about sharing in foundation year that it was a matter of sharing, so I would expect that that is in terms of the much smaller numbers. Whereas I think, as I heard your reference later on, it is getting to counting on from larger numbers. That is what I think I heard you say and your examples were 89 and 90, I think. So the notion of sharing in those earlier years is going to be a smaller number—kids with handfuls of things in these sorts of numbers where they are sharing. Counting on does come later, where they are getting into larger numbers. Without it in front of me—

Senator MASON—That is up to at least 100.

Mr Randall—Yes. So it is:

Recognise model, read, write and order numbers to at least 100.

So from one to 100.

Mr Randall—That is right. One is a concept of sharing—they have got some concrete objects in front of them and they are going to share them out to people, so it is very concrete. Whereas the next one is where they are actually counting, so it is more abstract and they are able to go on. So they start with the concrete and they go to the abstract. That is the example. I do not have it in front of me, but as you have read them, that is my initial response.

CHAIR—I think you need some real life experience in this, Senator Mason.

Mr Randall—And again, the assurance I would give here is that—

Senator MASON—I do not know. I used to be a teacher but not of kids who were that big.

CHAIR—That is right.

Mr Randall—The expertise—

Ms Collins—Perhaps some cognitive therapy would be good.

Senator MASON—It does say using ‘Aboriginal and Torres Strait Islander methods of adding and subtracting’. For adding and subtracting to come before recognising numbers to at least 100 just strikes me as counterintuitive.

Mr Randall—Again, a point I would make—and I think you may be reading—

Senator MASON—Too much complexity into it?

Mr Randall—And the elaborations. I think there is a thing there about adding and subtracting where you take small numbers and add them on, and the next one was where you are dealing with much larger numbers. In the early years they will be dealing with concrete objects.

Senator MASON—In year 2 they recognise, model, represent and order numbers to at least 1,000.

Mr Randall—Yes. So you can see that progression from something they can actually visualise—small numbers—developing the concept of adding on. But for that description then of up to the hundreds and then into the thousands, you cannot have concrete objects. You are actually moving into kids' understanding of addition and subtraction and so on. But I would be happy to provide more detail if you want later on about that development.

Senator MASON—I am not an expert in this area and I do not mind admitting that, I am not. But I just flicked through it and these things came into my mind. Look, kids—four-year-olds, as Senator Collins reminded us—are taught about a foundation year—

Ms Collins—So it is prep in other terms.

Mr Randall—We call it primary, kindergarten, five-year-olds.

Senator MASON—In Queensland. They are taught about welcome to country before they are even asked to describe a date that has personal significance and marking it on a calendar. So if you look at foundation year curriculum F10, it says:

Kids discussing welcome to country and recognising that the country, place and traditional custodians of the land or sea are acknowledged at ceremonies and events as a mark of respect.

I might add, we do that in the federal parliament. Then in year 1:

Identifying dates and changes that have personal significance, for example, birthdays, marking these on a calendar.

Your birth date, I suppose. I would have thought birthdays might be learned before welcome to country, but clearly—

Ms Collins—It comes under culture—

Senator MASON—These are cultural issues, I accept that. Any comment, Mr Randall, or am I simply too old-fashioned for the modern world perhaps?

Ms Collins—I do not know, Senator Mason, Anzac Day would be there too, wouldn't it?

Senator MASON—Yes, but Anzac Day would come after welcome to country, wouldn't it?

Ms Collins—Sure? I could—

CHAIR—Senator, the committee is not really intending to rewrite the curriculum for you so maybe we could just get back to some questions.

Senator MASON—Anyway, I just thought—

CHAIR—I understand the principle point you are making but let us not get too deep into the issues.

Senator WORTLEY—Well, actually, let us get—

Senator MASON—In year 9, with ‘the making of the modern world’, there is a section on progressive ideas and movements. This is more my bit. It is in the history curriculum. Those include capitalism, socialism, egalitarianism, nationalism, imperialism, Darwinism and chartism. Chartism would appeal to the chairman. It does not include liberalism or libertarianism, Mr Randall. Why not? Why is that?

Mr Randall—This has been a question raised. The response is that discussion about capitalism will come up through liberalism.

Senator MASON—But liberalism arose before capitalism, Mr Randall. It is like the Enlightenment.

Mr Randall—It is not a matter of sequencing them. This is not a sequence. I do have the one that we are reading in front of me.

Senator MASON—Very good. You are prepared for this. Very good, Mr Randall.

Mr Randall—There is ‘the emergence and nature of key ideas in the period 1750 to 1918’. There will be a focus on one of them. That is the notion. What we are trying to do there, if we go back to the overall focus of that year 9 curriculum, ‘the making of the modern world’, is talk about that period of industrialisation and rapid change in the ways that people lived and moved. You have picked one element, and it is a choice between that and the industrial revolution and the movement of peoples. The structure of the curriculum is to focus on the overall focus for year 9 and some of the key focus questions which we have got on the preceding page.

Senator MASON—I am not happy with that because I think liberalism is not precisely the same as capitalism. It emerged, of course, from the Enlightenment, which we all benefit from. Putting that aside for a second, there will not be any sense in this curriculum of moral relativism—will there?—that all political systems are morally equal. There will not be that sense, will there?

Mr Randall—My short answer to that is no, because with the unpacking of that question—of how we make the judgment and how we engage with young people and everything like that—it becomes a more complex question. Certainly in the design of it, no.

Senator MASON—The issue of moral relativism is one of the great debates of the 20th century. Senator Collins has heard me on this. It is a very, very important issue. In fact, to use the ‘metanarrative’, there is probably no greater issue or greater failure than for some people to recognise that communism is not morally equal to a liberal democracy. I would hate it if everyone were to be told that all political systems, no matter how they are organised, are morally equal. I do not want to have to refight the battles of the 1980s again, Mr Randall. That is all; very good. I could go on, but it is nearly too much.

Ms Collins—We have suffered enough.

Senator MASON—You have suffered enough! This is to retrace something I asked about before, if that is all right, Dr Hill. On MySchool 2.0, you said that Deloitte would have to sign off. Have they signed off on their report?

Dr Hill—The Deloitte assurances have come in two parts. The first part has been about the methodology. That is, does the methodology lead to data that enable fair comparisons between the finances of different schools and has the way in which the different jurisdictions and schools provided the data accorded with the methodology? So those assurances are already with us. We have those reports.

Senator MASON—Okay.

Dr Hill—But the final report is where they actually watch us ingest the final data file into the website to say, ‘Yes, the data that we have in our system is exactly what you are seeing on this website.’ That final assurance we have not got yet because the ingestion has not taken place at this stage.

Senator MASON—This is a big issue about the financial data. Dr Hill, you said the financial data will not go up, and, of course, I accept what you say. How will that appear on the MySchool 2.0 website? Will none of the information appear or the school will not appear at all? How will it actually be characterised?

Dr Hill—Let’s imagine one of these 28 schools. It could be that we know the total expenditure growth very well, so we know exactly how much they have had from the Australian government and from the state government and all of that is clear. But with one element of the deduction it is not confirmed whether part of that should have appeared under capital. In that case, there will be an ‘unconfirmed’ against that line. Do you see what I mean?

Senator MASON—Okay. That is fair. So it will say on the website ‘unconfirmed’?

Dr Hill—Yes. For those line items for which we are not sure we will put ‘unconfirmed’.

Senator MASON—There has been a bit of a dispute about how that is going to manifest itself, but that is quite clear. I think my friend and colleague Mr Pyne has traversed these issues in great detail. Can I put this generally to you, gentlemen? Obviously there are some contentious aspects to the nature of the national curriculum, and you probably accept that. Is it a document that you can see would be amended and so forth over the years subject to trial and error and input from the community? So it is not written in stone—I suppose that is the point.

Dr Hill—First of all, there always has been and always will be debate and contention around curriculum.

Senator MASON—Yes, I accept that.

Dr Hill—What has happened is that all eight ministers have unanimously endorsed the content; that has happened. What they have also said is, ‘We need to then go into some detail about how we have expressed the standards associated with that and validate them. So we are going into a phase of validation over the next few months of those achievement standards.’ It is quite possible that in that process we need to come back and attend to some aspect of that content again, because curriculum is always something that evolves and that needs to be modified in the light of experience and also in the light of changing knowledge.

Senator MASON—Dr Hill, that is fine.

Dr Hill—So never locked in firmly in concrete.

Senator MASON—I am sure the Chairman is aware I do have some issues with the national curriculum in terms of content, and I do not deny that. I raised one of them before. But I am not going to detain the committee on the basis of that. I think that these issues have been ventilated in the past between you and I, Dr Hill, and with Ms Paul and others. Gentlemen, with respect to ACARA that is all I have. Thank you.

CHAIR—Are there any other questions for ACARA? As there are none, Dr Hill, Mr Randall and Mr Adams, thank you again for your appearance at estimates and thank you for the calming influence you seem to have on Senator Mason. I think now we are going to move to the BER, if that is agreeable.

Senator MASON—I have just realised this, Chairman. Ms Paul, I did forget to ask some questions that related to earlier in the day about languages to ACARA. I apologise. It is my mistake because we were shuffling. How about I put some of them on notice?

Ms Paul—We know the questions. Why don't we just take them on notice for ACARA?

Senator MASON—Is that all right? I apologise. It is my fault. So I might ask them on notice.

Ms Paul—On notice, all right.

Senator MASON—I will just flag that, Chairman, if that is all right.

CHAIR—Yes, thank you.

Senator MASON—Can we go to the National School Pride program and look at the progress there. Ms Paul or Mr Manthorpe, have all 13,176 projects under the NSP been completed yet?

Mr Manthorpe—All but a very small number have been completed. We have a completion rate of 99.8 per cent for national school pride.

Senator MASON—Okay. That just about answers it in one fell swoop, I think. I assume those ones that are not completed have an extension of time. Is that right?

Mr Manthorpe—Yes. And typically that would be because it makes sense in terms of sequencing work on a particular school to finish a P21 project before finishing the NSP project—that kind of thing.

Senator MASON—Okay. Can we move on then to the Science and Language Centres for the 21st Century and the progress there.

Mr Manthorpe—For science and language centres?

Senator MASON—Yes, we will do them next. The original deadline was 30 June 2010. That was the original deadline for completion of 537 projects. How many have actually been completed now, eight months later or so?

Mr Manthorpe—We do not have a February figure as yet. We have a January figure that has just come to hand, which has 396 of them completed, which is 74 per cent, by January.

Senator MASON—Right. Was it 394?

Mr Manthorpe—396.

Senator MASON—Which is 76 per cent.

Mr Manthorpe—74 per cent.

Senator MASON—Sorry, 74 per cent, and they are now completed?

Mr Manthorpe—That is right.

Senator MASON—Right. Can I refer you to a question on notice that I asked, Mr Manthorpe, EW0652_11, that relates to project variations actioned by the department and variation approvals, in particular, of course, variation or extension of time. If you look at that, out of 537 projects, 526 asked for variations and 488 were approved. What accounts for such an extraordinary proportion in this program?

Mr Manthorpe—I think the other factor in relation to variations being approved or not is that there is also a number that have been withdrawn. So an education authority—

Senator MASON—Sorry, can you just speak up. I know I have a loud voice, but could you speak up?

Mr Manthorpe—Yes, certainly. Sorry, Senator.

Senator Chris Evans—Theatrical training, Senator!

Senator MASON—I do have a loud voice. I know I do.

Mr Manthorpe—I think my colleagues are just reaching for the figures, but my recollection of that issue is that whilst there may have been a relatively small number of requests for variation to extend projects rejected, there were quite a number that have been withdrawn, so you can imagine an education authority making contact with us and putting an argument to extend a project, and if it does not seem like a compelling or practical argument, we might say, ‘Look, you know, that is not going to get up.’

Senator MASON—You are right.

Mr Manthorpe—But it may not then show up as a—

Senator MASON—Sure. But, Mr Manthorpe, the department has been good enough to give me the answer. There is one that was rejected, one out of 526. One rejected, 37 withdrawn—that is right?

Mr Manthorpe—Yes.

Senator MASON—And 488 approved. What accounts for this extraordinary proportion in this program? That is extraordinarily high.

Mr Manthorpe—Yes. With respect to SLCs, I suspect that reflects the reality that it was a very challenging time frame within which to build 537 science and language centres, and it was agreed during the course of 2010 that by and large if they needed a bit longer to build, if the education authorities and the construction industry needed a bit longer to build the buildings, out to the end of 2010 or beyond, and an explanation for the scale of the work and the nature of the work was adequate, then that was satisfactory.

Senator MASON—I do not know. It sort of seems—

Mr Manthorpe—Incidentally—and this also might help answer your question, Senator—it does not necessarily mean that 488 projects were extended. It means that there were 488 variations.

Senator MASON—I know that and I accept that.

Mr Manthorpe—There might have been more than one variation per project.

Senator MASON—I have this terrible feeling, Mr Manthorpe, that I think you will probably find a very, very high proportion were extensions of time, looking at this question on notice. I just find that extraordinary.

Mr Manthorpe—We have made no secret of that in the past.

Senator MASON—I know, but it is still one of those things where it did not work out very well. Everyone got an extension. When I was an academic, Mr Manthorpe, I would not have given that many extensions, let me tell you. I would have failed them all.

Mr Manthorpe—But you—

Senator Chris Evans—Senator, then would you deny those schools new science laboratories?

Senator MASON—I would have asked people to get on with it, Minister.

Senator Chris Evans—Well, certainly—

Senator MASON—This really is a hell of a—

Senator Chris Evans—No, I accept there have been delays, and I think largely that is because of their ambitious time frames. But I put to you, Senator, you have either got to argue for denying those schools the science laboratories or accept the fact the department has allowed extensions. You cannot have it both ways.

Senator MASON—But you can.

Senator Chris Evans—And we use our best endeavours to provide pressure to make sure people get on with the projects. But at the end of the day, let us be frank about it, I am not going to deny a school the new facilities because of some delays. If people are not playing the game—

Senator MASON—You are probably right.

Senator Chris Evans—At the end of the day I have got a couple of really difficult cases at the moment before me, and you have got to say to yourself: are you going to deny the children of that school and that school community those facilities for reasons that, quite frankly, on balance, just cannot be justified? We keep the pressure on. We are prepared to deal with recalcitrants and if people are not doing the right thing we will apply pressure. But, equally, the object in the end is to improve the educational opportunities of students in Australia, and build world-class facilities, and we are delivering those, and I am happy to take the criticism about delays as long as we are delivering world-class facilities.

Senator MASON—The problem is, though, Minister, what it means is deadlines do not mean anything. They do not mean anything in this case.

Ms Paul—We have always said these deadlines were challenging and we have already 76 per cent completion, so most of these extensions have not been very long, by the look of it.

Senator MASON—Ms Paul, there was only one that was rejected—only one project variation that was rejected out of 526. I think you are a much softer touch than me, Ms Paul.

Senator Chris Evans—Senator, as you well know, as in politics, when one is looking to run for a position, a ballot, and one gets told one does not have the numbers, one usually takes the wisest course and does not contest. Sometimes one does, but often one does not, and I think Mr Manthorpe's evidence has been that—

Senator MASON—It has been frank, I think.

Senator Chris Evans—when given a frank response, people have decided to pursue other avenues of activity.

Senator MASON—Could I just follow up, and it relates to that question on notice, Mr Manthorpe. We have got 488 out of the 537 received variations. That is up to 2 November, and I accept that. Have further projects sought and received project variations after 2 November and, if so, how many?

Mr Manthorpe—I am not sure I have those numbers with me. There could be a relatively small number, some of which are probably flood related, but I am not asserting that is the only factor at play. In engaging with the education authorities we are on the one hand obviously seeking their cooperation in pressing for the completion of the buildings as quickly as possible but, on the other hand, in the end we want quality outcomes. I am not sure whether we have got the specifics here.

Senator MASON—Can you take that on notice, Mr Manthorpe? There are not that many more that could have asked, because that would mean they all asked.

Mr Manthorpe—They did not need to, Senator, because 74 per cent of them are finished.

Senator MASON—No, I mean asked for a variation. A very high proportion did.

Senator Chris Evans—Some of these schools have come in and said, 'We don't want to do the building yet because we are redeveloping this part of the land. We are going to knock that building down. We want to do our own extension as part of this development. We want to leverage off the development.' They are perfectly good reasons that give better results. I am happy to defend those decisions. These are requests by education authorities.

Senator MASON—But this is 90 per cent.

Senator Chris Evans—I accept there have been some delays, but there are good reasons why some have been deferred.

Senator MASON—Yes, I accept that.

Senator Chris Evans—Practical, pragmatic decisions to defer.

Senator MASON—I accept that.

Senator Chris Evans—The best example is the floods. If someone comes to me and says, 'We want to delay because we have had flood problems,' you are not going to suggest I tell them, 'No, you have not met the deadline. Go away.'

Senator MASON—Minister, come on! This is a variation up to 2 November 2010.

Senator Chris Evans—I am just using that as an example. You would have to say that is a very strong case.

Senator MASON—It might be, but not before 2 November.

Senator Chris Evans—No.

Senator MASON—That is a fair point.

Senator Chris Evans—We have had floods in other places. We have had the Victorian bushfires. All I am saying to you—

Senator MASON—But not 90 per cent.

Senator Chris Evans—No. They are the extreme cases.

Senator MASON—They are.

Senator Chris Evans—You accept the principle that we ought to adapt and respond to those needs. All I am saying to you is that there have been a variety of other needs put that the department, on careful analysis, decided are fair and reasonable. I would rather they acted in a fair and reasonable way than seek to deny people those facilities.

Ms Paul—For example, some of the key reasons were actually the unseasonably wet weather last year. Some were encountering unexpected site conditions. Some were actually the retendering to achieve better value for money, for example.

Senator MASON—Ms Paul, how many did you reject? Just remind me.

Ms Paul—It is in front of you in the question on notice.

Senator MASON—Yes. One. So any reason is good enough, Ms Paul.

Ms Paul—Several have been withdrawn.

Senator MASON—Okay, they have been withdrawn. They were not rejected; they were withdrawn.

Ms Paul—They probably were not needed.

Senator MASON—Indeed.

Ms Paul—Some of them would have been an extension of a month. Some of them would have been two months. Obviously a whole lot of them did not ask for very long because 74 per cent of them are already complete.

Senator MASON—Only one was rejected, Ms Paul. I take the minister's point. It is fair if there is a flood or a bushfire, clearly. But with that sort of analysis virtually everything is getting an extension.

Ms Paul—We did look at every one of them in terms of what those reasons were. There are basically categories of reasons. We have already said here that the deadlines were always challenging.

Senator Chris Evans—Senator, I am going to do a survey of members of parliament, of those who had their house extensions completed on time, and I will then be judged against the results of that survey.

Senator MASON—I accept the government makes these commitments and makes political capital from them and has got to be held to account because the parliament votes to spend money.

Senator Chris Evans—Senator, I am happy to accept that.

Senator MASON—You would accept that.

Senator Chris Evans—There are two reasons.

Senator MASON—It is part of the reason why we do this.

Senator Chris Evans—There were two reasons for the program. There was the stimulus and there was the long-term investment in education facilities and education of young Australians. It is true to say that the delay that has occurred in some of these projects means that the stimulus argument is no longer a strong one, because our economy recovered much more quickly than anticipated. But quality education facilities are still being provided. We have allocated the money for them. We are going to deliver them and I would rather they were delivered well than in a slap-dash manner. If there is a reasonable argument as to why there ought to be a delay in order to get the best possible result for that educational institution I will tick it off.

Senator MASON—Let's hope they are all good value for money, too, Minister. Let's hope that. We will find out. Let's move to progress in primary schools for the 21st century.

Mr Manthorpe—What I have got, Senator, is end December.

Senator MASON—Sorry, is it in relation to primary schools for the 21st century?

Mr Manthorpe—Yes.

Senator MASON—Let me just go to the questions. I always ask these in sequence. I have two calculators, Mr Manthorpe, just for the occasion.

Mr Manthorpe—I can see that. I hope they give you the same answer.

Senator MASON—They may not. They may not, Mr Manthorpe. Here we go. I find it much easier if I ask the questions and they are answered in sequence because I can follow it.

Mr Manthorpe—Sure.

Senator MASON—At the October estimates you told me that 99 per cent of all projects had commenced. Have all 10,697 projects approved under all three rounds commenced now?

Mr Manthorpe—Just bear with me a second, Senator. I want to make sure I get this right.

Senator MASON—Sure, yes.

Mr Manthorpe—There are 23 projects that have not commenced.

Senator MASON—Twenty-three?

Mr Manthorpe—Yes. A very small number.

Senator MASON—Sure.

Mr Manthorpe—And bear in mind there is that rephrasing issue into the next financial year, so there were always going to be a handful that had not have started yet.

Senator MASON—Alright. Given that the 2010 projects approved under round 1 had to be completed by 20 December 2010, how many of those projects have been completed so far?

Mr Manthorpe—I have got end December data on this. Remember, too, that there are small schools and large schools.

Senator MASON—Yes.

