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Official Committee Hansard

SENATE

EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION
LEGISLATION COMMITTEE

ESTIMATES

(Budget Estimates)

TUESDAY, 3 JUNE 2003

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SENATE

**EMPLOYMENT, WORKPLACE RELATIONS,
AND EDUCATION LEGISLATION COMMITTEE**

Tuesday, 3 June 2003

Members: Senator Tierney (*Chair*), Senator George Campbell (*Deputy Chair*), Senators Barnett, Carr, Johnston and Stott Despoja

Senators in attendance: Senators Barnett, George Campbell, Carr, Jacinta Collins, Crossin, Marshall, Mason, Tierney, Webber and Wong

Committee met at 9.02 a.m.

EMPLOYMENT AND WORKPLACE RELATIONS PORTFOLIO

Consideration resumed from 2 June 2003

In Attendance

Senator Richard Alston, Minister for Immigration and Multicultural and Indigenous Affairs

Department of Employment and Workplace Relations

Whole of Portfolio

Dr Peter Boxall, Secretary

Mr Bob Correll, Deputy Secretary, Employment

Mr John Lloyd, Deputy Secretary, Workplace Relations

Ms Malisa Golightly, Chief Financial Officer, Financial Management Group

Mr Craig Symon, General Manager, Corporate

Mr Jeremy O'Sullivan, Assistant Secretary, Legal and Risk Branch, Corporate

Mr Darren Hooper, Assistant Secretary, Business Services Branch, Corporate

Mr Brian Quade, Assistant Secretary, Parliamentary, Public Affairs and Performance Branch, Corporate

Mr Craig Farrell, A/g Assistant Secretary, Human Resources Branch, Corporate

Ms Robyn Kingston, Assistant Secretary, Internal Audit

Mr John Burston, Chief Information Officer, IT Services Group

Outcome 1 An effectively functioning labour market

Mr Michael Manthorpe, Group Manager, Job Search Support Group

Mr Stephen Moore, Assistant Secretary, Work Experience Branch, Job Search Support Group

Mr Tony Waslin, Assistant Secretary, Transition Programmes Branch, Job Search Support Group

Mr Bill Traynor, Assistant Secretary, Employment Exchange Branch, Job Search Support Group

Mr John Manthey, Director, Budget and Performance, Transition Programmes Branch, Job Search Support Group

Mr Finn Pratt, Group Manager, Intensive Support Group

Ms Kylie Emery, Assistant Secretary, Indigenous Employment Programmes Branch, Intensive Support Group

Ms Kerren Thorsen, Assistant Secretary, Employment Services Performance Branch, Intensive Support Group

Mr Phil Drever, Assistant Secretary, Contract Management Branch, Intensive Support Group
Ms Alison Durbin, Assistant Secretary, Intensive Support Operations Branch, Intensive Support Group
Mr Ken Douglas, Group Manager, Employment Analysis and Evaluation Group
Mr Graham Carters, Group Manager, Employment Policy Group
Mr Bruce Whittingham, Assistant Secretary, Policy Development Branch, Employment Policy Group
Mr Peter Hade, Group Manager, Employment Services Purchasing Group
Mr Brian McMillan, Employment Counsel, Employment Legal Team, Employment Services Purchasing Group
Mr Anthony Parsons, General Manager, Employment Systems