Mr Manthorpe—I have a figure for small schools and a figure for large schools, if that is okay. For round 1, 87 per cent of the small schools were complete by the end of December and 83.6 per cent of the large schools were complete by the end of December.

Senator MASON—Okay.

Mr Manthorpe—Those numbers were 394 and 1,267 respectively.

Senator MASON—The 1,267 is for large schools?

Mr Manthorpe—That is right.

Senator MASON—That is for round 1?

Mr Manthorpe—Yes.

Senator MASON—Given that the 4,973 projects approved under round 2 had to be completed by 31 January 2011, a few weeks ago, how many have been completed so far?

Mr Manthorpe—I have got end December data, by which time any that were finished were, by definition, finished early.

Senator MASON—Yes.

Mr Manthorpe—Seventy point nine per cent of small schools were finished.

Senator MASON—Seventy point nine per cent?

Mr Manthorpe—Seventy point nine.

Senator MASON—Small?

Mr Manthorpe—Small.

Senator MASON—Yes.

Mr Manthorpe—That is 1,152.

Senator MASON—Yes.

Mr Manthorpe—And 57.8 per cent of large schools or 1,881 of them.

Senator MASON—Of large?

Mr Manthorpe—Were finished by the end of December, 57.8 per cent.

Ms Paul—Of course, this will probably change significantly because we have talked before about a lot of work always being done in school holiday time.

Senator MASON—Yes, but, Ms Paul, what is the overall figure there?

Ms Paul—All of those are running ahead of deadline.

Senator MASON—Only by a few weeks, Ms Paul.

Senator Chris Evans—A lot of them said that they were actually working to be completed for the return of school. We will get the figures, as you know, in time.

Senator MASON—What is the date? The 22nd. Three weeks ago was the due date, wasn't it?

Ms Paul—Yes.

Senator MASON—And this was at the end of December. So you are not going to try to tell me that they were completed during January.

Mr Manthorpe—Some were.

Ms Paul—We do not know. That is what I am saying.

Senator MASON—Some may have been.

Senator Chris Evans—There is a lot of activity in that period.

Senator MASON—Some may have been; I accept that.

Senator Chris Evans—We are only giving the figures that we have got.

Senator MASON—It is 57.8 per cent of large schools. What is the overall percentage of round 2, adding them together?

Mr Manthorpe—I have not got that number in front of me.

Senator MASON—I do not know how to use this, Mr Manthorpe.

Senator Chris Evans—Can you lend us one of your two calculators? We will have a crack at it.

Mr Manthorpe—I suppose the point I am making is that whilst, yes, you can argue that 16 per cent of the round 1 large schools are behind deadline, equally you can say that 57 per cent of the round 2 large schools are ahead of deadline.

Senator MASON—Mr Manthorpe, that is spin.

Mr Manthorpe—No, it is not, Senator. I do not accept that.

Senator MASON—Yes it is. They are the figures and I just want to make sure this is clear.

Ms Paul—What we should do is update.

Senator MASON—That is the end of December.

Ms Paul—Why don't we update them for you once the deadline has passed.

Senator MASON—There would be no conjecture at all if you had the figures as of 31 January.

Ms Paul—It is just too early for us to have them.

Senator MASON—It was three weeks ago. If that is the best you have got, that is the best you have got.

Senator Chris Evans—We will get the figures. All I am saying to you is that I have spoken to a couple of principals—you know, people are working hard to get things ready for the start of the school year—so I would think there would be more than the average in that period, but no more than slightly more than the average.

Mr Manthorpe—In fact, I can do slightly better. We have end January figures, but only at a high level because we only got them yesterday. We do not have it broken down into this level of detail. As at end January there were 6,856—do you want to do that one, Anthony?

Mr Parsons—As Mr Manthorpe said, our January reporting window only closed the other day, so we have just got the first high-level figures. For round 1—

Senator MASON—What does ‘high-level’ mean?

Mr Parsons—At the end of the month when we get the data back from all 22 education authorities, there is a series of reports—I think there are about 20 reports that are produced for discussions with the education authorities. I asked, preparatory for today, if we could just get the bottom line and not worry about cranking out the 22. I asked if I could just get some high-level figures, because I thought you might ask.

Senator MASON—If you have better figures, or more up-to-date figures, than the ones Mr Manthorpe had before, do you have—

Senator Chris Evans—He does not have the breakdown to the same sort of detail.

Mr Manthorpe—We just do not have the breakdown by round.

Senator MASON—All right. Give me what you have got; that is fair enough.

Mr Parsons—According to the figures I have got, the round 1 quantum—

Senator MASON—Round 1?

Mr Parsons—Yes, round 1 quantum. What I have got is 1,968 projects by 20 December, and that quantum of completed projects was met—and exceeded, in fact—by that date. What I do not have is what was a round 1 project, what was a round 2 and what was a round 3. I have only got the total. Round 2—so by the end of January we should have had—

Senator MASON—Sorry, I am just not following. You spoke about round 1.

Mr Parsons—No, what I am saying is that 20 December was the first round deadline.

Senator MASON—Twenty December was round 1 deadline, correct, yes.

Mr Parsons—So what I have is that at that stage 1,968 projects should have been completed.

Ms Paul—I think it might be better to take it on notice and give you a table, do you think, because we cannot disaggregate?

Senator MASON—Mr Manthorpe said that at the end of December there were 1,267 large—this is right, Mr Manthorpe, isn’t it—and 394 small.

Mr Manthorpe—That is right—of the round 1 projects.

Senator MASON—That does not add up to 1,968.

Mr Manthorpe—No. That is why—

Ms Paul—That is what Mr Parsons has just said.

Senator MASON—I am not trying to be difficult, Mr Parsons; I just do not follow.

Senator Chris Evans—I think in an attempt to be helpful, Mr Parsons is going to give you a set of figures that actually do not correlate with the way that it has been grouped before. I am not sure it is going to be helpful, but he is intending to be helpful.

Senator MASON—Ms Paul, can you give—

Senator Chris Evans—Why don't we take it on notice to get the end of January figures.

Ms Paul—Why don't we display it to you in the same way you have asked for it, which we have just talked through. We will display it in that way for you in a question on notice, if you like.

Senator MASON—All right, could do that. So we have got—

Ms Paul—That means that we will need more data than we have now, so that is why it is probably worth doing on notice.

Senator MASON—So round 2 data—just to make sure of this—is the end of December?

Ms Paul—That is right.

Senator MASON—Round 2.

Mr Manthorpe—No, end of January 2011 for round 2.

Senator MASON—For the data.

Ms Paul—No, our evidence on the data is as at 31 December.

Senator MASON—That is my point.

Mr Manthorpe—The numbers I read you for round 1, round 2 and round 3 were end December numbers, the deadline for which was end January.

Ms Paul—And what we have taken on notice is the update.

Senator MASON—Yes, that is fine. I appreciate that. Can we go to round 3?

Mr Manthorpe—Sure. I will stick with end December.

Senator MASON—There were 3,718 projects approved under round 3 and they were due to be completed by 31 March, about four or five weeks away.

Ms Paul—Yes.

Senator MASON—How many of those have been completed so far?

Mr Manthorpe—As at the end of December?

Senator MASON—Yes.

Mr Manthorpe—Six hundred and fifty-six, or 49.9 per cent—essentially 50 per cent—of the small school round 3 projects were completed by the end of December and—

Senator MASON—It was just under 50 per cent of the small schools?

Mr Manthorpe—Fifty per cent of the small school round 3 projects had been completed by the end of December.

Senator MASON—And how about large ones?

Mr Manthorpe—Seven hundred and fifty-one, which is 32 per cent of the large school round 3 projects.

Senator MASON—Somewhere here I have a question on notice I put to the department. I am referring, Ms Paul, to question on notice EW0654_11. According to that document, 4,008 variations had been given to P21 projects up to November 2010. Is that right?

Mr Manthorpe—Up to when, sorry?

Ms Paul—Are you looking at the back of the page?

Senator MASON—Yes. It is EW0654_11.

Ms Paul—Yes, we have got that.

Senator MASON—In relation to P21 projects, 4,008 variations had been given to P21 projects up to November 2010. That is the 2,842 on page 1 and 1,166.

Mr Manthorpe—That is right.

Senator MASON—I do not want to mislead you, but for approved variations before May 2010 under P21 it says 2,842; correct?

Ms Paul—Yes.

Mr Manthorpe—Yes.

Senator MASON—Table 2, from 14 May to 2 November 2010, has approved variations under P21 as 1,166. That is right, isn't it?

Mr Manthorpe—That is right.

Senator MASON—If you add that together?

Mr Manthorpe—It is 4,008.

Senator MASON—Right: 4,008. Now, that is extensions.

Mr Manthorpe—It is variations.

Senator MASON—Approved variations. What percentage of those variations would be time extensions, Mr Manthorpe?

Mr Manthorpe—I think we would have to take that on notice.

Senator MASON—A very high amount. Take it on notice, please. That will be delightful. But I am guessing it will be a rather high percentage. There were 4,008 approved variations up to 2 November, and they are out of 10,697 projects approved under three rounds. That is right, isn't it?

Mr Manthorpe—In that order, yes. I am not sure about the precise number that you used at the end of the question. It is in that order.

Senator MASON—It is getting very close to 40 per cent, not much short.

Mr Manthorpe—Yes, it is in that order.

Mr Parsons—Could I just remind the committee that that is the number of variations, not the number of projects.

Ms Paul—Yes, that is right. You cannot actually do that percentage.

Mr Parsons—And I do know that the highest number I have seen per project is as high as seven.

Ms Paul—Yes. So you actually cannot do it as a 40 per cent, if you see what I mean.

Senator MASON—I am sure you are right, Mr Parsons, but I am not convinced we can negate the question. I am happy for you to take on notice how many projects that relates to, as well as taking the question on how many of the variations are time extensions, but in my mind's eye I am not convinced that it makes a lot of difference. I will wait to be corrected but I am quite confident that it will not.

Ms Paul—We would have to take that on notice.

Mr Manthorpe—But to the extent that a lot of those are likely to be small schools, we have been around this conversation before, in the sense that there were a lot of small schools where the original timing objective was extremely ambitious, and a significant number were given extensions. So I think that, in those numbers, that is a material part of the explanation.

Senator MASON—Have more variations, in particular extensions of time, been granted in round 3, as a percentage, than in rounds 1 and 2?

Mr Manthorpe—We would have to do that analysis.

Senator MASON—Can you take that on notice.

Mr Manthorpe—Certainly, yes.

Senator MASON—So could you give me the percentages in rounds 1, 2 and 3. That would be very interesting.

Mr Manthorpe—Yes.

Senator MASON—What are the reasons for the extensions? If people are asking for a time extension, what do they say? What are the three most common reasons, Mr Parsons? What do they tell you?

Mr Parsons—I know that one that is in there, as we said before, is trying to align the work of the projects with other projects that are happening at the school. That is a common one. Another one is shortage of materials and/or labour. At various points through the BER there have been shortages of things like roofing tiles, aluminium windows and so on. So they seek extensions. The third most popular category would be unforeseen site conditions such as clay, asbestos, rock or wet weather.

Senator MASON—Or wet weather indeed. That is fair enough. The minister was good enough to advert to this before: stimulus packages are always—this is an Americanism, so you will have to bear with me—‘timely, targeted and temporary’. That seems to be sort of the catchphrase—President Obama has used that phrase—to describe the aim of a stimulus package. With the delay in so many of these projects, I discussed this the other day—you may know this, Ms Paul—with Mr Orgill. It is a bit hard to argue now—and, to be fair to the minister, he adverted to this—that it has the same stimulus effect. I just bring this up, Minister. Your other argument still pertains. You are still building facilities, but it is a bit hard to say that—

Senator Chris Evans—There is no doubt that the need for stimulus in the economy is not there to the same extent. I would, though, point out that there are a number of states where the construction industry is still in the position of serious underemployment. Your own state of Queensland is one of those. I am told that prior to the floods—there is an impact now—there was quite a large amount of unemployment and underemployment in the construction industry, particularly in the residential and commercial areas. But, nevertheless, it is a fact that due to the quicker recovery of the economy, which we are all grateful for, the need for stimulus is less than was anticipated.

But the beauty of Building the Education Revolution is that the government chose to invest in long-term assets and the education facilities of this country. They are good things in themselves. They are worth doing in themselves and will be of lasting benefit for the country for 30 or 40 years. So I accept that the need for stimulus is much reduced, but it is also the case that there is a public good in these projects and an education outcome of enormous value, and that is why I and this government are happy to continue to finish the projects: because we are making available fantastic facilities for schools around the country. If you go around the country and talk to the P&Cs and the principals and the parents, they think the facilities are fantastic and—

Senator MASON—But they do think they have paid too much for them.

Senator Chris Evans—Some of them do.

Senator MASON—A lot of them do, and that is being very frank.

Senator Chris Evans—Senator, if you read Brad Orgill's report, as I know you have, what you get is a much more complex picture than you and some of the opposition spokespeople would like to make out in terms of relative values et cetera. But we have done the work. Mr Orgill has done us a great public service by doing that detailed work, and as far as I know his work is not contested. Conclusions may be contested, but people accept there has been a professional—

Senator MASON—I feel sorry for him. I feel sorry for Mr Orgill.

Senator Chris Evans—There has been a professional forensic job done of the costings and there is a whole range of factors that have impacted on those. But what I know is that nearly every school in the country has much better facilities than they had before. They have used the opportunity to enhance their schools and we have a really good education outcome in both public and private education.

Ms Paul—You will remember also, Senator—

Senator MASON—It is easy to spend money but it is hard to spend it well. As you know, Minister, I went to state schools—I was at a very small Catholic primary school when I was very little, but I went to state schools all the way through—and state school kids have not got the same value for money as kids in independent and Catholic schools. That is what—

Senator Chris Evans—That is not a generalisation I accept at all.

Senator MASON—You may not.

Ms Paul—Mr Orgill would not accept that, I think.

Senator MASON—You may not, Minister.

Senator Chris Evans—That is not what the Orgill report says.

Senator MASON—It does.

Senator Chris Evans—No, it does not.

Mr Manthorpe—No, it does not.

Ms Paul—No, it does not.

Senator Chris Evans—That is factually wrong.

Senator MASON—That is not right.

Senator Chris Evans—No, what it says is that in certain states the independents and Catholic schools achieved better value for money. In other states they did not.

Senator MASON—Three big states: New South Wales, Victoria and Queensland.

Senator Chris Evans—Senator, you may have an eastern-centred view of the world, but Senator Cash, Senator Back and I do not.

Senator MASON—The differential was 60 per cent. It is obscene. I do not blame Mr Orgill. I actually feel sorry for him having to come here and defend it.

Senator Chris Evans—Senator, all I can say to you is that the Orgill report evidence is there.

Senator MASON—It is.

Senator Chris Evans—And what we also know is that all those schools have received enormous injections of infrastructure and capacity. As you go around the schools of this country, as I have been doing, you see the fantastic results of those investments, and if you ask the Catholic education system, the Uniting Church or the Anglican education system, and local state coalition members, they think these things are fantastic. I just think we need to get some balance back in this discussion. I am happy for people to analyse the Orgill report, but I am not prepared to accept that this has not been a great investment in the schools of this country.

Senator MASON—Maybe it has cost too much, Minister. That is where we have to disagree. I am certainly not suggesting that every dollar was a waste. I think some people got very good value for money, but not everyone. Anyway, on those figures, Mr Manthorpe, can you give the total of all three rounds completed by December. What is the total of all three rounds completed by December?

Mr Manthorpe—Completion rates of projects?

Senator MASON—Yes, the total. We are looking, as Ms Paul said, at the end of December as the date. That is fine; let us use that date.

Mr Manthorpe—It is 6,329. No, sorry; I just got confused about my numbers. It is 6,101.

Senator MASON—Okay.

Mr Manthorpe—That is 58 per cent.

Senator MASON—Thanks, Mr Manthorpe. Can I move now to—still on the BER—the update on financial commitment spent. At previous budget estimates, Ms Paul, the committee has been told that the finances of the BER involved three steps, and I think we have gone through this before: first, payment by the Commonwealth to education authorities of a payment; second, education authorities entering into commitments with third parties, builders and so forth; and, finally, the spend. So the education authorities make the actual payment to third parties. That is right, isn't it?

Mr Manthorpe—Essentially, yes, that is right.

Senator MASON—Okay. I think the evidence last time was that as at 21 October 2010 the Commonwealth had paid \$12.579 billion to the states for the whole of the BER program. That is right, is it not?

Mr Manthorpe—Yes, from memory.

Senator MASON—Yes, I think that is right. Can I ask, then, for an update. What is the latest figure you can provide the committee as to the amount of BER money paid by the Commonwealth to education authorities?

Mr Manthorpe—Certainly. This is for the whole of the BER, the three components.

Senator MASON—Yes.

Mr Manthorpe—The number is \$14,810,806,518.

Senator MASON—How about I go with \$14.810 billion? Is that close enough, Mr Manthorpe?

Mr Manthorpe—I think so.

Senator MASON—Have there been any changes to the timetable for future payments?

Mr Manthorpe—Yes, there have been. We are in the process of adjusting to a limited extent the timing of payments to certain education authorities.

Senator MASON—Can you explain that to the committee, Mr Manthorpe?

Mr Manthorpe—Sure. It goes to the issue you were raising before about delays and timeliness. One of the things that we can do to encourage completions is to withhold funds for a period of time until money is expended. So we are adjusting for certain education authorities, not all of them, the timing of the March payment. The next big payment is due on 7 March and some of those will now be occurring in April, May and June.

Senator MASON—So you are holding them back, some up until June.

Mr Manthorpe—That is right.

Senator MASON—You cannot tell us what those educational authorities are, Mr Manthorpe, can you?

Mr Manthorpe—We are still in discussions with several of them; we are in the process of corresponding. I am not sure I can give you a definitive answer on that today but we are happy to take that on notice.

Senator MASON—If you could take that on notice that would be great. You are too polite, Mr Manthorpe. I, of course, would announce it and put the boot in, but I can see you are too good a public servant to do that. I can tell.

Mr Manthorpe—We are in different lines of work, Senator.

Senator MASON—Can I ask: how much have the education authorities have committed so far? We are on part 2 now. We have got part 1 and part 2. How much have the education authorities committed?

Mr Manthorpe—Mr Parsons will help you with that.

Mr Parsons—Should we just use your logic and go \$15.586 billion rather than go down to the cent?

Senator MASON—Fifteen point five eight billion?

Mr Parsons—Fifteen point five eight six billion.

Ms Paul—This is the 98 per cent.

Mr Manthorpe—And that would include what they have spent, if you are there with me.

Senator MASON—This is a bit confusing. I am now confused, Mr Manthorpe. You mentioned 14.81.

Mr Manthorpe—That is right. We have paid that to the education authorities.

Senator MASON—And the education authorities have committed more.

Mr Manthorpe—That is right.

Ms Paul—Yes, because committed does not mean that they have actually paid it out.

Mr Manthorpe—That is right.

Senator MASON—And it all waiting for more Commonwealth money to come in?

Mr Manthorpe—That is right.

Ms Paul—This represents the contractual lock-in.

Mr Manthorpe—That is right.

Senator MASON—That is fine. Thank you.

Senator Chris Evans—They will have payment dates in the future, Senator, that we have not had to fund yet.

Senator MASON—That is fair enough. And that would all come in March or April or May depending upon those arrangements.

Ms Paul—That is correct.

Mr Manthorpe—That is right. And a small amount rephased as we talked about before.

Senator MASON—Fair enough. For part 3, how much have the education authorities spent so far? What is the spend?

Mr Manthorpe—Our end December number on that was \$12.7 billion.

Senator MASON—End December is 12.7?

Mr Manthorpe—That is right.

Senator MASON—Mr Manthorpe, can you give me the figures on moneys paid, committed and spent just in regards to the P21 component of the BER?

Mr Parsons—Alright. Committed first?

Senator MASON—Can we start with paid?

Ms Paul—If we do it in the same order.

Senator MASON—Yes.

Ms Paul—The first number was Commonwealth paid out.

Senator MASON—Paid out. Can we do that, Mr Parsons? One is payment. How much on the P21 project?

Mr Parsons—\$12.5 billion.

Senator MASON—Twelve point five billion has been paid. How much committed?

Mr Parsons—\$13.5 billion.

Senator MASON—Thirteen point five. Now I understand how that can work. How about spent?

Mr Parsons—I have got 11.1.

Senator MASON—Eleven point one. When is that of? What date? As of when?

Mr Parsons—That is end December.

Senator MASON—End December?

Mr Parsons—Yes.

Senator MASON—Why has the Commonwealth released \$25 million of the \$75 million back to the New South Wales government? Is that right?

Mr Manthorpe—That is right, Senator. You will recall the background to this.

Senator MASON—Yes.

Mr Manthorpe—Mr Orgill in the first half of last year advised the government to withhold an amount of New South Wales payments to enable him and us to work closely with New South Wales on ensuring effective value for money outcomes were achieved to the extent possible in New South Wales. Subsequently, we have been in discussion with New South Wales about the basis upon which that money might at some point be reinstated. The BER implementation task force first report that—

Senator MASON—I remember it well, Mr Manthorpe.

Mr Manthorpe—Indeed. The one that you were referring to—contained quite a lot of information, as you know, about how the various education authorities, including New South Wales, were travelling, and it contained a proposed rectification strategy for New South Wales government schools. On page 43 of the report you will recall that there were individual schools that Mr Orgill and his task force determined to have not met the value for money test.

Senator MASON—Yes.

Mr Manthorpe—With respect to those specific schools, Mr Orgill suggested a rectification schedule involving rectifying defects, involving rescoping of various features of the schools. You will recall that one of the origins of some of the complaints that came forward during the course of last year were that solar cells or whiteboards and so forth that had been included originally were being descoped. So there was a proposition about putting those back in, and also a proposition about providing relatively small amounts of funds for, if you will, companion works to be done at those schools to provide those schools something additional to assist to achieve a good outcome for them.

Senator MASON—Could I cut to the chase, Mr Manthorpe? Are you telling me that the New South Wales state government has demonstrated that they have overcome value for money concerns and building defects?

Mr Manthorpe—No, what I am telling you, Senator, is that, in answer to your question why has the government reinstated 25 million—

Senator MASON—Twenty-five million, yes.

Mr Manthorpe—I am sorry it is rather a long-winded answer, but the answer is that Mr Orgill has identified a set of specific schools where there were issues.

Senator MASON—Yes.

Mr Manthorpe—He has identified a proposed way of dealing with those issues in a way that can provide a better outcome for those schools at the end of the day. New South Wales has indicated to the Commonwealth a willingness to undertake that work to fix the defects, to rescope the various matters that had been descoped, to undertake work with the schools, to roll out companion projects.

Senator MASON—Right. So they need the \$25 million, in effect, to pay for that.

Mr Manthorpe—In effect.

Senator Chris Evans—Effectively, I said to New South Wales when they sought the money from us—which was originally allocated to them—that I would take advice from Mr Orgill when he thought that they had done what was required to bring the projects of concern up to scratch and that New South Wales had taken those rectification measures. I asked him to provide me that advice and I made it very clear to New South Wales that the money would be released on the basis of their having met Mr Orgill's requirements in terms of rectification.

Then we got specific advice on the \$25 million from Mr Orgill, that he was happy that those funds were being used for the rectification. We had guarantees about that so we released those funds. So effectively we have renegotiated to make sure that Mr Orgill's recommendations about rectification of those things are undertaken by the New South Wales government and we will release the funds to them as he provides advice to me that that work has been done.

Mr Manthorpe—Indeed, the rectification, particularly around rescoping, is occurring at more than just the list of schools on page 43 of Mr Orgill's report.

Senator MASON—I do follow that. Is the Commonwealth checking to see whether New South Wales is fulfilling their end of the bargain?

Ms Paul—Yes.

Mr Manthorpe—Yes, we are.

Senator Chris Evans—We are using him to be satisfied of what needs to be done and we have made it clear to the New South Wales government that they need to meet those benchmarks. If they are and we are satisfied that that is occurring, then the money will be released.

Senator MASON—Right.

Senator BACK—Can I say that, in the context of this satisfaction and confusion that has gone on, we have been disturbed to see a number of subcontractors, particularly, I think, of Bovis Lend Lease, finding themselves in severe financial difficulty. I would have thought if there was one group over the last few months who would not have been financially embarrassed it would have been those managing BER contracts in New South Wales, those constructing or those subcontractors. That will certainly have an impact, will it not, on the successful completion of some of these projects? I wonder if you would just tell us to what extent the department or Mr Orgill is watching this process and possibly having an influence on its outcome.

Senator Chris Evans—I will get Mr Manthorpe to reply in more detail, but I make a couple of primary points. First of all, we provide funds to the education authority, who then let contracts. I do not want to disown the problem, but we are not responsible for the contracts and the contractual arrangements that flow from that. As you know, in the building industry there is this tumbling effect to contracts, subcontracts et cetera, and a few of the providers in both the state and Catholic school system in New South Wales have gone into liquidation and a number of contractors and their workers have been left out of pocket.

I made it very clear my view is that we have two priorities. One is that the work is completed and the schools are brought to finalisation. We are very confident, as I understand it, that that has occurred or occurring, so there is no concern about that. I mean, things have to be followed through, but we are confident they will occur. The second, of course, is that the blokes ought to get their wages.

Senator BACK—And the subbies ought to survive.

Senator Chris Evans—The subbies, the contractors and their employers ought to get their wages, and that is the primary concern. Having said that, I reiterate that we are a long way up the chain, if you like, for the arrangements that are going into place. I also make the point that the companies that have gone into liquidation were not just doing BER work. It is not a function of BER. It is a function of those companies and their financial positions. I think in the Catholic school system, where we had a couple of collapses, they were doing BER work for the Catholic system and other work for them et cetera. So it is much more complex than it appears. The headline in the paper is ‘BER’. It has actually got very little to do with BER in the sense of—

Senator BACK—No, it was ‘Non-payment under BER projects’.

Senator Chris Evans—That is right. That is why I will get—

Senator BACK—The cash flow problems occurred from that, as I understand it.

Senator Chris Evans—I will get Mr Manthorpe to take you through that.

Senator BACK—Thank you.

Senator Chris Evans—But I can say to you that I have spoken to Mr Orgill personally on a couple of occasions and have asked him to be as actively involved as he can be—and he is. He is using best endeavours and engaging with all the parties to try and get a good result, and he knows what our objectives are, which is finishing the schools and getting the blokes paid. Obviously, as I say, our capacity is a bit restricted, given where we are in the context of the subcontracting arrangements et cetera, but Mr Manthorpe can probably give you a bit more detail about this.

Mr Manthorpe—Sure. Look, there is not a great deal to add to what the minister has outlined. Essentially we are very confident that the schools will be completed, that the contracts between the education authorities, in both the Catholic system and the government system, essentially say, ‘It is your job, Bovis Lend Lease, to build the schools.’ If someone goes broke down the chain below Bovis Lend Lease, Bovis Lend Lease still have to finish the schools. So our strong expectation and understanding is that that will happen and largely has happened.

It may be that in respect of either or both of the Catholic and government systems that arrangements can be made to ultimately help the employees or subcontractors, but that is still not settled and, as the minister has indicated, we have got only limited leverage in that. But I do not think that is peculiar to BER. It is more in the nature of the commercial contracting arrangements in the construction industry. But certainly Mr Orgill has been in discussions with all of the relevant players—the unions, employers et cetera and the education authorities to see what can be done, and that continues.

Senator Chris Evans—I do not want to appear difficult in saying this, but I do not want to say much more than that in terms of Mr Orgill’s appointment. There are negotiations and engagements between the parties going on. I do not want to give us an update of where that is at, but you are clear what our objectives are and Mr Orgill is really focused on it and has been meeting with people in the last few days. So we are focused on those objectives, but I would not want to give a blow by blow account of where we think we are at. We are using our best endeavours to help fix it, basically.

Senator BACK—Yes, and whatever might be our views on the value of the funds expended, this has not been a project in which contractors or project managers could say to subbies or others down the line, ‘You have got to trim your costs because we are hard up against it budget-wise.’ So I am delighted to hear that Mr Orgill and his team are watching this. As you say, I realise you have not got direct responsibility for it, but this has not been a cutting of the cloth exercise. If indeed the subbies have not been paid, and therefore their employees have not been paid, there has been a stack of money go into it. Therefore, the obvious question to be asked is: ‘Who is accumulating it and why isn’t it flowing down?’ But I am happy with the response and—

Ms Paul—The other thing worth noting is the schools’ perspective. I understand that the bulk of the schools affected have either completed or are near practical completion of their BER projects at any rate. Of course, the issue remains for the workers potentially, but for the

school community, our advice is that the bulk of these projects are pretty well completed anyway.

Senator Chris Evans—I only know what I have seen in press reports, but there is some suggestion there may have been some fraudulent activity behind some of this difficulty, Senator Back, so there may well be criminal issues involved in terms of why people did not get paid, but I do not have particular knowledge of that.

Senator BACK—As you say, it is not for us to speculate on that.

Senator Chris Evans—No.

Senator BACK—Thank you.

Senator MASON—Could we move on now just to the environmental standard of the buildings, Ms Paul and Minister. I am going to quote—not from a blog this time, Minister, so you will be very happy.

Senator Chris Evans—Glad to see your research is improving.

Senator MASON—It is the *Courier-Mail* this time, Minister.

Senator Chris Evans—I withdraw that earlier comment and reserve my judgment on what you have got next to say.

Senator MASON—In the Courier Mail of 9 February 2011 a report said that, of the 106 multipurpose halls built by the Queensland government in the so-called ‘cyclone alley’ between Bundaberg and the Torres Strait, ‘none have been built to the standards required for them to be used as shelters during emergencies like Cyclone Yasi’. I am not saying this is strictly the federal government’s fault. With regard to Queensland, has it been either a federal or a state government, in the construction of school buildings in areas which seasonally experience extreme weather such as cyclones, that such buildings be constructed according to specifications appropriate for the area so that they are able to better withstand and survive extreme weather events?

Ms Paul—I think we can comment on that.

Senator MASON—Thank you, Ms Paul.

Mr Manthorpe—At least in a general sense. Essentially, our understanding is that the Queensland government, in the rollout of the program up there, ensured that the building code of Australia was adhered to. I am no technical expert in this, as I have pointed out in previous hearings, but my understanding of the building code is that it is sensitive to environmental conditions, so there are different requirements in locations where there are likely to be very severe weather events. My understanding is that the Queensland government buildings met those requirements and that essentially that was sufficient to meet the exigencies of a cyclone.

Senator MASON—I think you are right. I am not suggesting for a second that the school buildings built by the Queensland state government did not meet the standards for school halls. I suppose what I am saying, to put it bluntly, is that, given there was a shortage of cyclone shelters, I am wondering whether we lost a good opportunity such that school halls could double as shelters. In other words, it was a wasted opportunity. I suppose that is what I am saying.

Senator Chris Evans—I think that is right, because I think there is a bit of confusion in the reporting in the sense that really they are saying not that all school halls were not built to the appropriate building standards for the region but that they should have been built to a higher standard as a sort of shelter.

Senator MASON—Yes, shelter. I am not suggesting—

Senator Chris Evans—So that is another specific purpose, while building them. Our answer to that is that those decisions are obviously for the state authorities.

Senator MASON—It just seems a wasted opportunity, Minister. That is all.

Senator Chris Evans—Whether that was an issue at any stage I am not sure. Were we ever approached, Mr Manthorpe, about that?

Mr Manthorpe—I am not sure, Minister.

Ms Paul—No, I do not think so. That is the issue, that they are built to a cyclone standard. The question is how high do you want your cyclone standard. They are actually built to a cyclone standard.

Senator MASON—Sure, but they are not good enough to service shelters.

Ms Paul—I am not sure about that, actually.

Senator MASON—This is what we have been told.

Ms Paul—It probably depends on the strength of the cyclone. I understand they are built to a cyclone standard. It is probably quite a high cyclone standard, but whether it would withstand the ultimate cyclone, that may be the issue at hand here, as the minister was suggesting. It is perfectly possible that for many cyclones they would be perfectly adequate as shelters.

Senator MASON—I do not know enough about it. Suffice to say, I hope it was not a wasted opportunity. That is my point.

Ms Paul—I do not think it was. I think that for many circumstances they will be adequate.

Senator MASON—Used as shelters?

Ms Paul—They would be adequate to be used in that way to a certain level according to the code.

Senator MASON—They are adequate for school buildings—I accept that—but whether they are adequate as shelters is the issue.

Senator Chris Evans—Without trying to ruin the sense of cooperative federal-state relations, it really is a question for the Queensland government as to whatever their planning is for higher level shelters et cetera.

Senator MASON—Can I move from Queensland to New South Wales and refer to an article in the *Sun Herald* of 6 February 2011. The *Sun Herald* reports that only 20 per cent of new classrooms built under the BER program in New South Wales are air conditioned and the rest are green classrooms that rely on natural ventilation. The article states:

Classrooms designed under the BER use passive temperature control techniques such as insulation or natural ventilation.

The article goes on to state:

The Department of Education—

It is unclear whether they are talking about state or federal—

Ms Paul—This is state.

Senator MASON—Yes.

Senator Chris Evans—This is an issue in Western Australia as well, Senator.

Senator MASON—Yes. It states:

only provides air conditioning in heat zones with a mean January average temperature of above 30 degrees.

That is the argument. Actually, it is a bit worse. Apparently—and I am not certain how true this is—angry parents have revealed some schools had air conditioned classrooms which were torn down and replaced with sweltering rooms under the federal government's widely lambasted scheme. That is reported in the paper. Air conditioning in schools is an issue. I suspect it is in WA; it certainly is in Queensland.

Senator Chris Evans—I spent a lot of time fundraising a few years ago to put air conditioning into our primary school.

Senator MASON—I accept all of that.

Senator Chris Evans—Because the state government would not pay for it—the then Labor state government.

Senator MASON—This was a huge expenditure. I have an air conditioned office; I suspect you do and Mr Manthorpe and Senator Evans. We all do.

Senator HEFFERNAN—You sook. I drove the header all summer without air conditioning.

Senator MASON—You are tough, Senator Heffernan. The point is these kids are in often sweltering conditions and they have got no air conditioning. This natural ventilation is terribly trendy but I would not want it; I would want air conditioning. I just find it not good enough given the expenditure.

Senator Chris Evans—I think Mr Manthorpe can probably take you through the arrangements for the state authorities in regard to this because this has been contentious. I have had a lot of approaches about it in Western Australia. Effectively, it is the state authority's guidelines about air conditioning that has driven those decisions. Primary schools in Western Australia that are not in the zones that the state government says are eligible for air conditioning have not had that included in their plans. I have actually written to the state education minister, Ms Constable, about it. I have opened a couple of schools where the P&C are already having to talk about how they might retrofit the air conditioning.

Senator MASON—It is the same in Brisbane.

Senator Chris Evans—It is a live issue. Clearly, if you could put them in when you are doing the initial build, it would be a much better result. Mr Manthorpe can take you through the technical niceties.

Ms Paul—To set the context for it, what happens in each of the education authorities in the states is that they come to their own policy positions, which are always a balance between green on the one hand, which means you do not want air conditioning because it is extremely bad for the environment, and comfort on the other hand. So each of them has come to a rule. The problem is, of course, if you fall outside the rule if you are under the 30-degree median or whatever it happens to be, you may find it uncomfortable. That is why they do it and each of them has their own jurisdiction to determine that.

Senator MASON—I accept that, Ms Paul. I am not saying that what you are saying is in any sense incorrect. I am with the Minister on this. It is just that it is exasperating. It is federal money being given to the states. I do not care what party it is, state politicians all want air conditioned offices. But we put kids in central Queensland in hot boxes. For a proper educational learning environment, you have got to have air conditioning. It is a hot country. I know it is not trendy because of the greenhouse effect and everything else. If I was a teacher, I would find it extremely difficult. I mean it. It is quite a serious issue.

Ms Paul—It is a serious issue.

Senator MASON—It is exasperating.

Ms Paul—It is a serious issue.

Senator HEFFERNAN—Especially when it is \$3,800 to \$4,000 per square metre to build the building which could be built for \$2,000 a square metre.

Ms Paul—And have an air conditioner.

Senator MASON—Next time we do this, Ms Paul, can we make sure the state governments actually pay greater attention to the learning environment, because that is important. Air conditioning just sometimes is important to teach kids.

Senator Chris Evans—As I say, it is the fact that you would be the first to argue that I should not stomp on the rights of the states to determine how they run their education systems.

Senator MASON—But it is your money. It is Commonwealth money.

Senator Chris Evans—It is, and we have set standards for them. We did not seek to intervene in their air conditioning policies.

Senator MASON—Do you wish you had?

Senator Chris Evans—My non-ministerial gut reaction is the same as yours, that I would prefer to see, where appropriate, the build go in early. The reality in Western Australia, like in Queensland, is that. My partner was on the P&C and she led the fundraising to make sure our school was retrofitted. It is an old school. But we had the financial capacity to do that because we are from an upper middle class suburb where the parents have the revenue. It is much tougher for a lot of schools in lower socioeconomic areas to do that sort of fundraising. I am sure in some of the smaller rural communities the burden is much higher. But that is the reality of where we are at. Effectively, the BER did not interfere with those state or Catholic or Anglican policies. I probably should not say this on the record, but if you ask me whether it would have been better to fix that, the answer is probably yes.

Senator BACK—I have noticed the roofs of the BER funded buildings and schools in Canberra seem to be richly adorned with air conditioning units.

CHAIR—That is heating.

Senator BACK—It may well be. I think it would be appropriate, if we have a survey undertaken of the heating and cooling for the schools in Canberra and compare that with rural Western Australia, Queensland and New South Wales.

Senator Chris Evans—I had better let Mr Manthorpe go. I have not been running the party long and so if I let Mr Manthorpe run the party along.

Mr Manthorpe—A couple of points. First of all, picking up on Senator Back's comment, I think the ACT government has done a fantastic job at BER. That was the first observation. The school outcomes here are terrific.

Senator HEFFERNAN—Did you want to come to Junee?

Mr Manthorpe—I beg your pardon?

Senator HEFFERNAN—I will take you to Junee.

Mr Manthorpe—I do not think Junee is governed by the ACT government.

Senator HEFFERNAN—A convent in Junee got a hall which enclosed a basketball court and an internal/external canteen, a stage and dressing sheds et cetera—\$850,000. North Junee school got a room half the size of this room for \$2 million. A disgrace.

Mr Manthorpe—The second thing I was going to say is that, as part of the rescoping that I mentioned before and specifically following up some of the Orgill suggestions, some of those schools are going to get air conditioning put into them as part of the remediation works that he proposed. That was all I just wanted to add.

Senator MASON—I am with the minister on this one.

Senator Chris Evans—I think we are in the minority, Senator.

Senator MASON—I think we might be. I am clearly insufficiently green, anyway, Minister. In terms of the rules connected with the signage of the BER projects, I notice that in Queensland—and I suspect it is the same around Canberra and New South Wales—there are still BER signs around. Are there any rules regarding that? Can they stay up forever? What is the story, Mr Manthorpe, with BER signage?

Mr Manthorpe—I just would want to check that on notice, because I remember from the last time we talked about this that the guidelines talk about 31 March this year but they also talk about the end of the program, and the program was extended because of the rephrasing.

Senator MASON—Can you let the committee know on notice?

Mr Manthorpe—We will check the detail. Likewise, I have noticed at a lot of schools that the signs have come down, and that is not something that is causing us any grief.

Ms Paul—If it is not breaching the guidelines.

Senator MASON—Could you just let the committee know on notice what the requisite dates are?

Ms Paul—Yes, we will do that on notice.

Senator Chris Evans—Also, we might seek some advice, I think, Mr Manthorpe, on whether or not we needed to change the rules, given the extension of the program.

Mr Manthorpe—In fact, Senator, I can now answer your question.

Senator MASON—Sure.

Mr Manthorpe—The guidelines say:

Signs are to be erected on commencement of construction and must remain on display until the completion of the BER program on 31 March 2011, or project completion should an extension be granted.

So to the extent that there are grants of extension still at play and the thing is not finished, and to the extent there is rephrasing, then those signs are—

Senator MASON—So it is 31 March country-wide, for the entire nation, and then it could be longer if that individual project has yet to be completed?

Mr Manthorpe—That is right.

Senator MASON—Thank you, Mr Chairman.

[5.51 pm]

CHAIR—We will now move to program 2.10, Youth support.

Senator NASH—Chair, I probably do not have all that many questions for this particular section, so we might cut into dinner break just a little and get it out of the way, if that would suit. We do not have any questions for 2.11, so it will just be 2.10. On the national partnership on youth and transitions, could you just detail for me the amount of funding that has been spent under the program to date? Is there a way of breaking down for me each particular area and the funding that has gone to the areas within the partnership?

Ms McLaren—If I could break down the components of the national partnership, there is a component of the partnership where funding is paid directly to the states and territories for reform under maximising engagement, attainment and successful transitions, and that is \$107 million over four years. The Youth Connections Program, which is a COP under the national partnership, is \$283 million over four years, give or take—I am rounding up there. The Partnership Brokers Program is \$187 million over four years. The national career development component is \$47 million over four years.

Senator NASH—How do you actually oversee the money that goes to those programs? Is it difficult to quantify the outcomes from those things? And how do you actually measure the value of the funding going to those separate areas?

Dr Arthur—There are two different elements to that. The elements that Ms McLaren referred to as Commonwealth own purpose expenditure are programs that we operate directly. We have tendered with a number of service providers and we have direct management information flowing from them and a management system which looks at that data. So we manage those programs directly and we have, as I said, a set of management information data which we use to look at those programs. Also we have, therefore, evaluation responsibility in due course for those programs.

The managing engagements program is broadly paid to the states and territories and is subject to the overall arrangements for responsibility under the national partnership. The career element is a bit different again in that it is money which, although not handled at the moment by way of the direct tendering process of the two large programs—the connections program and the Partnership Brokers—is one where the Commonwealth has a direct relationship in most cases with some forms of service provision and manages the accountability directly itself.

Senator NASH—Okay.

Ms McLaren—Senator, could I just make a correction. I have now found the correct bit in my brief. I transposed my figures, so the Partnership Brokers Program is \$183 million and the Youth Connections Program is \$287 million.

Senator NASH—Thank you. I note that the partnership states its objective is to increase the number of young Australians achieving year 12 or equivalent by 2015. What is the definition of equivalent? What are the things that are counted as equivalent to year 12?

Ms McLaren—Basically it is a certificate II or a qualification that is recognised by a board of studies, such as an International Baccalaureate.

Senator NASH—So what is the current percentage of students who complete year 12 or a year 12 equivalent now? Of those who begin year 12, how many go through to actual completion?

Ms McLaren—I will take that question on notice, Senator.

Senator NASH—That is fine.

Dr Arthur—The data source for the measurement in due course of the attainment of these targets, and there are two targets, is the census.

Senator NASH—Okay. Can you just run me through the targets and what they are and how they operate?

Ms McLaren—The target that you have mentioned is that 90 per cent of young people 20 to 24 years of age achieve a year 12 or equivalent qualification by 2015. We have some interim targets under the national partnership. For example, in 2010 there was a participation target that was set. To set that target we looked at the past participation rates of each jurisdiction and then set a stretch target for them for 2010. We do not have the results of that yet because the data comes in later this year. There is a reward payment attached to that if jurisdictions achieve the participation target.

There is also an interim target in 2012 for attainment. Again, that was calculated looking at the jurisdictions' rate of attainment at the beginning of the national partnership and setting a stretch target for 2012, which is an indicator of progress towards the 2015 target.

Senator NASH—Just that 90 per cent by 2015 target you were talking about: what is the percentage figure at the moment?

Ms McLaren—Do you mean at the beginning of the national partnership or do you mean at the moment?

Senator NASH—When did the national partnership begin?

Ms McLaren—On 1 July 2009.

Senator NASH—How about both?

Ms McLaren—That is why I asked—we do not have the current information because that is what—

Senator NASH—Okay. How about the 2009 figure?

Ms McLaren—I should have the 2009 figure in my pack. Just give me a second.

Senator NASH—That is fine.

Ms McLaren—It is around 84 per cent, but I cannot find the figure just at the moment.

Senator NASH—If you want to just take it on notice and make sure we have the correct figure for the record, that would be fine.

Ms McLaren—Yes.

Senator NASH—So you are looking at that six per cent as being a realistic increase—a realistic target?

Dr Arthur—I think that Ms McLaren said it was a stretch target, and it was deliberately chosen to be—

Senator NASH—Sorry; could you give me the definition of a stretch target. This is like another language at times. What is a stretch target?

Ms Paul—One that is not that easy to achieve.

Dr Arthur—Correct. The whole point of that target was that states and territories and indeed other education authorities would have to do more than they are currently doing to achieve that target.

Ms Paul—The level has been going up but very, very gradually, at a slower rate than this target. If you just left things as they are, the target would probably not be met in the time frame. That is what is meant by ‘stretch target’.

Senator NASH—With the reward payments, what is the quantum of the reward and how does that function?

Ms McLaren—The award funding is a total of \$100 million with \$50 million being available for 2010 participation and \$50 million being available for 2012 attainment. The distribution of that reward funding has been calculated basically on the basis of population density. It is the COAG Reform Council that is responsible for determining whether a state or territory has reached that target and will be able to access the reward funding.

Senator NASH—If nobody does that, it just goes back into consolidated revenue?

Ms McLaren—Actually, under the terms of the national partnership it rolls forward to be available for the attainment target because, as I explained, the participation target is really an indicator of attainment. We are using it as a proxy measure.

Senator NASH—With the Youth Connections Program there are 109 providers, I think—correct me if I am wrong. How are the providers chosen? Is it a tender process? How does that work?

Ms McLaren—There are 113 regions and the providers were chosen by national tender.

Dr Arthur—Just to amplify, there can be a provider who is offering services in more than one region, so there is not necessarily going to be an exact match between the number of providers and the number of regions.

Senator NASH—That is fine. Thank you for the clarification. I am very happy for you to take this on notice, but would you mind just providing us with the list of funding that is attached to those providers.

Dr Arthur—We can certainly do that.

Senator NASH—That would be great. One of the things contained within that is obviously identifying young people at risk. How do you define ‘at risk’ and what sort of measures are in place to assist with the identification of the ‘at risk’ category?

Ms McLaren—Basically the definition that we have been using is young people who are at risk of not attaining a year 12 or equivalent qualification. Loosely, that is the overarching definition.

Senator NASH—I get that bit. I just wondered how you define that. What leads to somebody being identified as being at risk?

Ms McLaren—The young people that our providers work with are generally people who are disengaged or disconnected from school or education or training. So the referrals to our providers come from Centrelink. They also come from the schools themselves. Sometimes they come from parents and sometimes young people self-refer. At other times other youth support services refer young people to our providers. So the kinds of risk factors that they are looking for are multiple, but they generally involve the young person having some barriers that they need to overcome in order to reconnect or re-engage with education or training.

Senator NASH—So it is a subjective judgment made by somebody with the expertise to determine whether or not they are at risk.

Dr Arthur—Indeed. I was part of the selection process for the tender. Part of the obligations of the successful tenderers is to establish local connections to enable them to carry out that activity effectively.

Senator NASH—Finally, I move to the Australian Youth Mentoring Network. I think Minister Garrett said in a speech in November 2011 that there was \$600,000 over three years to continue the mentoring programs. I was interested in which program and funding that \$600,000 comes from.

Ms McLaren—That comes under the national career development bucket of funding. That element is, as Dr Arthur mentioned, a Commonwealth own-purpose expenditure. The purpose of that bucket of funding was to fund things that it only made sense to do at a national level. So rather than have eight different versions of the Job Guide, for example, we fund that at a national level out of that bucket of funding. The Australian Youth Mentoring Network is another of those things that it only makes sense to do at a national level, because that is an organisation that provides training, benchmarking tools et cetera to a range of youth-mentoring organisations that are being funded either by states or territories or by NGOs. So

that is something that is seen as being of national importance as opposed to something that an individual state or territory should fund.

Senator NASH—That makes sense. How much of that has been expended to date? Any of it?

Ms McLaren—I would have to take that on notice, but we are in the second year of the contract, so it would be roughly \$300,000 that has been expended.

Senator NASH—If you would not mind taking that on notice and just saying where that funding has been allocated thus far—

Dr Arthur—Just for clarification, are you referring to the money specifically for the Youth Mentoring Network or—

Senator NASH—Yes, for the Youth Mentoring Network. That would be great. Thank you.

CHAIR—Thank you. If there are no other questions right now, we will suspend for dinner and we will resume at 7.30 in outcome 3.

Proceedings suspended from 6.06 pm to 7.30 pm

Skills Australia

CHAIR—We will resume these estimates hearings. We are now in questions in outcome 3, and we have questions for Skills Australia. Thank you, Mr Shreeve and Ms Beitz, for coming today. Do you have any opening remarks you would like to make to the committee before we go to questions?

Mr Shreeve—No.

CHAIR—Thank you. Senator Mason.

Senator MASON—Chair, I have questions relating to ALTC, not Skills Australia. I do not have any Skills Australia questions.

CHAIR—Come on, think of one! They have come all this way. I know Senator Back has a couple of questions.

Senator BACK—No, mine are in higher education support.

CHAIR—Senator Nash?

Senator NASH—Not my area—sorry, Chair.

Senator MASON—Except to say, Mr Shreeve, that I know you are the expert and I am coming to see you to discuss some of these issues—for you to brief me—but I do not want to do that now so much, because I am not briefed sufficiently myself to make use of your valuable time. But I do feel, on behalf of the committee, slightly untoward, Mr Chairman.

CHAIR—No, that is all right. These things happen from time to time. We apologise to you, and I am sorry to have kept you waiting. I do not know if it is with a sense of relief that you should go, but I suspect not. We do apologise.

Senator MASON—Mr Shreeve, I will call on you at some stage in the future, if that is all right.

Mr Shreeve—I look forward to it.

CHAIR—The committee has recently had you before it in an inquiry, so we must have exhausted all our questions at that time. So, thank you, you are excused.

Mr Shreeve—Thank you.

[7.32 pm]

Australian Learning and Teaching Council

CHAIR—We will move to questions for the Australian Learning and Teaching Council. Dr Nicoll, are you it?

Dr Nicoll—I am it!

CHAIR—The title just simply gives me the impression that there are a whole lot of you—a council.

Dr Nicoll—It is me.

CHAIR—A council of one.

Senator MASON—Dr Nicoll, thank you for coming. What is the primary function of the ALTC?

Dr Nicoll—The council has a number of objects, which are outlined in its constitution, and I can refer you to those. At a global level, without going to those, the objects of the organisation are to promote and enhance the quality of learning and teaching in higher education, to work collaboratively with the higher education sector and to effect strategic change to improve the quality of learning and teaching.

Senator MASON—This question may be slightly difficult to answer, but I will ask it anyway. How much, roughly, does the Commonwealth spend each year in the tertiary sector—in universities—on the provision of teaching and learning?

Dr Nicoll—Whilst I could hazard a guess, I do not think it is appropriate that I answer.

Ms Paul—That is a question for us, Senator, and we will get that information for you.

Senator MASON—Thank you. That would be great. It is a fair bit of money, Dr Nicoll, isn't it?

Dr Nicoll—It is certainly in the order of billions of dollars.

Senator MASON—What is the budget each year of the ALTC?

Dr Nicoll—As of this year it would have been \$22 million.

Senator MASON—You have been cut recently, I think. Is that right?

Dr Nicoll—Yes. We were cut in the last budget by 20 per cent, from around \$28 million to \$22 million.

Senator MASON—Dr Nicoll, how are you set up? What are the administrative arrangements in establishing the ALTC?

Dr Nicoll—The council is a company set up under the CAC Act and the Corporations Act. It is a company limited by guarantee. It has an independent board that is appointed by the minister for education. The Commonwealth is the only member of the company and the

Commonwealth's representative, as the member or the owner of the company, is the minister, Senator Evans.

Senator MASON—You are the CEO, Dr Nicoll?

Dr Nicoll—I am the CEO. The chair of the board is Emeritus Professor John Hay.

Senator MASON—Former distinguished vice-chancellor of the University of Queensland. Is that right, Dr Nicoll?

Dr Nicoll—He was vice-chancellor of the University of Queensland.

Senator MASON—Do you think that Australian academics, Australian university teachers, really need a specialist body to assist them in teaching and learning?

Dr Nicoll—The ALTC has provided, over the seven years of its life, support for learning and teaching in the sector, and I think it has carried out that role admirably. It has certainly been greeted by numerous people within the sector with great support for the work it does.

Senator MASON—I accept that. You are right that many in the sector are very supportive of it, but let me play devil's advocate and ask a tough question, because it is appropriate. How do you benchmark your achievements? How do you know that you are contributing to teaching and learning in universities?

Dr Nicoll—In the time that the ALTC and its predecessor, the Carrick Institute, have existed, the universities have put in place supports and structures to focus on learning and teaching in a way that did not exist before. One of the symbols of that is the creation of positions such as deputy vice-chancellor teaching and learning, deputy vice-chancellor academic, where there has really been an awareness by the institutions that teaching and learning is at the very heart of—core to—the mission to universities. So that is a symbol of that.

One of the challenges with organisations like the ALTC is that it is difficult to create causality and say, 'This is the impact and the effect.' Professor Shirley Alexander, the deputy vice-chancellor at UTS, wrote an article this week in *Campus Review*, and in that article she outlined that she believed—and I am providing this as her view, not my own, as an answer to your question—that some of the increases in the course experience questionnaire over the last five or six years she would ascribe to some of the work that the ALTC has contributed through funding.

The Australian government has provided \$165 million of funding through the ALTC over the last seven years, and through that it has created change and improvements in teaching and learning that would not have occurred otherwise. I am not saying that the sector is perfect and I do not believe that the quality of learning and teaching has reached the pinnacle that everybody would say—

Senator MASON—I think you are right.

Dr Nicoll—it should meet, but I think the ALTC has made a difference.

Senator MASON—This is one of the paradoxes of higher education, and I am sure many people in the department know a lot more about it than me, but every vice-chancellor will tell you that—and I am not making a partisan point at all here—government funding relatively

has fallen, the public contribution has fallen, and the size of tutorials has increased markedly over the last, let us say, 15 years perhaps. The argument is that the learning experience is suffering because of that. Yet, Dr Nicoll—and you have just flagged this—any empirical data, course questionnaires and so forth that undergraduates in particular, but even graduates and research scholars, have completed in recent times seem to indicate paradoxically that the quality of teaching and learning in Australia continues to go up. I am not suggesting that will continue. That is an argument for another day. But that is right, isn't it? I would hate to misrepresent the vice-chancellors, of course.

Dr Nicoll—Certainly the CEQ results have gone up over a period of time. In terms of your correlation between results on CEQ and class sizes, there is no empirical evidence that says that increased class sizes necessitate a less effective teaching and learning outcome.

Senator MASON—Indeed that is right. The same argument is made in schools, isn't it, up to a certain point? I am not saying it goes forever. Without getting into another huge argument, it would seem to me the same point is made in secondary education as well as in tertiary. Your argument would be that the ALTC, on the data available, as sketchy as the data might sometimes be, has assisted in that process of improving teaching and learning outcomes?

Dr Nicoll—It would be my contention.

Senator MASON—What does the ALTC do to facilitate that? What makes you so special? What makes you different?

Dr Nicoll—We run a number of programs to stimulate and to act as a catalyst for innovation in teaching and learning over a range of areas. We provide an opportunity for collaboration at a national level which institutions without funding would not take the opportunity to do themselves. It is an opportunity to create collaboration across the nation. One of the prerequisites for success in an ALTC grant is the capacity to show collaboration with other institutions. We also do this by working with academics—building on the academic culture, which is about collegiality and collaboration—for them to allow change to occur from the ground up and to grow that change so that it spreads, so that it is not just within one institution but is shared with others around the country, where we have universities from Hobart through to Darwin and across the east and west as well. We do need to have a national approach to these things.

Senator MASON—Do you harness world's best practice and make that available? Do you facilitate information about good teaching practices and so forth?

Dr Nicoll—Yes, we do. One of the key parts of our approach is to do whatever we can to assure dissemination. One of the prerequisites for grant winners is also that they draw on the body of knowledge and best practice, wherever it is in the world, not just within Australia. They are building on their knowledge within their discipline or in their particular pedagogy to be able to really contribute to improving teaching and learning across the nation.

Senator MASON—What is going to happen to the ALTC now? The government has made an announcement but I am still a bit fuzzy about the process. Minister, what is the process now for the ALTC? Does DEEWR take over functions sometime next year?

Senator Chris Evans—The decision is effectively that from the end of the year DEEWR will take on some of the functions and programs. Obviously our major focus at the moment is ensuring the best outcomes for the staff who will be made redundant as a result of these things. I spoke to Dr Nicoll earlier this morning about that, trying to make sure we get the best possible results for the staff. Some of them may well come across with the programs. Others may take other opportunities. Dr Nicoll has the challenge of managing the organisation in a period when some staff will be looking to leave. She has a bit of a challenge ahead of her and we have discussed some of those issues.

The department will pick up responsibility for running the programs and we will look at how we restructure and re-prioritise in this important field, particularly in light of the development of the TEQSA legislation. We have to come up with a new framework. We will do that during this year. The programs will largely continue, so there will be that ongoing recognition of the value of the programs, encouragement for best practice and recognition of excellence. Does the secretary want to say something about that transition?

Ms Paul—Sure. Dr Nicoll and I have had an initial discussion, although brief. We will take the approach taken before. We had the challenge of supporting two other agencies in transferring their functions to the department. Our commitment, as the minister said, is to first support Dr Nicoll and her people and, secondly, to work on an effective transfer of knowledge into the department.

I am sure together we will work through a project plan and an approach which is as supportive to Dr Nicoll and her people as can possibly be the case. My experience with this is that we can offer a lot of support. We can offer one-on-one support. It is entirely up to Dr Nicoll and what the staff want but we can offer a considerable amount of support in terms of supporting their choices about their own futures and supporting knowledge transfer as well. Dr Nicoll already has a group going with us and that is underway. We will deal with it at our level too.

Senator MASON—Ms Paul, over the last 12 months has there been any IDC which has examined the operations and effectiveness of the ALTC?

Ms Paul—Not that I am aware of.

Senator MASON—Was there a task force within the department which evaluated the effectiveness?

Ms Paul—Not that I am aware of. I would have to look back and see whether there had been evaluations. The institute has been around for a while, under another name originally, so I can—

Senator MASON—Within the last 12 months?

Ms Paul—I do not think so within the last 12 months. There may be something before that.

Senator MASON—How about an external consultant to review the activities of the ALTC?

Ms Paul—I do not know. I will have to take that on notice.

Senator MASON—So we are not sure if there has been any formal review of any kind in the last 12 months about the operations and the effectiveness of the ALTC.

Ms Paul—Not that I am aware of, but perhaps Dr Nicoll—

Dr Nicoll—The last review I am aware of was conducted by Kwong Lee Dow simultaneously with the Bradley review. Professor Kwong Lee Dow provided a review that Professor Bradley and her committee considered as part of their review of higher education.

Ms Paul—That would have been probably 2009.

Senator MASON—Ms Paul, I know you will correct me if I cannot ask this question, but I flag it because it is on the borderline. Did the department provide any advice to the minister regarding the future of the ALTC in the last two months?

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

Senator Chris Evans—Senator, can I make it clear—

Senator MASON—Let me see what that advice was—

Senator Chris Evans—No. Can I make clear this decision does not reflect badly on the ALTC, Dr Nicoll or the staff. This is a hard decision the government took when looking at our need to find savings and, in light of what was occurring with the development of TEQSA and other things, it was thought there was a capacity for us to restructure. This was a tough decision, particularly difficult for those involved, and I am very conscious of that, but the government took that decision. But as I say, it does not reflect adversely on the work of the ALTC or of the staff and we are looking to pick up as much of the work and the programs as we can in a new format.

Senator MASON—According to the Prime Minister's media release of 18 February, she says this:

Following discussions with Mr Wilkie, the Government will continue to support the promotion of excellence in university teaching through the provision of \$50 million in project and award funding over the forward estimates.

Over the next four years.

Funding for the grants and awards that were previously provided by the ALTC will be administered by DEEWR from 1 January 2012.

So as I understand it, and correct me if I am wrong, over the forward estimates the government are budgeting for \$50 million expenditure and the ALTC I think was budgeting for \$88 million—four times \$22 million. So what is that, a \$32 million difference? It is a political argument, but with the greatest respect, \$32 million is a rounding error these days, honestly.

Senator Chris Evans—Given that you have harangued the government for the last couple of years on much smaller amounts than that in terms of the debate about the BER, I am very surprised to hear you say that, particularly given your deep interest and concern about waste of Australian taxpayers' money.

Senator MASON—I am not so sure it is waste and there has been a lot more—

Senator Chris Evans—I am not sure being on the record regarding that amount of money as a rounding error is a very clever place to be.

Senator MASON—I do not know. I would say in the context of the expenditure of billions of dollars in university teaching and learning—the BER cost \$16 billion dollars and this is effectively costing \$88 million minus \$50 million. So what is that, \$32 million over the next four years; \$7½ million a year? That is not a lot. The government makes decisions and I understand that—and we all make tough decisions—but it is not one I agree with.

Senator Chris Evans—I understand that and, to be frank, whenever you take something away or abolish something, it is tough and it is particularly tough on those people involved and the people who worked to create it. I am very alert to that but, as I say, because of the developments that occur in terms of the standards and regulation and the university and higher education space, we thought this could be managed in a reasonably effective way. It was always my intent to try to continue much of the good work that has been done, but obviously we were going to have to do that in a more constrained budget envelope.

Senator MASON—I accept that.

Senator Chris Evans—There may well be other tough decisions that we will have to take as part of the next budget.

Senator MASON—I accept all of that. I know just from what I have received over the last few weeks that the government has cut the Capital Development Pool, I think, which is roughly \$300 million, something close. There were some complaints, but not that many. There were a lot about the ALTC. Given that it is about \$7 million or \$8 million a year being saved overall, that is not a lot. It is your decision, Minister, but this is the feedback I am receiving; that is all.

Senator Chris Evans—I admit I have been interested in the disparity in the reaction.

Senator MASON—I am being quite frank.

Senator Chris Evans—I think that is right; that has been my experience too. So I think there are a lot of people very committed to the sort of work that Dr Nicoll and her staff have been doing and, as I say, we are committed to trying to continue that work and build on it within a more constrained financial environment. But many of the programs will continue and it is about us finding a new architecture if, with your support, we are able to get the TEQSA legislation through the parliament.

Senator MASON—Right. Why don't we go to that now, unless there are any further questions on the ALTC? I think I have finished with the ALTC, but I want to thank Dr Nicoll.

CHAIR—Thank you, Dr Nicoll. We will now move to program 3.1 in general terms.

Senator MASON—First of all, Minister, can I thank you and Ms Paul for providing the exposure draft in advance, which I did appreciate yesterday, and officers to brief me, which they did in a very coherent and concise fashion. I will not detain you for too long, Minister, because I am still grappling with the legislation and I know you have said publicly that there will be a Senate inquiry into it which I am hoping to participate in myself; so perhaps that will be a better place to ventilate many of the—

Senator Chris Evans—More technical aspects.

Senator MASON—Correct. Can I perhaps just go to the heart of the issue. Mr Hazlehurst, what are the most contentious issues amongst stakeholders with respect to the legislation?

Senator Chris Evans—That is a good one. You have given him a slightly easier one to start with, to warm up.

Senator MASON—I do not want to detain anyone because there is so much detail in this.

Mr Hazlehurst—Having warmed up, perhaps the easiest way of answering that question is to say that, as you would know, the process of bringing this draft to its current point has involved several stages of consultation already. There was an initial workshop on the draft conducted in a budget style lockup, confidentially, in November and then another one in December. The kinds of issues that were raised by stakeholders through those processes I suspect are the kinds of issues that you would like me to comment on.

Senator MASON—I think it is fair to say, Mr Hazlehurst, without being too controversial about it or gilding the lily, that there was initially at least heightened concern. I was receiving all sorts of feedback and people are lobbying me about all sorts of things. But, again to be fair, that has died down in subsequent weeks. I think that is being fair.

Ms Paul—Yes, it has. Before Mr Hazlehurst arrived in the department, I remember you and I discussing some of those early concerns about the nature of the provider standards, a draft we had put out; there were a range of things, weren't there? We have pretty well addressed all of them.

Senator Chris Evans—I think at one stage someone was accusing me of seeking totalitarian control of our universities.

Senator MASON—I think that was Senator Carr.

Senator Chris Evans—This came as news to me, but I was most perturbed so I instructed the officers to take a less totalitarian approach. No, it was Stalinist, I think.

Senator MASON—Stalinist, yes; but there was. I think it is fair to say that.

Senator Chris Evans—No, there was. To be honest, I think it was lack of information. We needed to do a much better job of providing information and answering concerns. I think when that process took place, people at least knew what they were dealing with. They did not necessarily agree with everything—

Ms Paul—No, that is right.

Senator Chris Evans—but they engaged with the reality, not perhaps some of the rumour that was around.

Ms Paul—Another example was that, if you remember—we might have discussed this earlier—we proposed to have a single CEO but now we have moved to a commission model.

Senator MASON—That is right.

Ms Paul—Which was preferred by the sector. So there were some quite fundamental things. We put some ideas out there; some of them were supported but some of them, like the ones I have named, were seen as problematic and we have changed the approach.

Mr Hazlehurst—I can perhaps provide you with two or three other examples.

Senator MASON—Thank you, Mr Hazlehurst.

Mr Hazlehurst—Another example was a concern about the extent to which there was a separation between the standards-making and the standards enforcement or regulation.

Senator MASON—Yes.

Mr Hazlehurst—So the bill that has been released for further public comment has a model in it where the standards-making will be a process which is separated from the commissioners themselves but undertaken on advice from a standards panel and chaired by a separate person, and then a standard is made by the Commonwealth minister. Through that process, the commissioners will be able to provide their own advice and input but will not be responsible or accountable for the making of the standards, so there is a separation.

Senator MASON—Thank you. That is useful information.

Mr Hazlehurst—Another example—and, indeed, the minister commented on this, albeit obliquely, because it was necessary at that point after the first confidential consultation process—is that stakeholders were quite keen to see the government's intent about TEQSA operating in a way that was risk based and proportionate being directly reflected in the legislation. So the legislation now includes part 2, which goes to the regulatory principles, basic principles, that will guide the operation of TEQSA.

Senator MASON—I want to ask something about that, Mr Hazlehurst. You have heard the phrase 'a light touch', I am sure. It has been bandied about the sector in recent times and I think it is fair to say that, for example, many of the university vice-chancellors would think it is a good idea. Sure, everyone has to be in, I accept that, but you do not want necessarily the ANU down the road to be subject to regulation beyond risk that will take up too much time—that will be unnecessarily burdensome. How can we assure the vice-chancellors that there will be a touch but a light touch?

Mr Hazlehurst—There are a number of things that I could say about that. I will start by referring to the principles that are set out in part 2 of the legislation. There are three of them. One refers to 'regulatory necessity'—in other words, that TEQSA will only operate in a way that is necessary in order to achieve the objects of the legislation. The second principle is: operating in a way that reflects risk, which relates then to the performance and history et cetera of the institution that it is examining. The third is that the regulatory responses are proportionate. Those principles apply to all the significant powers that TEQSA will exercise. That is one way of answering your question.

Another way of answering your question would be that, in practical terms, TEQSA like any regulator will take an approach which manages its own resources effectively and will have an approach and a risk model that will seek to ensure that it puts its resources into those matters and those efforts where it will yield the best return.

Senator MASON—There is risk, sure. That makes sense.

Mr Hazlehurst—The expectation is that it will be quite a nimble organisation and will seek to review things, with a particular focus on new entrants, for example, and beyond that in a way that reflects the kind of risk based approach it intends to take.

Ms Paul—Those principles are a much better way of putting it, I think, than using the phrase 'light touch', because it might not be a light touch for some.

Senator MASON—No. I accept that, Ms Paul.

Ms Paul—It might be a very light touch for others.

Senator MASON—Yes. I suppose that is my point.

Ms Paul—It is risk based and proportionate.

Senator Chris Evans—I used the example when I was immigration minister, when we were discussing 457 visas and the way the department used to administer them. When I commenced as minister, it became apparent to me that, if BHP wanted to bring a mining engineer into Western Australia and pay him \$400,000 a year and he had 20 years experience and had worked all around the world, we would give them the same touch as we would in bringing in a non-English-speaking plasterer to work in the building trades area, where there was a history of exploitation, to be employed by a \$1 shelf company with no reputation and whose office holders and principals were virtually unknown or untraceable. It struck me as odd. My attitude was that, with the BHP engineer, I would want to know that he has not got a communicable disease, has a valid passport and is not a terrorist. I do not worry about his employment prospects or his fear of being exploited because, if BHP do not front up with the 400 grand, Chevron will. What I sought to do at Immigration was say, 'Risk based.' You could have a very light touch where there is a place with a reputation, a track record and what have you but, as Mr Hazlehurst said, if you have got a new entrant or someone who has come to your attention for the wrong reasons, then I am quite happy for us to have a very heavy touch.

Senator MASON—Fine. Mr Hazlehurst, I know this issue will be raised. If it is not raised in the government party room, it certainly will be raised in the coalition party room. It will be about what is going to happen to the state regulators, because the coalition will be very sensitive to any suggestion that TEQSA is just another layer on top of existing state regulatory authorities. Does that make sense?

Ms Paul—Yes.

Senator MASON—Can the parliament be certain that state regulatory authorities are going to disappear or at least largely disappear?

Mr Hazlehurst—Well, yes.

Senator MASON—Okay.

Mr Hazlehurst—Naturally enough, the administrative arrangements of state and territory regulatory activity are of course a matter for them, but they will not actually have any regulation to do as it relates to higher education per se. The process that is underway now with the interim CEO, Mr Ian Hawke, engaging with each of the states and territories is to talk through with them the transition of those functions into TEQSA. That will include quite pragmatic, practical things like the transfer of records and the history of regulatory activity in that state or territory, as well as issues to do with the potential for staff to move. Those are discussions that will also take place.

Senator MASON—There may be some interchange of staff, for example. I appreciate that. The big issue—and I am sure this is right—for the coalition would be that we would not want to add another layer of regulation to the process.

Mr Hazlehurst—No.

Senator MASON—But what you are saying is that the Commonwealth will take over the field?

Mr Hazlehurst—Yes.

Senator MASON—You have the constitutional power for that?

Mr Hazlehurst—Primarily the corporations power.

Senator MASON—Any controversy about that? Is there any doubt about that?

Mr Hazlehurst—Not according to our legal advice.

Senator MASON—All right. In terms of funding, what percentage of funding of universities do states now pay?

Mr Hazlehurst—That is a difficult thing to nail down precisely, because of course the states provide funding in many and varied ways to the universities.

Senator MASON—Actually that is true, isn't it? Okay.

Mr Hazlehurst—But the numbers usually quoted are that somewhere between 95 and 98 per cent of the funding is provided by the Commonwealth.

Senator MASON—Of public funding is Commonwealth?

Mr Hazlehurst—Yes.

Ms Paul—I have often heard a 98 per cent to two per cent split between the Commonwealth and the states in the past.

Senator MASON—I have a lot of questions I could ask about the legislation, but I do not think I will now, Minister.

Senator Chris Evans—I think the Senate will refer it to an inquiry anyway, so you will have more time to (1) look at the legislation and (2) get feedback from the groups who will appear as witnesses. We are happy to deal with anything tonight, but you will probably have a more informed discussion then, when you have seen what their views are or what their concerns are. But, as I say, we are happy to answer anything tonight.

Senator MASON—Andrew Norton wrote an interesting article the other day opposing the establishment of a national regulator. I often agree with Andrew, but can I—

Senator Chris Evans—I am writing a response so I will send it to you.

Senator MASON—Very good, Minister. The Scrutiny of Bills Committee on 9 February—and all senators, I think it is fair to say, do respect the Scrutiny of Bills Committee; it is a bipartisan report—in the *Alert Digest* said this:

... I particularly draw the Senate's attention to the committee's comments on the National Vocational Education and Training Regulator Bill. Unfortunately this bill has attracted significant committee concern. The committee is particularly troubled by the range of seemingly excessive powers and the apparent lack of appropriate safeguards. The committee will be seeking the minister's advice about numerous provisions, including in relation to the operation of search warrant provisions, the abrogation of the privilege against self-incrimination in some circumstances, broad discretionary powers and the adequacy of training for 'authorised officers'.

This is in relation to the VET bill. The government has projected this—and I know it is probably in the medium term, Minister; I know it is not something that we are going to be grappling with in parliament in the next couple of years. But given the long-term goal of the government to eventually bring the VET national regulator and TEQSA together—I know it is not immediate, but somewhere down the line—into some sort of integrated regulation body for the tertiary sector, I assume that the difficulties associated with that legislation would have to be dealt with, because I cannot imagine vice-chancellors wanting to have to contend with those difficulties.

Senator Chris Evans—I will get one of the officers to respond. The first step is we will respond to their concerns; and (1) I think we will have a different view and seek to allay their concerns; (2) if they are correct and there are serious problems, we would seek to address them. I think that is the opening shot in the discussion, but maybe the officers might like to respond to that. So I would not assume that their concerns are reflective of the VET legislation, which of course is yet to be passed as well, so there will be an opportunity for people to deal with that.

Senator MASON—Sure.

Senator Chris Evans—So I think you are jumping ahead a few steps, but if the officers who have dealt with the report—

Ms Paul—Not surprisingly, we have been conscious of this from day one, and we have chosen to take a balanced approach. It is a major reform both to harmonise—

Senator MASON—I agree, yes.

Ms Paul—and make national regulations for each sector. Nonetheless, we have tried to think of how most easily the two things might come together in the future; not necessarily so much yet from a legislative perspective but more as we start to look at backroom and services type elements. I will give you an example. Originally the VET regulator had a commission model and, as I said a minute ago, TEQSA had a CEO model for where the regulatory power lay, who exercised it. Now they both have the same model, which is a commission model. So that is an example. But I might ask Ms Taylor to take you through it. We have a number of processes that we have underway to try to make sure we have got that as aligned as we can, realising there will still be a lot more to be done.

Senator MASON—I do not want to hold you up too much on this, Ms Paul. We do have a committee coming up.

Ms Paul—Sure.

Senator MASON—Can you address it very briefly for us, Ms Taylor.

Ms Taylor—Certainly. There have been a number of parallel processes that we have taken in the drafting of both bills to make sure, insofar as possible, there is that alignment; so the risk based approach, some of the detail, the ability of both regulators to delegate to each other at the moment because of the dual-sector nature, and also making sure that the two regulators can work together in regulating those providers that they have in common. There are a number of similarities in both bills that reflect that. There will be some differences because of

the different nature of the sectors, of course. Therefore, the VET regulator, the powers that you are talking about in terms of sanctions and that, aligns itself more with the ESOS bill—

Ms Paul—Yes.

Ms Taylor—and the provisions that regulate that sector. So those sorts of issues will need to come together, of course, if there is one piece of legislation. From our point of view, the bills have been drafted with sufficient commonality to allow us to do that and sufficient commonality to take account of both sectors. You could have one regulator where a bill covers the whole lot. Of course the sanctions and penalties issues would need to be addressed at that time, but it would be, in my opinion, a minor issue.

Senator MASON—All right. If it is okay, Ms Paul, we might leave it there.

Ms Paul—Sure.

Senator MASON—And perhaps we will see your officers at the committee. Thank you, Chair.

CHAIR—Thank you. We will just keep progressing through.

Senator MASON—The next issue I have is the Commonwealth Grants Scheme, the base funding review really. That is really the issue.

Mr Warburton—Sure.

Senator MASON—In relation to the base funding review: what is the time line for that?

Mr Hazlehurst—I can answer that. As you know, the review is running now and it is due to report to the government at the end of October this year.

Senator MASON—Is that still when you think you will see the report from Dr Lomax-Smith?

Mr Hazlehurst—Yes.

Senator MASON—Mr Hazlehurst, can you tell me what modelling has been done regarding the returns on investment in higher education?

Ms Paul—What do you mean?

Senator MASON—The Bradley review does quite a bit of it—

Ms Paul—In terms of personal return and so on?

Senator MASON—Yes. Is there any analysis you can point me to, Ms Paul?

Ms Paul—In terms of the personal return from higher education?

Senator MASON—Yes.

Ms Paul—Yes. Most of it would be similar to what you have seen there. There is a lot of international research and some national research which we could summarise for you.

Senator MASON—No, it is more about: has any modelling been done? Has the government been involved in any modelling?

Ms Paul—Not that I am aware of, but certainly we draw on external research, as Bradley did. But I do not know that we have done internal modelling.

Senator MASON—All right, that is fine.

Mr Hazlehurst—If I could just add: the background paper released by the panel in December provides quite a lot of detail on the existing research in this area, and the panel itself will be commissioning some additional work across a range of issues to address its terms of reference.

Senator MASON—So it will address many of those issues and, if it does not do modelling, it will certainly draw on research.

Ms Paul—Yes.

Senator MASON—It is difficult for me to get hold of an up-to-date picture of current financing arrangements, or an accurate view of trends in enrolments, which is important.

Ms Paul—Sure.

Senator MASON—Have the higher education reports for 2009 and 2010 been published?

Mr Hazlehurst—I do not think the 2010 report has been published.

Senator MASON—2009?

Mr Hazlehurst—I would have to take that on notice. I do not believe so.

Senator MASON—I do not believe it has either. Is there any reason for that?

Mr Hazlehurst—Again I would have to take that on notice.

Senator MASON—That is usually full of very interesting and useful information.

Mr Hazlehurst—The department publishes a range of information that is useful in that regard—applications and offers publications, for example. The finance report for 2009 has been released. I now have a note in front of me which confirms that the *Higher education report 2009* is being finalised at the moment and it will be published shortly.

Senator MASON—That will assist me. This sounds like an *Insiders* discussion and I am sure those in Barcelona who are watching—

Ms Paul—It has been a long day.

Senator MASON—They watch. This base funding review—and I am sure the minister would agree—has all sorts of implications for the future of higher education in this country. I do not say it as a partisan point. It will be absolutely critical.

Ms Paul—It is a complex matter.

Senator MASON—It is very complex.

Ms Paul—The last time we looked at it was about five years ago. From a departmental perspective it is a very complex matter. There are a range of different drivers on the costs et cetera, so no doubt the panel will be grappling with all of that.

Senator MASON—I agree. It is a tough job and not one that can be done quickly. The implication of any decision is difficult. Again for background, what is the average annual cost for the Commonwealth government per student in higher education? Is it possible to give me that?

Mr Hazlehurst—I can give you some figures that I think you will find very useful.

Senator MASON—I will leave that with you then.

Mr Hazlehurst—Again I refer you to the background paper produced for the base funding review.

Senator MASON—I have that.

Mr Hazlehurst—If you refer to figures 3.2 and 3.3 in that report, what is very interesting is the base funding per student. Those graph figures show that the total base funding per student, which is a combination of the student contribution and the public contribution, has ebbed and flowed over many years but it has now reached a high point of, in 2009 dollars, \$14,958 per student. It is per EFTSL. That returns student funding to the level it was in 1994, when it was \$14,962. As I say, that is a combination of the student contribution and the public contribution.

Senator MASON—Some higher education commentators have estimated that the growth in university enrolments needed to hit the government's 40 per cent attainment target will require additional capital spending of at least \$15 billion to 2025. I am not saying that is correct but that is what some people have been claiming. Capital spending will need to rise by that much if the Bradley targets, which both the opposition and the government agree with, are to be met and for there to be sufficient capital infrastructure available. Has the government considered how to fund this properly? Is this beyond the forward estimates?

Ms Paul—We are talking about 14 years, so it is a bit hard to—

Senator MASON—It has become an issue, Ms Paul. I am sure you will still be here to deal with it.

Ms Paul—That is an interesting prospect, isn't it?

Senator MASON—I do not know that I will be. Senator Nash perhaps will be.

Ms Paul—You have made me speechless for the first time.

Senator Chris Evans—I can certainly guarantee I will not be, Senator.

Ms Paul—There has been a significant injection of capital funding into the sector recently—\$4.15 billion from the Education Investment Fund, \$500 million from the Better Universities Renewal Fund and so on. Beyond that, I am not sure of the veracity of that estimate either. We have seen a lot of activity. There is a lot of capital activity. As you go around universities at the moment you have probably noticed this too. Some of it undoubtedly is due to the EIF and to the Better Universities Renewal funding but some of it is universities using their own equity.

Senator MASON—I accept that, but the EIF is going to run out soon enough. We are talking about beyond EIF.

Ms Paul—I am not sure about that figure either. It is really hard to call.

Senator Chris Evans—It is the case that the caravan moves on very quickly. Having taken the momentous decision about participation and the removal of the caps, some were quick to jump out of the gates and say, 'Yes, we need more money to provide the capital works,' when the government is providing an awful lot of money to support more students. The best measure of whether people think it is sustainable is that we have had very high levels of

enrolments in the last couple of years. I do not know whether Mr Hazlehurst is able to give more recent figures on that, but the confidence with which the sector is seeking to enrol and meet those targets is very encouraging.

Senator MASON—What I hear is that they will reach them quite easily and before 2025.

Senator Chris Evans—My own view is there has been a bit of an initial rush and soaking up perhaps in a certain section of the market. It is a bit early to tell. Mr Hazlehurst would be able to help you with that question.

Ms Paul—There is a ramping up, which is a good thing. It is quite interesting to watch them preparing for the caps to be lifted next year, but it is highly variable.

Senator Chris Evans—That gives you another sense of confidence that universities are planning for higher student numbers. They have obviously started to deal with those questions. No doubt there will be some extra capital investment required but equally, as you know, there are other developments occurring in universities in terms of who is participating, how they are participating—online learning, remote learning—so it is a very complex picture.

We will certainly do more work on getting a better handle on that over the next couple of years but it is a pretty complex picture and it will be interesting to see how this plays out. The great thing is that the announcement of the removal of the caps has seen this enthusiasm to make available university education to more students.

Senator MASON—Some universities are more enthusiastic than others.

Senator Chris Evans—That is why I always make the point, in terms of TEQSA, that with the lifting of the caps we want to make sure we retain quality, not just increase quantity. That is what we saw in the international student market—the price you pay if you do not. That is one of the reasons I am a very strong advocate for the TEQSA legislation. We want to grow access to university for all Australians. Universities have taken that on with gusto and that is a great thing. It is a huge commitment from this government in terms of the costs. We also have to maintain the quality to make sure they get a quality education and the very high reputation of Australia's higher education sector is maintained.

Senator MASON—An advertisement for legislation.

Senator Chris Evans—It is a key driver of my thinking.

Senator MASON—I have a final question on the review of base funding. I understand that the review is considering whether infrastructure investment should continue to be funded by base funding. For the purpose of the flood levy, the government has announced that it is going to axe the Capital Development Pool program. There is not a lot of money left in the EIF. If the review recommends that base funding support infrastructure spending, will the government increase funding rates to cover the capital costs of an expanding system?

Senator Chris Evans—I think that was a double hypothetical: 'If this committee finds this, will you do that?' There are too many hypotheticals and I am not going to answer it. That review of base funding is a serious attempt to come to terms with many of the issues. It is not being done with a predetermined outcome. We have quality people doing a serious job on a tough issue. Where they come down and what they reveal I will be interested to learn. Quite frankly, we will, I suspect, consider that for some time and make sure we get it right. There is

a debate that goes around the inquiry and then there will be a debate about the report. This is not going to happen overnight.

Senator MASON—No.

Senator Chris Evans—The government has not come to a view about where we go after we receive the report because, as I say, it is not obvious to me what conclusions they might reach. I do not know what they are going to conclude after having this serious look at it.

Senator MASON—I accept that it is a complex riddle. Chair, I do not have any further questions on the base funding review but I think Senator Back does. Do you have a question that you might want to take up, Senator Back, relating to Curtin University's School of Mines at Kalgoorlie? I have a question relating to that, but perhaps I can yield to Senator Back.

CHAIR—You should do that.

Senator BACK—Minister, I refer to a letter you kindly wrote back to the member for Curtin early this year in which you raised some points regarding the WA School of Mines in Kalgoorlie—or very rapidly ceasing to be at Kalgoorlie.

Senator Chris Evans—I am not sure I have a copy of the letter, but I do remember replying to Ms Bishop broadly around the issues.

Senator BACK—For the benefit of those who might not be aware, the School of Mines has had a very long and proud history as one of the world's leading institutions for the education of mining industry people. It is administered by Curtin University, based in Perth, and the university is actively reducing its presence at Kalgoorlie. I think first- and second-year students have now shifted completely to Perth and the final-year students will do so in the near future.

In your letter, Minister, you were kind enough to provide advice on some funding implications for regional campuses, or regional universities. It is my understanding that the WA School of Mines is a satellite campus whereas, for example, the University of Wollongong is a regional university in its own right, so there is different funding. There were three areas in which you were highlighting to the member for Curtin the possibility of financial support. The first was under the Regional Priorities Round of \$500 million through the Education Investment Fund, and I think you indicated that there was some \$32 million per annum for universities with regional campuses. No, that is the second scheme, isn't it? That is the Commonwealth Grant Scheme. Can we stay with the Regional Priorities Round through the Education Investment Fund. What is the capacity for campuses such as the School of Mines at Kalgoorlie to avail themselves of funding under the Regional Priorities Round?

Mr Hazlehurst—I will answer that. I will start by saying that I happened to be in Western Australia a week ago meeting with Curtin University as part of the compacts process that is occurring at the moment. We did discuss the School of Mines in Kalgoorlie. It is my understanding that the university is not planning to close the school. The principal challenge the school faces is in fact to get enrolments. The university itself, in terms of its mission in the state of Western Australia, sees its role in training people for the resources sector as very important and is seeking to grow that.

One of the challenges that it faces as it relates to the Kalgoorlie campus is getting sufficient enrolments to keep the campus viable. For example, they recently had, through an arrangement with industry, a set of scholarships that were for the School of Mines in Kalgoorlie and they struggled to fill all of the scholarships because of low student demand. I just make that observation about the school itself. I think Curtin University would be very pleased to have sufficient student demand to make that a thriving campus, but it is not uncommon for the campuses of many of the universities with a regional focus, including those in WA, to face this sort of problem.

The government is still considering the details of the criteria and the processes for the regional EIF round. I guess one could reasonably expect that Curtin would be in a position to apply for funding under a round which related to infrastructure that would be implemented somewhere like Kalgoorlie.

Senator BACK—Did you visit Kalgoorlie by any chance, Mr Hazlehurst?

Mr Hazlehurst—No, I did not. I visited Perth.

Senator Chris Evans—I did not jump in before, because Mr Hazlehurst had more recent information than I, but that is the tenor of the feedback I have received as well. I have made it very clear that I am a very big supporter of the School of Mines. It is an iconic institution and it has been a great producer of engineers and high-quality, skilled school people into WA and Australia—the world, for that matter—so I am very anxious to see it continue, but I am also cognisant of the fact that Curtin has been struggling with student choices.

We saw a similar problem with Muresk in Northam, which is a very reputable institution with reasonably good facilities. You have to deal in the end with student choice. As I understood it, they were trying to focus on providing earlier years of education at Curtin campus or other campuses and trying to encourage students in the later years of their qualification to be closer to the mining industry and trying to develop it in that way.

I make it clear that I am certainly very supportive. I think that broadly in Western Australia people in the mining industry are very supportive of the School of Mines and want to see it continue and want to see it work. The difficulty is working through with Curtin how we deal with student expectations.

One of the issues raised with me has been about housing there. I said that, if that was a relevant issue, I was happy to have a look at it. When I last spoke to people at Curtin about that, we were looking at trying to find a model that worked in the 21st century—maybe the old model was not attracting students in the way that it used to—and I think that is at the core of some of the problems. If I had my druthers, I would want to see it continue.

Senator BACK—I realise that in all of these matters time is a factor, so I will join Muresk to Kalgoorlie. As you know, I was a member of the faculty of Curtin University based at Muresk, so I have a keen interest.

Senator Chris Evans—I did not know that. I knew you were in the field, but I did not know you were on the faculty.

Senator BACK—Thirteen years. It is probably not relevant to this discussion, but there is a high degree of disagreement between those in Curtin University in Perth and locals in

Kalgoorlie, and certainly the agriculture and agribusiness community, as to the validity of Curtin's claim that students want to be in Perth.

With regard to Muresk, to give you a quick example, there were six agricultural colleges up to the end of year 12 in WA, all with waiting lists, and I think between them about 400 to 500 students a year, and Curtin would tell you that they cannot get 80 out of that number. I think I could probably name 80 without trying very hard.

The community in Kalgoorlie—and I agree with you, Minister; you are well across this—also reject that view. They are very strongly of the view that it has been Curtin's failure to promote its non-metropolitan campuses School of Mines and Muresk. For example, in 2009 they forgot to mention Muresk in their tertiary institutions service centre courses; they completely overlooked it. They have taken the name Muresk out of their entire documentation. And only yesterday were we able to stop a fight by Curtin University, who want to claim the name Muresk through IP Australia. We won that battle only yesterday afternoon—a cause for wonder, since we have fought with them for years.

The concern I have is that Curtin will continually say, 'Look, it's uneconomic to support students in a remote campus, because it is far more cost-economic to have them on the Bentley campus,' and the mining industry are saying loudly that mining engineers educated with their feet in the soil of the mining industry are far more effective graduates, and those in agriculture/agribusiness would say exactly the same. In fact, industry is already saying it: those who are going through the so-called agribusiness course at Curtin are not of much value to them now because those students have not been educated.

I know you might be asking, Chairman, 'Where's the question?' It did commence with: just where are the capacities for these regional campuses to have life breathed into them so that financially they can survive? If you will allow me to expand just for a moment, in the world of agriculture/agribusiness these are the agricultural colleges that no longer exist in Australia: Glenormiston and Dookie in Victoria; Roseworthy in South Australia has now got the vet school; Muresk has closed as a tertiary institution; Orange has closed and Hawkesbury in New South Wales; and Gatton has gone over to a vet school in Queensland. The only one left that is viable is the private sector Marcus Oldham agricultural institution.

A very good report was produced for your government, the Prime Minister's Science, Engineering and Innovation Council report *Australia and food security in a changing world*. There are only four recommendations from that very comprehensive report. One relates to education in the agriculture/agribusiness sector and the other relates to the need for research in that sector. The figures are these: there are 800 graduates a year in agriculture/agribusiness; industry says there is a need for at least four times that number; and the estimate of the shortfall in agriculture/agribusiness—including, but not exclusively, graduates—is 60,000 in this country.

I know it is easy to say, 'Look, we're dealing just with this issue,' but this is a monumental issue. When that council makes two of four recommendations that relate directly to education, research and development in this food security and biosecurity area and when I consider that list of agricultural colleges in Australia that are no longer in existence and consider that there still is a demand at the secondary level not being satisfied, I am inclined to that view that we do need to look at some of these opportunities.

Minister, you have mentioned in your letter to Ms Bishop the Structural Adjustment Fund of \$400 million over four years, the Commonwealth Grant Scheme in which there is a regional loading and, as we mentioned, the Regional Priorities Round. My question really is: where can we go with ensuring the continuation of tertiary education in both the mining sector, vis-a-vis the School of Mines, and agriculture/agribusiness?

I finish with the comment that our two biggest export earners in this country are mining and agriculture and that which flows from them. The fact that we are sitting here considering funding for higher education and those two sectors are looking down the barrel of a gun is a matter of extreme importance. I would really appreciate any comments that you may be able to make on that.

Senator Chris Evans—I will see if the officers can provide some feedback. There are a lot of aspects to the issues you raise. I was not aware of the report you refer to. I will pull that out and have a look and I will ask the department for advice on how we have responded to that. I was aware of colleges closing. In part, I think there is less employment in agriculture than there used to be, so it is probably an impact of that, but I am interested when you say the demand for skills and for graduates is growing. That is not something I had understood more broadly, so I will have a look at that.

I think, though, we have invested an awful lot of capital in regional campuses in the last couple of years. I have been at a number of openings recently where we are investing in revitalising and expanding some of those campuses and one of the things we are already seeing is greater participation of people from rural and regional areas in university, because our figures have been traditionally very poor, but I think this debate about the School of Mines really reflects the complexity of it.

We will have a discussion about youth allowance shortly, but some students, even if you provide a regional institution, would rather go to the city to study. They make their individual choices based on the course of study, opportunities, getting away from home. Others want to stay close; they have family responsibilities or they like the idea of studying in their own community. They make those choices.

I think there has been some good work done in terms of the mining initiative, the collaboration between, I think, four colleges which are starting to turn out mining engineers in much larger numbers in the last couple of years. I hated, as immigration minister, getting applications to bring mining engineers into Australia. It just seemed to me to be ludicrous. I do not know if any of the officers at the table have any comments to make.

Ms Paul—I could start the ball rolling.

Senator Chris Evans—Yes.

Ms Paul—In general terms, referring to what the minister was saying, our understanding is that Curtin would be pleased to continue with the School of Mines but is concerned about enrolments. Your feedback is that the community's view is different, so we will give that feedback to Curtin and keep pursuing that. The message we are getting is not that Curtin seeks to close it; actually, the opposite, if they could.

I will not comment specifically on the engineering initiative, but in the development of compacts, the types of interest in the Structural Adjustment Fund and the projects under the

equity funding, we are seeing far greater join-ups between regional and other universities and vocational education institutions. That is a positive thing because one of the things which is often missed out in these areas, particularly agriculture—perhaps a bit less so mining, which tends to be at university level—is the pathway, which is just what you were saying about the pathway from the agricultural school to the college and so on. I cannot comment specifically on agriculture. Nonetheless, it is very positive. It was actually one of the policy objectives to have universities and vocational institutions join up across regions more than they were before. I might see if Mr Hazlehurst can provide some more detail.

Mr Hazlehurst—I do not have with me this evening specific details around mining per se and there are no specific initiatives relating to agricultural studies. I have some of these figures broken down this evening and I can say that, in relation to engineering and related technologies, in the period from 2003 to 2009 there has been a 26 per cent increase in commencing students in that field.

I recognise that is a very broad field. I can also say that across the agricultural, environmental and related studies it was pretty flat over that period. I can ask my colleague Mr Hart to refer to some of the capital infrastructure spending that has occurred, which the minister referred to, if that is helpful. You signalled that, from the letter, there is the prospect of the regional EIF round. There is also the Structural Adjustment Fund, which is not solely targeted but has a particular emphasis on regional and outer metropolitan universities.

There is also a review that has occurred around regional loading, which is the loading per student for campuses that are regionally based—not universities that are regionally based but the regional campuses, which could include a university like Curtin. The government is considering the outcomes of that review in this current budget context. I cannot say much more, other than to say it is under way. I will ask Mr Hart to provide you with some information on the capital expenditure.

Mr Hart—This department manages a number of capital infrastructure programs. There have been four competitive rounds of EIF. There is the Better Universities Renewal Fund. There was a 2008 round of the Capital Development Pool and also the Teaching and Learning Capital Fund. Since 2008 through those mechanisms \$446 million has been committed to regional institutions or regional campuses. They are so defined as outside major metropolitan cities in terms of the ABS classification on that scale of zero to 5.

Senator BACK—Thank you.

Senator Chris Evans—Senator Back, one of my staff just forwarded me, by the miracle of technology, the advice that Curtin has said they will continue first- and second-year classes in 2011 at both Kalgoorlie and Bentley but that student demand at Kalgoorlie is at a very low level compared to the demand at their Bentley campus. Curtin will make a decision on the future of first- and second-year classes at Kalgoorlie later this year. That will be done in consultation with industry and community stakeholders. Irrespective of the outcome of that decision, the university will continue to offer years 3 and 4 at Kalgoorlie only, not at Bentley. That was where my recollection was with that sort of advice. I am speaking at Curtin University shortly. I am sure Vice-Chancellor Hackett will be there and I will raise this with her. I share your concern to make sure the School of Mines continues.

Senator BACK—One of the obvious problems in Kalgoorlie is accommodation, when you consider how difficult it is. This is a matter that we have canvassed with your chief executive just recently and a matter that we do need to continue. I flag to you that this is simply one aspect of a very wide issue. If we do not get on top of it and reverse it—yes, it is not sexy; agriculture and agribusiness employment is not, when compared to mining and offshore oil and gas et cetera—the reality is that food security in this country is reducing and that is going to have an impact on our place in the region, with an ageing population of farmers. It is a matter that we just cannot ignore, so I would be very keen to continue that engagement. Thank you.

CHAIR—Thank you. Do we still have questions in 3.1 or have we wrapped that up?

Senator MASON—I am not across this like you, Minister. The School of Mines does offer or teach courses in Kalgoorlie.

Senator Chris Evans—Yes. My latest advice is they do all the years there, but they have 60-odd students for first year in Bentley in Perth, and 10 or so in Kalgoorlie. Students are effectively voting to do the course in the city. There are issues in Kalgoorlie of high rents.

Senator MASON—And isolation and so forth. Are they entitled to a regional loading? If the courses are taught out of Perth, they wouldn't be entitled to a regional loading?

Senator Chris Evans—The university?

Senator MASON—Yes.

Senator Chris Evans—I am sure that is right.

Senator MASON—I just wanted to check that because why would they be?

Senator Chris Evans—They have taught at both campuses for some time but what is happening is the students are increasingly attracted to doing it in the city. The proposition they have been talking about is actually ensuring that the last two years they are taught at Kalgoorlie, where they have their feet in the dirt, as Senator Back referred to, as a way of trying to get the balance right to attract students. Mr Hazlehurst said there are a lot of regional campuses which have perfectly good facilities and teaching staff but you have to deal with student choices.

Senator MASON—I understand that. The government has decided to abolish the Capital Development Pool to help pay for the flood levy. The abolition of the CDP, to my mind, will compromise the capacity of particularly regional and outer metropolitan universities or campuses to respond to the introduction in 2012 of a student demand driven university system. Is that right? In other words, will it affect them even more so than it would other universities?

Ms Paul—We covered that off a bit before by saying that it is very hard to estimate what that demand will be for infrastructure. Secondly, there has been a lot of recent infrastructure which does lay down a good investment foundation for the future. Thirdly, there has been a considerable increase in capital funding in recent years, including the \$4 billion from the EIF and the—

Senator MASON—I am interested in the disproportionate effect on regional universities. That is my point.

Ms Paul—I beg your pardon.

Senator MASON—I understand the arguments you have made, but it is more that you have—

Senator Chris Evans—Part of the thinking is that we have the regional round of EIF due.

Senator MASON—Let me get to that in a minute.

Ms Paul—Mr Hazlehurst was also saying that when you analyse the EIF projects you see quite a regional presence and similarly with Better Universities Renewal funding. I would have to qualify that, and I probably would need to take this on notice, but I have looked at this and the regional spread was quite impressive.

Senator MASON—Do you think the abolition of the CDP will disproportionately disadvantage regional universities?

Ms Paul—I cannot see why it would. Why would it? The CDP has operated on the basis of merit based processes of selecting submissions. We could look at how that fell out, but there has never been any bias towards or against regionals. The massive injection that there has been recently, in the billions, has served regional Australia well.

Senator MASON—Yes, except that what I hear is there will be an injection next year of many more students studying at university. Many of the large and established universities will not be taking many more students. I know there is a whole argument about that. Many of the regional ones will continue to and the stresses therefore on infrastructure will be greater. That is the argument.

Ms Paul—The \$500 million election commitment for a regional EIF round—

Senator MASON—Let me get to that in a minute.

Ms Paul—equals many years of the CDP, which was running at about 70 or 80 per year. In terms of the increase in student numbers, we are seeing a mix. I take your point; there is a big increase in the regions. That is true. There are also some big increases in outer metro, for example.

Senator MASON—Yes, I accept that.

Mr Hart—In terms of the CDP figures that I provided about the funding to regional institutions or campuses, approximately \$72 million was allocated over the 2008 CDP round. Around \$57 million of that was in major city institutions or campuses and \$15 million was in regional institutions or campuses, so there was not necessarily a bias towards those regional campuses, and the CDP round operated on a merit based competitive process against established criteria.

Senator MASON—Mr Hart, the issue really is with the freeing up of the student demand from next year; where will it proportionally affect. The argument is—and I think Ms Paul is partly right, I have to admit—it is not just regional but also outer metro. I am not sure some of our inner city established Group of Eight universities will be having a huge influx simply because they cannot.

Senator Chris Evans—I think the early signs are that that is right. I am not sure if it is because they cannot or they are taking a different approach or what have you, but it is also

true that one of the reasons the government has looked to lift the cap on places is to encourage participation from those who traditionally do not get to access university and students in rural regional areas are one of those key target groups.

Senator MASON—Absolutely.

Senator Chris Evans—So not only is it not counterintuitive that we have got more students enrolling in those campuses but it is actually what we wanted to achieve, so it is a good thing.

Senator MASON—But you see my point.

Senator Chris Evans—Yes.

Senator MASON—That is why I made it.

Senator Chris Evans—I had a look at some figures the other day on those regional campuses, and again there was quite a variance: a one or two per cent increase in enrolments on a couple of campuses; 13 to 15 per cent in others. They are some early figures I saw. I think we get better figures around March in terms of the enrolments for this year, but the early figures show it was actually mixed there as well. As you know, some universities with regional campuses are being much more aggressive than others. For instance, I opened the new campus at Shepparton late last year. It has state-of-the-art fantastic facilities and it is going to be the pre-eminent building in Shepparton, I am sure—architecturally—and it will really provide a great environment for those studying there. But you are right: I think it is also the case that it is a bit too early to make some of the judgements that some people want to make. We are just seeing what is developing.

Mr Hazlehurst—I might add there that I think it is quite difficult to draw any particular conclusions about regional versus metropolitan and to draw any kinds of generalisations about the approach that universities are taking to growth. It is certainly true to say that many of the Group of Eight universities are not seeking to grow very quickly, but some are more in the range of between 110 and 120 per cent overenrolled for next year. That would include, for example, the University of New South Wales. It is also certainly the case that there are a number of metropolitan universities, not Group of Eight universities necessarily but a number of metropolitan ones, that are growing quite rapidly. An example would be Victoria University. Another example would be the Australian Catholic University. These are not regionally based universities.

Senator MASON—No, I meant proportionately. I know I keep using that word, but you are saying even if you take account of the word ‘proportionately’ it is still not clear whether—

Ms Paul—You cannot draw that conclusion in our early view, yes.

Mr Hazlehurst—There are a number of different ways of measuring this.

Senator MASON—I do not want to dwell on this, because it is really—

Mr Hazlehurst—But if I talked about applications and offers—

Senator MASON—No.

Mr Hazlehurst—Do you want me to stop?

Senator MASON—Yes.

Mr Hazlehurst—Fine, all right.

Senator MASON—It is not that I am not interested, Mr Hazlehurst; it is just that it is getting late.

Mr Hazlehurst—No problem.

Senator MASON—Thank you. At the last supplementary estimates hearings in October the committee was advised that there had been no new injections of capital into the EIF since 22 January 2008. Is that still the case?

Mr Hart—That is correct.

Senator MASON—Can you tell the committee what the current balance of the EIF is?

Mr Hart—As at 31 December it was \$5.346 billion.

Senator MASON—\$5.36 billion.

Senator Chris Evans—Did not have to look it up. That was very quick.

Senator MASON—Are any future capital injections currently planned by the government? I think I can write ‘no’. Is that right?

Ms Paul—There is the regional EIF round of course.

Senator MASON—Yes, I will get to that. I am not going to miss it I promise, Ms Paul. You can take it from me that I will get there. Is that a ‘no’, Minister?

Senator Chris Evans—In terms of election commitments, the government’s commitments or whatever, and how we are handling the management of the money, I do not think there is anything to add.

Ms Paul—No, there is nothing to add other than the election commitments.

Senator MASON—How much money has been committed to projects but not yet spent in the fund? Do we know that, Mr Hart?

Mr Hart—\$2.48 billion.

Senator MASON—\$2.48 billion. How much has actually been paid out on infrastructure projects?

Mr Hart—\$1.674 billion.

Senator MASON—\$1.674 billion. You are on the ball, Mr Hart, I have got to say. Very good.

Senator Chris Evans—He will be promoted in the field at this rate, won’t he? Either that or you asked the same questions last time and he was ready.

Senator MASON—I am a man of strong habits. Thank you. I have been asked by some members to inquire about the time line for delivering the Regional Priorities Round, Ms Paul, that you have raised. This is from the DEEWL website:

On 7 September 2010, the Australian Government announced that regional universities and TAFEs will have access to a dedicated Regional Priorities Round of funding from the Education Investment Fund (EIF) of up to \$500 million.

The Regional Priorities Round will be implemented through a new round of the EIF ...

Can you advise the committee of the expected time line for that funding? How is that going to be disbursed and when?

Mr Hazlehurst—As I mentioned before, the details of both the criteria and the processes for that funding are still being considered by the government, partly due to it being in the context of the budget. You will recall that the undertaking given at the time by the government was to ensure that the expenditure for the regional EIF round would be fully offset in accordance with the government's fiscal strategy and budget rules so that is a matter that is underway.

Senator MASON—You are right, Mr Hazlehurst. To be fair, the website mentions that in the final sentence, doesn't it:

The Government is currently considering options for implementing the Regional Priorities Round, including the eligibility criteria.

My point really is: when will the government announce those eligibility criteria?

Ms Paul—That has not been determined yet.

Senator MASON—That has not been determined yet either?

Ms Paul—No.

Senator MASON—So we have not got the criteria and we have not got a time line as to when it will be done?

Ms Paul—We are still developing it; yes, that is right.

Senator MASON—I have not got much to report back to my colleagues, have I, Ms Paul, I'm afraid?

Ms Paul—Not yet. It is still under development.

Senator MASON—Chair, my last questions are on the Higher Education Loan Program, the HELP program. I notice this issue has had a little bit of coverage in the press recently, Minister, but we will see how we go.

Senator Chris Evans—Not the biggest debt in the regular—

Senator MASON—I am taking a slightly different angle but I would be interested to hear what you—

Senator Chris Evans—I hope you give it some context.

Senator MASON—No. I am sure you can.

Senator Chris Evans—No, I hope you do.

Senator MASON—Steve Lewis and Jenny Dillon wrote it, that is right. It was quite a big piece, I think. Has the government done any modelling on the impact of rapidly increasing higher education participation on Commonwealth HECS loan liabilities? I suppose I am making an assumption there that, as participation rises, similar liabilities will—

Ms Paul—Yes.

Senator MASON—Yes, you understand me, Ms Paul.

Ms Paul—Yes, we do model it.

Senator MASON—You did model that? What does that modelling show?

Mr Hazlehurst—I will start and then I will turn to my colleagues.

Senator MASON—Thank you, Mr Hazlehurst. I am interested in this.

Mr Hazlehurst—To describe the process that occurs here, in determining the forward estimates for the introduction of the demand driven scheme there is the direct expenditure associated with the Commonwealth contribution to each of those additional places and there is also expenditure in relation to the costs associated with the HELP arrangements, the loan scheme arrangements. So, axiomatically, in that process of determining the forward estimates we also model the impact on the HELP liabilities. But I will turn to my colleague Mr Warburton to provide us with some more information on that.

Senator MASON—Tell us the bad news, Mr Warburton. What is the story? What is the impost on the Commonwealth?

Mr Warburton—We draw a distinction between the gross amount of actual HELP debt we have and the fair value of that to the Commonwealth.

Senator MASON—I am no economist, Mr Warburton. You will have to help me here. I struggle with these things. This is why I have two calculators, not one. I am not very good at this sort of thing.

Mr Warburton—All the liabilities are sent to the tax office. Not all of those liabilities will ultimately be collected, but they do sit there on the books for some time until they can be written off. The gross value of the debt that exists with the tax office does not completely accurately reflect the value of that asset to the Commonwealth. So the fair value, as I understand it, is meant to reflect the actual value of the asset to the Commonwealth.

Senator MASON—Rather than debt per se?

Mr Warburton—That is correct.

Senator MASON—I think I have got it.

Mr Warburton—We know we have this large amount of debt that sits on the books and the Commonwealth knows that it is not going to collect it, and that is all part of the policy parameters of the HELP program.

Senator MASON—I think there is an understanding that this is an issue. I accept that, yes. Do we know how many graduates who leave for overseas still have a HECS or FEE-HELP debt? It is pretty hard to police and track these things.

Mr Warburton—I am not sure that we could get you that data.

Mr Hazlehurst—The ATO of course administers these debts on our behalf, in effect, so we would need to seek some information from them about whether they keep amongst their records an identified group of former Australian students who are now residing overseas in respect of whom there is a HECS liability.

Senator MASON—Can you find out, Mr Hazlehurst? Do what you can.

Mr Hazlehurst—We can certainly look into that, yes.

Senator MASON—I am very interested in this, Minister.

Senator Chris Evans—Until we get microchips or whatever in people's ears, though, some of these things are not as easy as it may seem.

Senator MASON—I know it is not easy. I am not suggesting that it is easy. But even if it is a ballpark figure, I would be interested.

Senator Chris Evans—Someone assured me that as many people from Britain escape their debts in Britain by coming to live here as escape their debts here to live in Britain. I do not know whether you find that reassuring.

Senator MASON—Given what has happened recently with higher education, it may in fact be the converse.

Senator Chris Evans—We will see what we can get you. I am interested in the answer myself.

Senator MASON—Yes, it is interesting. Do we know the proportion of people that come back? It is probably too difficult.

Ms Paul—People that have their debt interrupted?

Senator MASON—Yes.

Ms Paul—Have their repayment interrupted?

Senator MASON—Yes.

Ms Paul—We can ask. We will ask. There may be records of that.

Mr Warburton—I have the figures that I was looking for before. Our current estimate of the value of new debt that we expect to be repaid is 79.1 per cent and the average time taken to repay that debt is 7.9 years.

Senator MASON—This is not really my area, Mr Warburton, so you will have to be very gentle with me. What is the cost to government per dollar lent of unpaid debt and interest forgone? Is this proportion expected to change as enrolments grow with uncapped places? I am not an economist but one of my staff knows a lot more about this than I do, Mr Warburton.

Senator Chris Evans—I think we have established your lack of credentials in this regard. I share them.

Senator MASON—I am no economist.

Mr Hazlehurst—It is a very interesting question.

Mr Warburton—I think it would probably be best if we took that one on notice. We could have a look at it and think about it and see if we could give you a reasonable answer.

Senator MASON—You might be able to help me? All right.

Ms Paul—It is possible a proportion would change, but probably the safest course is to take it on notice and have a think about it.

Senator MASON—I think you are more of an economist than I am, Ms Paul. It is not quite my thing.

Mr Warburton—If it will help, the Commonwealth does look at the cost to it of the loan arrangements and the loans are only indexed by CPI. In the actuarial processes for

determining the fair value of outstanding debt to the Commonwealth, there is a calculation that compares that to the bond rate, because otherwise that is a reflection of how much it is costing the Commonwealth, and so that estimation goes into the accounting treatment of the value of the total outstanding debt to the Commonwealth.

Senator MASON—Can you provide the committee with some analysis?

Mr Warburton—I know a bit about this but I do not do the analysis myself. I will take that on notice.

Ms Paul—We will take it on notice.

Senator Chris Evans—I have asked someone in my office to get me some similar information, so we will see what the department can put together, bearing in mind the tax office's role in this. The point that ought to be made of course is that this scheme has been an outstanding success. We never celebrate the success that we actually got this right, and it is a credit to those that issued it, and it is still delivering and it is still something that people around the world look to and say, 'It's a great model.'

Senator MASON—And copy it. That is right.

Senator Chris Evans—You yourself mentioned Britain. We do not really want to be in that sort of place. I am not arguing about the rights or wrongs of what has occurred, but we have got a system that is delivering pretty well. I always worry about increasing debt of young people leaving university, but the system seems to be delivering good results.

Senator MASON—Mr Warburton, if the minister allows it, you may have to come and give me a tutorial on these issues some day, but I would not want you to suffer that so I will not ask.

Mr Warburton—I would have to have one myself first.

Senator MASON—Thank you, Minister and Ms Paul.

Senator NASH—Could I ask a question while Mr Warburton is here?

CHAIR—Yes.

Senator NASH—I am sorry, I may have been distracted when Senator Mason was asking his most pertinent questions. In terms of the EIF, did Senator Mason talk about the increase to the cap? Am I correct that there has been an announcement of a move to increase the cap or have I completely got the wrong end of the stick?

Ms Paul—The cap on the Education Investment Fund?

Senator NASH—Yes, on what can be taken out.

Ms Paul—We did talk about the deposits into the fund, and the next deposit will be the \$500 million election commitment for a regional round for EIF. This is the major capital fund. The concept of a cap is not one that is relevant to EIF.

Senator NASH—Okay.

Senator Chris Evans—We were talking about caps on places. You might have picked that up.

Senator NASH—No, it is not places. I will clarify that and I will put it on notice.

Ms Paul—Sure. That is fine.

CHAIR—We will now move to program 3.5. The only thing we will do after the break will be program 3.3. Only officers required for 3.3 need stay.

Ms Paul—Could I clarify then, Chair, that you do not need people for 3.2 or, in particular, 3.6 international, because the officers are here for international and it would be good to let them go if there is nothing on international.

Senator MASON—I will just check; I would hate to make a mistake.

CHAIR—Nothing, so 3.4, 3.6 and 3.2 can go now.

Senator NASH—The only ones left are 3.5 just briefly, which is why I thought we would bring them up and then we can let them go; and then into 3.3.

CHAIR—But we will have a break once we have finished 3.5 and then come back and only do 3.3.

Senator NASH—I have a few questions around apprenticeships and the Australian Apprenticeships Centre contracts. When are they due to expire?

Mr Maynard—The Australian Apprenticeships Centre's existing contract is due to expire in September of this year. However, when the minister released a media release in relation to the expert panel report, he signalled the intention to seek to extend the existing contracts through until 30 June 2012. The extension of those contracts will be contingent on discussions with the existing Australian apprenticeships centre providers.

Senator NASH—What was the reason for that?

Mr Maynard—It was to ensure that any decisions taken in response to the expert panel report could take account of the Australian apprenticeships support services that are currently delivered by the AACs; it allowed sufficient time to consider the expert panel report; it allowed time for adequate consultation with the existing AACs and other stakeholders in the market.

Senator Chris Evans—It gives them some certainty while we are doing that as well.

Senator NASH—So they will stay with the private providers until the end of that extension time?

Mr Maynard—We will stay with the existing providers until 30 June 2012, if they wish to extend their contracts.

Senator NASH—Is there any move at all to go to state government or any other type of provider or will it just stay with these?

Mr Maynard—The expectation is that all the providers would seek to extend their contracts and any decisions about what might be in place from 1 July 2012 onwards would be the subject of ongoing consultations and government decisions.

Senator NASH—How many complaints have been received in the last 12 months by the national training hotline?

Mr Maynard—We will have to take that one on notice.

Senator NASH—That is all right. Can I just clarify: is the hotline for employees who have issues or can employers call in to the hotline as well?

Mr Maynard—In terms of the hotline for complaints in relation to apprenticeships, that is for anybody.

Senator NASH—So you might have someone who has gone off to do a job and has an issue with it. So when the employee comes back, if the employer has an issue, they can also utilise the hotline in exactly the same way?

Mr Maynard—I do not recall all the details perfectly, but my understanding is that it is open to complaints in relation to any aspect of the apprenticeship arrangements.

Senator NASH—Would you mind taking that on notice for me and coming back with the exact detail of how it operates and who can utilise it?

Mr Maynard—Yes.

Senator NASH—Thank you.

Proceedings suspended from 9.25 pm to 9.40 pm

CHAIR—We will now resume these estimates hearings. We will conclude tonight's estimates proceedings in outcome 3.3. Senator Nash.

Senator NASH—Thank you, Chair. Where is the minister? Is he far away?

CHAIR—No, he is not. I can hear his teaspoon tinkling!

Senator NASH—Wonderful. I have a range of questions around youth allowance, which I am sure will come as no surprise to anybody. I will start with the review that is going to be somewhat earlier than it otherwise was, in 2012.

Before I do, I want to note a couple of things. Firstly, Minister, I note your comments in recognising some of the issues and problems for inner regional students, and I think there are many people who do appreciate that you have done that. I think your term was 'inelegant'—sort of sumo wrestler sized inelegant, but inelegant nonetheless. I also want to note that the responsibility for the current independent youth allowance criteria rests with a previous education minister and not with yourself.

Senator Chris Evans—It rests with the whole parliament actually.

Senator NASH—Yes, it does.

Senator Chris Evans—Yourself included.

Senator NASH—It does indeed, but the creation of it rests with the minister. I am making the point, Minister, that it was not your baby; you inherited it.

Senator Chris Evans—No, but I, like you, voted for it.

Senator NASH—Indeed, but we had that argument last time.

Senator Chris Evans—Yes, and we can move on tonight.

Senator NASH—I am happy to do it again.

Senator Chris Evans—No, no.

Senator NASH—I have just paid you a compliment, Minister, and you are starting with a bite. In relation to the review that was going to happen in 2012 but is now coming forward—and I understand it is now due to be completed by 1 July—how will that work? What will the review do? I think the commentary was that the review was to look at a funding mechanism. Why is the funding mechanism coming under the review rather than just the normal budget process?

Senator Chris Evans—Obviously finalisation of these matters was made in parliament in the last couple of days. It was always intended, as you say, as part of the agreement reached in the parliament last year that the review would be conducted next year. There was an agreement reached that it would be done next year, I am very relaxed about it coming forward, so we have agreed for it to be conducted, with a report by 1 July.

I have seen a draft from my staff of some terms of reference, but they have not been finalised as yet, and I want to talk to some people about that. In the next little while I will release the terms of reference and who will conduct the inquiry and those sorts of arrangements, but those decisions have not been taken as yet because obviously we waited to see what happened in the parliament this week. But I will look to get that done as quickly as possible because of what is now a fairly tight deadline in terms of the review.

Senator NASH—That would be good. I understand you are in the process of developing those, so that is fine, and I appreciate the terms of reference are not there yet. So people would have every expectation that 1 July is an iron-clad date.

Senator Chris Evans—That is certainly the intention. It might be a week later or something because whoever was doing it said so, but the intention is to bring it in on 1 July.

Senator NASH—Minister, this one is probably for you. I just need to get a bit of clarification about what this actually means. It is from an interview you did with the ABC. You were asked the question, ‘But will that difference between inner and outer regional areas for the independence test go?’ You said, ‘Well, I think potentially yes.’ Can you give us an indication of what you meant by that?

Senator Chris Evans—I want to refer to the paperwork. Effectively, the agreement was to end the distinction between inner and outer regional, but there are a whole range of questions about income support for students that go beyond just that issue—the nature and adequacy of support, how it is targeted et cetera. I am not prejudging the review. The answer is not, as some people seem to think, that from 1 January next year inner regional students will get the same conditions as outer regional students and they will be the same as the ones that exist currently. That was what I was saying.

Some people interpreted it as if the answer had been predetermined and what I was trying to indicate was that it had not. We agreed to remove that distinction. But one of the things we have to think about is: what is the basis of the criteria? If it is not to be distance, what is the criteria to be about how you manage people’s access to youth allowance?

Senator NASH—Just for clarification, the comments that you made do not mean that the inner regional zone criteria will be changed to be the same as the current outer regional remote and very remote criteria. People should not assume that.

Senator Chris Evans—No, and people should not assume that everyone will go to the outer regional criteria and people should not assume that everyone will go to the inner regional criteria. The point I have to make—and which I stressed to you before—is that we have to find something that is financially sustainable. As always in these debates about entitlements, everyone is inclined to agree with everyone who says they ought to be able to access something. Ideally, we would let every student access full youth allowance and it would be great thing, but of course we would not be able to afford to pay for it. That is the downside. We are going to have to find that balance between equity access, the broad objectives we support and how we pay for it. In the end that will come to the parliament.

Senator NASH—Obviously there was an agreement—and I think this is pretty clear to anybody watching—between the Independents and the government on an understanding that the problem would be fixed. However you have moved to fix it, that is up to you, but obviously changing the inner regional criteria to the same as the outer regional criteria is not necessarily what you are going to do. I think some people will find that quite surprising because, rightly or wrongly, they have assumed from the commentary that that is what the changes have meant.

Senator Chris Evans—You mean that we were going to implement the proposals in your bill automatically?

Senator NASH—Yes. I do think there has been some—

Senator Chris Evans—Why would they do that, given that the bill was not proceeded with?

Senator NASH—Because of the commentary, such as: ‘But will that difference between inner and outer regional areas for the independence test go?’ ‘ Well, I think potentially yes.’ I am saying, rightly or wrongly, that the perception from many people has been that that is what you meant. You are saying it is not, and that is fine. That is entirely up to you; that is the minister—but that has been the perception.

Senator Chris Evans—We will obviously look to honour the commitments we gave to the Independents in relation to these matters, but I have been trying not to close the door on ideas—not prejudge the review—and there are issues in relation to income support that remain and there will be difficult decisions.

There is no magic pudding. The reason that parliament settled on the deal it did last year was the requirement of the government to be cost neutral, and so a set of arrangements was entered into. I describe them as inelegant; other people are more critical than that. As I say, in a perfect world you would fund everyone to study for as long as they like for the full youth allowance, if it were not for the fact that the taxpayer has to foot the bill, so we effectively ration access to youth allowance based on criteria which go to need, equity, those sorts of things. The argument is about how we ration youth allowance within what we can afford. All I was trying to do was indicate that we have not closed the door on other ideas about those issues.

Senator NASH—Hypothetically, say, next year there is a set of arrangements that treat all regional students equally. If there are no changes until next year, the cohort of year 12 leavers at the end of 2009 are stuck with the current arrangements if they are living in a regional

zone, so they have no choice but to remain under the current 30-hour average weekly earning requirement and also the two-year deferral. Was any consideration given to that?

Senator Chris Evans—There will be a review of the reports in July. There will be new conditions in January next year. You are asking me will the parliament entertain some sort of retrospectivity?

Senator NASH—No, I am not actually asking that question; I am asking was it considered that those 2009 school leavers are going to be caught in no-man's-land if there is no change to anything till next year?

Senator Chris Evans—I am not sure that they are caught in no-man's-land. They have the current eligibility requirements applied to them. You may not be happy with those now.

Senator NASH—No, I think I am pretty clearly on the record as not, as are many other people.

Senator Chris Evans—Yes. But the point is, that is in legislation; that is what applies. There is no way I can change that unless we change the legislation. Later this year we will bring in a bill that seeks to respond to the inquiry. The parliament will then determine what comes out of the parliament at the end of that legislative process and those rules will then replace the current rules.

Senator NASH—Was it not considered, though, that as that happens, you have then ended up with a set of students in the middle, in this 2010-11 bracket, that have had, if they are from a regional area, an unequal opportunity to assistance that may well be fixed by something next year for future students, but the students in this current two-year cohort will still be caught with the inequity?

Senator Chris Evans—You describe that group as an inequity because that is your particular perspective. I am not saying that there are not students who are less advantaged under this scheme than the previous scheme, but there are winners and losers out of the arrangements put in between the schemes. Are you suggesting that I put at threat the 25 per cent more regional students who are getting dependent youth allowance now than did under the old system? I presume not.

Senator NASH—Sorry, I do not quite understand what you mean.

Senator Chris Evans—We have 25 per cent more students getting dependent youth allowance now than we had previously.

Senator NASH—No, I am talking specifically independent. Just leave the dependent to one side.

Senator Chris Evans—As I was saying, you want to focus on a group you think might have been disadvantaged but you do not want to talk about the broader picture. I just make the point that legally we have what we have. Legislation will come into the parliament in the second half of this year. The parliament will determine what comes out the other end and what applies from 1 January. That will be informed by the review, but at the moment students need to proceed on the basis of the current legislation.

Senator NASH—Just so I can clarify before I move on: any change will happen next year in 2012, whatever that change may be. Obviously, that is not necessarily, as I said, the

criterion for inner regional being the same as it currently is for outer regional, remote and very remote, and any of the students that finished in 2009 that did a gap year last year are going to have absolutely no chance of getting any change to that.

You perhaps do not realise the inequity. A very good example given through the inquiry, as Senator Marshall would remember, was a young lady in Mount Gambier, Sarah Dickens. Her home was in the inner regional zone, obviously having to do the two-year, 30-hour-a-week average. Her friend was 150 metres up the road in outer regional and only had to do the single gap year and, obviously, just the lump sum earning requirement. Both of those girls were 450 kilometres from the nearest university.

Senator Chris Evans—Whatever scheme we get, there will be somebody under your proposal who is in the last street before we get to inner regional who would be counted as outer metro and their friend from across the road would be disadvantaged. Wherever you have a boundary, you have someone on the other side.

Senator NASH—I do understand that.

Senator Chris Evans—The particular Mount Gambier problem points to what I call the Swiss cheese effect of the classification system we used, which is clearly a nonsense and troubled me, but every tool I have looked at for the classification of regional has its drawbacks. We have different secretaries and the secretary can talk about this at length, but we have different departments, and different portfolios have different ways of identifying regional, as you know. Whichever one you choose, there are drawbacks. The disadvantage with the one chosen to apply currently is that there are a couple of places like Mount Gambier et cetera where, on the face of it, the logic does not seem to make sense.

Senator NASH—There are more than a couple.

Senator Chris Evans—Yes, there are.

Senator NASH—There are dozens.

Senator Chris Evans—Other people would argue about Geelong, Bendigo, Hobart. We always have this argument about what is regional and what is not. Ms Paul is probably better on the classifications.

Ms Paul—The classification we used here, as you know, is the ARIA classification, which originates from the health sector and has to do with distance from health services. But there are a whole range of them. For example, there are a whole range of boundaries to do with the regional development associations and a range of other ways of being able to cut regional pie. We looked at this with the new department of regional Australia et cetera. I cannot quite remember how many ways were identified. I do not think it was more than 10, but it was more than the fingers of one hand.

Unfortunately, it has grown up from whatever organisations' needs are and all of them have the same feature, of course, which is that wherever you draw the boundary, there is somebody on the other side, as the minister was saying. Most of them are based on the ABS statistical local areas. Nonetheless, once you aggregate them up, wherever there is a boundary there is going to be somebody unhappy on the other side.

Senator NASH—Indeed. I will point out, though, just before I move on that I have had hundreds and hundreds of emails on this from people from inner regional zones but I have not had one email or phone call from anybody living in a metropolitan zone, so I do not think the boundary is really an issue. I know you are talking about wherever you draw a boundary, but it is not an issue for those in a metropolitan zone.

Senator Chris Evans—That is partly about where you agitate and the fact you would call the National Party, but the bottom line is, there is a boundary. Wherever you draw a boundary, you have people who will make that argument and quite rightly. It is not arbitrary, but if it is the Gibson Desert separating or something it is fairly clear. The previous government was criticised for these arrangements in a whole range of areas as well. We have different criteria. There are always arguments in some of the bigger regionally based cities and towns about these issues and whether they are in or out.

Anyway, I just make the point that they are imperfect. When this was raised with me by Senator Xenophon in terms of Mount Gambier and I spoke to some of their local officials when I met with them in Adelaide, certainly I conceded that the logic of their classification is hard to defend. I have been working away trying to find alternatives to that and find a way through that particular problem. It does not solve your concern about an inner/outer regional distinction more broadly, but about—this is worded inelegantly—the cheese hole type situation where because of the way this particular classification system works there is not a university close by but it is treated as if there might have been. But I am still seeking further advice from the department about that. I have not been able to find an easy, workable solution that does not create a whole set of other problems.

Senator NASH—I have always said that this is only a short-term fix for a current inequity for regional students. There absolutely needs to be a wholesale change of how regional students are assisted. So do not be under any illusion that I think this actually solves the long-term problem for assistance for regional students.

Can I just move on to the recent release, Minister, where you talk about—in a somewhat ironic timing of your media release—the numbers of students who are now receiving the maximum rate of youth allowance and you talk about 54,000 additional students now receiving the maximum rate of youth allowance. At the time I said all these figures were welcomed, absolutely. These were some of the measures that we agreed to in the legislation last year, which is why we agreed to the deal, as you know, to get all these good things happening.

But out of the 54,000 additional students who are now receiving the maximum rate of youth allowance, a higher rate, or a payment for the first time, can you break down for me how many are now receiving the maximum rate of youth allowance? Correct me if I am wrong, but I am assuming this is all dependent youth allowance. Is that correct?

Senator Chris Evans—I think I will get Ms Milliken to take you through the details.

Senator NASH—Yes, that is absolutely fine.

Senator Chris Evans—You will get a more intelligent response from her.

Senator NASH—Not at all, Minister. I might not always agree with your responses, but they are intelligent.

Ms Milliken—Yes, it is the dependent rate of youth allowance.

Senator NASH—It is the dependent rate.

Ms Milliken—Because the parental income test does not apply to those on the independent rate.

Senator NASH—Thank you. I just wanted that clarified for the record. So of the 54,000, how many now receive the maximum rate?

Ms Milliken—We have done some additional work with the data since the minister's announcement, so we now have a figure of 66,500 dependent youth allowance recipients who are receiving—

Senator Chris Evans—You see, that is why I come to estimates; I learn things.

Senator NASH—You have just got an extra 12,000 students in work, Minister. That is outstanding.

Senator Chris Evans—Yes, I have been underselling our case.

Senator NASH—Since we are not talking about independent youth allowance. Sorry, go on.

Ms Milliken—Sorry, rather than the 54,000 figure.

Senator NASH—Yes. So it is 66,000, did you say?

Ms Milliken—It is 66,000. We were able to take the data over a longer period of time, so up until December of last year.

Senator NASH—What, the extra week? Sorry, it is late!

Ms Milliken—So around 27,150 are receiving the maximum rate.

Senator NASH—Sorry, what was the full rate?

Ms Milliken—66,630.

Senator NASH—66,630.

Ms Milliken—Replaced the 54,000.

Senator NASH—Yes. And then the full—

Ms Milliken—So the 66,630 are either getting the maximum rate or a higher rate or youth allowance for the first time, so that is dependent group

Senator NASH—Yes, I understand all that. I just want you to break it down for me.

Ms Milliken—And 27,150 are receiving the maximum rate.

Senator NASH—Yes.

Ms Milliken—And 16,620 are receiving a higher rate of payment than under the previous parental income test, and there are around 22,860 who are receiving the payment for the first time and are receiving a payment because their parental income is above the old rate.

Senator NASH—Above the old threshold?

Ms Milliken—Yes.

Senator NASH—I am very happy for you to take this on notice, but out of that 22,860, can you break down for me how many of those are getting a full rate and how many are getting a partial rate? I am happy for you to take that on notice.

Ms Milliken—I would need to take that on notice.

Senator NASH—That is fine. Again in that release, there was a reference to 100,000 students benefiting from the increase in the parental income test threshold and the 20 per cent family taper. Just to clarify again, they are obviously all dependent students?

Ms Milliken—Yes.

Senator NASH—It also says:

... many students who previously considered it necessary to gain eligibility as independents will no longer need to do so.

So of those 100,000 how many would be in the inner regional zone and are they getting a full rate of allowance? Again, I am happy for you to take it on notice.

Ms Milliken—We would need to take that on notice.

Senator NASH—In one of the points I think more than 190 additional students now receive scholarships towards their education costs. What percentage of those come from the inner regional areas?

Ms Milliken—Just a minute. I have that information.

Senator NASH—I did try to be helpful.

Ms Milliken—Yes, 31,400 for inner regional.

Mr Griew—The question that you asked before that we took on notice, can you repeat that, if that is okay? We might be able to answer it now.

Senator NASH—Which one?

Mr Griew—I think you asked how many students in inner regional areas for the first time received the dependent allowance in total.

Senator NASH—Yes, I did. What I said was out of that 100,000 of the dependent, how many were in the inner regional areas?

Mr Griew—Okay.

Senator NASH—Thank you. With the relocation scholarship, can I have a bit of advice as to the rationale of why that does not apply to independents? Is that because it is assumed that they do not have to relocate from anywhere?

Ms Milliken—They have indicated that they are no longer dependent on their family and they are receiving a higher rate of youth allowance as well.

Senator NASH—But what about a student that is not dependent on their family, because they mostly are not, and they are living somewhere because they have been working somewhere and they have to relocate 500 kilometres to go to the university?

Ms Paul—I think that is the crux of it; that they have been working and gaining an income and—

Ms Milliken—They have demonstrated they are self-sufficient.

Senator NASH—So they can pay the—

Ms Paul—Including their living arrangements as well.

Senator Chris Evans—The rate of support is higher.

Ms Milliken—Those who are in particularly difficult circumstances are able to receive the relocation scholarship. So those who are orphans or who have parents who cannot exercise their responsibilities or who are refugees or in state care can qualify for the relocation scholarship, although they are independent.

Senator NASH—I think in one of the answers to the questions on notice you said—sorry, I do not have it in front of me—you do not do any estimates for upcoming numbers of students in particular zones. Do you do work around the issue of trying to determine how many students might access independent youth allowance over the coming year?

Ms Milliken—We do not do specific separate annual estimates for independent and dependent by ARIA region, which I think was the question.

Senator NASH—So when you are coming up with the numbers to determine the cost, when we actually looked at my private senator's bill, that was done on modelling rather than any kind of estimate. Is that right?

Ms Milliken—And it was quite specific to the circumstances of your bill.

Senator NASH—The Rural Tertiary Hardship Fund.

Senator Chris Evans—Just before we get off this, I just wanted to make something clear. I think when I was explaining to you that I wanted to keep open the options, I did make the point that we would honour our commitment to the Independents. I just wanted to stress that I publicly acknowledged that that commitment included a commitment to eliminate eligibility distinctions between outer regional and inner regional students.

Senator NASH—Sorry, do you say it did or it did not?

Senator Chris Evans—It did eliminate the distinction. What I left open was how we did that.

Senator NASH—I still think there is going to be a little confusion there.

Senator Chris Evans—The answer is that the law will be applied until we change the law.

Senator NASH—I completely understand that. That is the problem, unfortunately. The Rural Tertiary Hardship Fund: it is good to see the application forms and the details are up on the website. I am sure the question the shadow minister asked in the House had nothing to do with it at all; it was just curious timing.

Senator Chris Evans—No. I instructed that it not go up until the debate in the House occurred.

Senator NASH—Why is that?

Senator Chris Evans—Because if your bill had been carried, one would have thought twice about how to organise the fund, wouldn't one?

Senator NASH—But this was due to go up on 1 January.

Senator Chris Evans—Yes, but we only got to the point of having this ready to go recently. When it became apparent, when I went to sign off, that the parliament was going to be considering the issues this week, I held it back a couple of days.

Senator NASH—That is fair enough.

Senator Chris Evans—Otherwise we would have to then reconsider how we were going to handle that. It would have been ideal to get it out earlier but, given that when I got to see it ready to go, it was pretty close to the debate, I thought, ‘We’ll hold off for a couple of days.’

Senator NASH—The end bit makes sense. The lag time from 1 January is a different issue, though. Ms Paul, was that affected by the fact that the task force did not get going until so late?

Ms Paul—I am not sure. Certainly they had to work under a deal of pressure, as we discussed last time here. They were very diligent. They did a very good job in a really short space of time.

Senator NASH—I am sure they did. Yes, I do remember that announcement the day we were here last time. There will be a number of grants. How many grants will there be?

Mr Griew—Sixteen hundred in the first round.

Senator NASH—How many all up?

Mr Griew—If my briefing here is correct then the first round has 1,600 grants of \$3,000 in the order of \$5 million, so over \$20 million would be four rounds of that magnitude, which is just over 6,000 applicants.

Senator NASH—Just over 6,000 students.

Senator Chris Evans—Bear in mind that there is no doubt that this measure was a part of the agreement the last time the parliament considered these issues, so when we introduced the youth allowance changes, this fund was part of the agreement reached to get that legislation to the parliament, as was the review to be conducted next year. These things now are back in the mix a bit, which is not to say it will not go ahead for this year; it will. In terms of what happens in the next couple of years after that will in part depend on the debate we have about how we go forward with youth allowance.

I am just making the obvious point that we have set up a system, we have set up a framework and the grants. Quite clearly, if we were to change the legislation in a way that might impact on that system then we might revisit that for the following year.

Senator NASH—I do not know if this is standard or not but page 5 of the guideline says: The Government reserves the right to amend the Program Guidelines.

Ms Paul—That is standard.

Senator NASH—Are there any changes likely to be made in the context of what you were just saying, Minister?

Senator Chris Evans—No. That is totally unrelated to that. I was just making the obvious little political or parliamentary point.

Ms Paul—We were not anticipating changes when we put that in the guidelines. That is a fairly standard feature. We always reserve the right.

Senator NASH—The closing date is 22 March, payments 28 days, so it is going to be around the end of April before any of the assistance goes out.

Ms Milliken—End of April, early May. The time frame will depend on how many applications are received and the assessment. We would expect to commence assessment before the round closes for applications.

Senator NASH—It would have been better with a bit more time, wouldn't it?

Ms Paul—It would always be nice to have it earlier. We have explained why it was slow in starting in terms of the task force. They have done a really good job and it is out there now.

Senator NASH—To be fair to the panel and the pressure that was put on them, there were about four months between the announcement and when the proroguing of parliament happened, as was your reasoning for the delay in the task force. One would have assumed that, having put them together very quickly at the end, it could have been done within that four months and sped the whole process up. It looks a little inelegant.

Ms Paul—We went through that last time to some extent, didn't we, in terms of the delays last year?

Senator NASH—You did indeed. Sometimes it is useful bringing things up the next time around just to have another look at it. The program guidelines say there is going to be staff involvement in the assessment of the applications and they will undertake training. What does that training involve?

Ms Milliken—We are preparing an internal training course for staff. We are running a selection process for staff from within the department to form the team to assess the guidelines. Training will go to the guidelines themselves, the criteria and how they will rate applications against the individual criteria.

Senator NASH—Moving on to an entirely different area: the costing of the bill which was in answer to one of the questions on notice from the inquiry is relevant here. Some of the costings in the Prime Minister's releases for this for the three years are \$300 million and another one is \$317 million. Looking at the department's figures that you have given us, SIHW3—but this is for the bill. I do not know if that relates to questions that have come through estimates.

Ms Paul—The numbers do not.

Senator NASH—It has the facts on that particular sheet, which might make it a little easy. When I extrapolate the figures by the amount of youth allowance annually, I come up with a figure of \$277,000,925. Are there extra costs that the department has added in to come up with the \$317 million figure the Prime Minister talks about?

Ms Milliken—The \$317 million is the cost and includes the scholarships. Each person who is eligible for youth allowance is eligible for a start-up scholarship, so there are additional costs that need to be factored in.

Senator NASH—Thank you for clarifying that. One of the issues in terms of the independent youth allowance 30-hour a week criterion that has arisen—and indeed Senator Marshall would remember this arising through the inquiry—was the issue of students who were unable to meet the 30-hour a week criterion because of the floods that we have seen in New South Wales and Queensland and a range of other things. One of the recommendations from the government report was:

The committee majority recommends that as a matter of urgency the Department of Education, Employment and Workplace Relations finalise responses to ensure that regional students who are temporarily unable to meet the workforce participation criterion because of the recent flooding are not precluded from accessing Youth Allowance.

I acknowledge Senator Marshall's recognition of that. What is being done in terms of those students who might be finding difficulty with preclusion of work because of the flood issue?

Ms Milliken—There are two particular areas where we are using the flexibilities that already exist within the social security provisions. One of those relates to the parental income test for students whose parents' income has reduced significantly as a consequence of the impact of the floods. As you would know, for the parental income test we normally apply the family income—

Senator NASH—Sorry, I am talking about independent youth allowance.

Ms Milliken—I am covering the breadth of it. We normally apply the previous financial year in the assessment of parental income. For those whose family income was beyond the parental income test in 2009-10 and who, as a consequence of the floods, have had a significant reduction in their parental income in this financial year—which would bring them into the dependent rate, which previously they would not have qualified for, or they would have been at a lower rate—Centrelink can use their current year estimate to calculate their youth allowance. So someone who previously could not have been dependent or who was on a lower dependent rate can now qualify as a dependant.

For independent youth allowance it is treated like a Christmas close-down period of leave. If people would otherwise have been in paid employment for the period, Centrelink can take into account the period that they were not able to earn income for qualification for the independent rate.

Senator NASH—So any student who has been unable to meet the work criteria because of the floods will be treated by Centrelink within those provisions and there will be flexibility there.

Ms Milliken—Yes, there is provision in the policy and legislation for those people who have been specifically affected.

Ms Paul—We would encourage them to ask Centrelink about the flexibilities.

Senator NASH—It might be useful for you to know that there has been a lot of correspondence to my office from people who have been to their local Centrelink offices about whether they qualify for the independent youth allowance, and what they need to do, and in a lot of instances the Centrelink staff have not been able to help them.

Ms Paul—Because they do not have the information?

Senator NASH—Because they do not have the information; they do not know enough to understand.

Ms Paul—They are appearing next door as we speak. I could actually run in and give them a serve!

Senator NASH—It is quite likely not their fault; it is very complicated. But I think it is very important to understand it.

Ms Paul—They should be up with it. Are you getting that across Australia?

Senator NASH—I deal mostly with New South Wales. It is in coastal regions and some of the inland regions.

Ms Paul—That is worth knowing. We can get onto Centrelink straightaway. Those will be covered by particular Centrelink regions. If you want to give us specific communities or regions we will take it up straightaway.

Senator NASH—That would be great.

Ms Milliken—It would be helpful if people also contacted the special student line that Centrelink have. They assess the student payment applications in a couple of specific areas in Australia and they are the people with the expertise.

Ms Paul—That is true. That is a very good point. That is the way Centrelink has gone with student payments. They have gone to a specialised line.

Ms Milliken—That is the 132490 line.

Senator Chris Evans—I do not want to get into the position Nick Minchin got himself into when he had to remember the security hotline. The Prime Minister made a big thing about the hotline. Nick was the responsible minister. He kept getting asked that question in parliament and he had to struggle to make sure he could remember the number. We are all supposed to be able to recall it.

Senator NASH—We are all supposed to be able to do everything, aren't we! Thank you for that. Can I ask a question about the two-year deferral. It has been raised quite a lot that universities do not necessarily defer for two years. In the current arrangements for the inner regional students, is that something that has been considered? Was there any discussion with the universities before that particular criterion was put in place, given the obvious difficulties it may create?

Ms Milliken—The workforce participation criterion is intended to show that the person has earned sufficient over a period of time and worked sufficiently to be a self-sufficient person. In developing that legislation and that policy, two years of full-time work or 30 hours a week was considered to be equivalent to having achieved self-sufficiency, and it is 30 hours per week in one or more jobs for at least 18 months in any two-year period, so it is not necessarily two years that they would be working full time. Potentially, a young person finishing school late in a year 12 year and who started full-time work would not have to work two years full time in order to qualify.

Senator NASH—I understand that, but they would quite likely have to defer two years—wouldn't they?—particularly if the university did not have a mid-year intake for them.

Mr Griew—It was not a new invention in the legislation. It was a pre-existing condition.

Senator NASH—Where else did it exist?

Ms Paul—A pre-existing criterion.

Senator NASH—For what?

Ms Paul—Youth allowance.

Mr Griew—It was already there.

Senator NASH—But since it became the only one with a two-year deferment, it has become an issue. I will leave it there. We have traversed that before and it is late. I am sure everyone wants to go home very soon and you will be happy to hear I am nearly finished.

Ms Paul—We have not been approached, for example, by universities about that 18-month issue, so that is interesting. We could take it up with them, potentially, but they have not come to us saying that it is an issue for them.

Senator NASH—That is probably not surprising, because that intake would not be going to university yet.

Ms Paul—No, but they certainly go through the whole application and our processes.

Senator NASH—That is unusual, because I have had it raised with me by the university sector.

Ms Paul—You have?

Senator NASH—Yes, very much so.

Ms Paul—I was just checking and we have not.

Senator NASH—I was raising it again tonight because it is very specifically the university sector that raised it with me.

Ms Paul—Okay.

Senator NASH—This relates back to the last estimates. I did not actually want to raise this here. I hoped we could resolve it, but apparently we have not. You may remember, Minister, that last estimates you very kindly offered to look at some correspondence. I had some quite complicated correspondence from a lady here and, rather than table it, you offered to take it to your office and have a look at it for me. You might want to have a yarn to the department or your office. That was 22 October and I still have not had a response. Having on 12 November called your office to see where it was at, I was told it would be forwarded next week. On 23 November, I rang again—still no sign of the letter. On 4 February, I was told the letter was with an adviser in Perth. This was quite a serious issue for this woman and you very kindly offered to look at it.

Senator Chris Evans—It was a very complicated case, yes.

Senator NASH—A very complicated case.

Senator Chris Evans—I do not want to mislead you.

Senator NASH—No, I do not even need an answer. Can I just leave it with you?

Senator Chris Evans—It was raised with me. I became aware of and was concerned about the delay and I asked for further advice on that, but I did note that it was a horribly complex case.

Ms Paul—It was a very complex matter.

Senator Chris Evans—But I must admit that my reaction, which I have tried to encourage and will drive further, is that people ought to just ring someone when they have those issues. We have a system where members of parliament write on a complicated case and, to be honest, by the time we get on top of it and get an answer, the person has either died or the problem is solved. I appreciate your frustration. I will come back to you on that, because I was annoyed when I was briefed that it had not been resolved. I do not have the paperwork with me. I will get someone from my office to contact you directly on that.

Senator NASH—That would be good. I think four months in the too-hard basket is about three months too long.

Senator Chris Evans—As I say, my attitude to these things is that we have to try and avoid a letter. Three months later is too late in any event. Either one can help or one cannot and one should be able to say within a week or two whether one can help or not. I will come back to you.

Senator NASH—Thank you. That concludes my questions, thank you.

CHAIR—Thank you. I would like to thank the senators for their participation in the estimates, the committee secretariat, Hansard and the Senate attendants. Ms Paul and Minister, thank you to you and your officers for your appearance and contribution to the Senate estimates process.

Committee adjourned at 10.29 pm