Outcome 2 Higher productivity, higher pay workplaces

Mr Rex Hoy, Group Manager, Workplace Relations Policy and Legal Group
Mr James Smythe, Chief Counsel, Workplace Relations Policy and Legal Group
Ms Diane Merryfull, Assistant Secretary, Legal Policy Branch 2, Workplace Relations Policy and Legal
Mr Alex Anderson, Assistant Secretary, Strategic Policy Branch, Workplace Relations Policy and Legal
Mr David Bohn, Assistant Secretary, Building Industry Legislation Team, Workplace Relations Policy and Legal
Ms Sue Sadauskas, Assistant Secretary, Wages and Conditions Policy Branch, Workplace Relations Policy and Legal
Mr Robert Bennett, A/g Assistant Secretary, Legal Policy 1, Workplace Relations Policy and Legal
Mr Ted Cole, Advocacy Team Leader, Advocacy Team
Ms Barbara Bennett, Group Manager, Workplace Relations Implementation Group
Ms Flora Carapellucci, Assistant Secretary, Industries Branch, Workplace Relations Implementation Group
Mr John Kovacic, Assistant Secretary, Public Sector Branch, Workplace Relations Implementation Group
Mr Steve Kibble, A/g Assistant Secretary, Royal Commission Implementation Team, Workplace Relations Implementation Group
Mr Nigel Hadgkiss, Director, Building Industry Interim Taskforce
Ms Jenet Connell, Group Manager, Workplace Relations Services Group
Mr Michael Maynard, Assistant Secretary, Employee Entitlements Branch, Workplace Relations Services Group
Ms Carolyn Naess
Mr Mark Jasprizza, Assistant Secretary, Workplace Services Branch, Workplace Relations Services Group
Mr Dianne Fletcher, Assistant Secretary, Employee Entitlements Project Branch, Workplace Relations Services Group

Office of the Employment Advocate

Mr Peter McIlwain, Acting Employment Advocate
Mr John Burnett, Deputy Employment Advocate
Ms Patricia Muncey, Acting Deputy Employment Advocate
Mr David Rushton, Senior Legal Manager

National Occupational Health and Safety Commission

Mr Robin Stewart-Crompton, Chief Executive Officer

Mr Tom Fisher, Senior Executive Manager
Equal Opportunity for Women in the Workplace Agency

Ms Fiona Krautil, Director

Comcare

Mr Barry Leahy, Chief Executive Officer

Mr Noel Swails, Deputy Chief Executive Officer

Mr Terry Langton, General Manager, Corporate Management

Ms Leone Moyse, General Manager, Claims Policy and Systems Improvement

Mr Stewart Ellis, General Manager, OHS (CE) Act Policy and Support

Australian Industrial Registry

Mr Nicholas Wilson, Industrial Registrar

Mr Terry Nassios, General Manager

Ms Chris Hayward, ACT Manager, Deputy Industrial Registrar

Department of Employment and Workplace Relations

CHAIR—The committee has completed outcome 2 and the Office of the Employment Advocate, and will now commence with outcome 1, output group 1.1, Labour market policy and analysis questions.

Senator GEORGE CAMPBELL—Dr Boxall, I have a couple of cross-portfolio questions. I was not able to get here yesterday; I was in another committee.

CHAIR—We have passed all that, but ask your questions, Senator.

Senator GEORGE CAMPBELL—Are you happy to take them?

Dr Boxall—If you ask them, we may be able to answer them.

Senator GEORGE CAMPBELL—Otherwise I am going to put them on notice, and it is just going to take up more of your time.

CHAIR—It might be a good idea.

Dr Boxall—Why don't you ask them, and we will see whether we can answer them.

Senator GEORGE CAMPBELL—On page 31 of the PBS, it indicates that in 2003-04 the average staffing level is going to be 1,339, which is a drop from 2002-03 of around 98. What specific areas are these staff reductions occurring in?

Dr Boxall—That is a question about outcome 1, and we are happy to answer that. That is the staffing levels in outcome 1.

Mr Correll—The reduction in the staffing level is directly attributable to the fact that 2002-03 has been a major tender process year. There were additional resources allocated for the current financial year for the major purchasing process for the next employment services contract. That represents the key driver for changes in staffing levels.

Senator GEORGE CAMPBELL—So all of these 98 persons were associated with the tendering process?

Mr Correll—The vast majority would be associated with that. There may be small adjustments, as well, associated with the Australians Working Together initiative, which kicked in from 1 July this year. But the vast majority of these numbers are associated with the additional resources for the tender.

Senator GEORGE CAMPBELL—And what has happened to these 98 employees?

Mr Correll—There were a number of additional staff engaged during the tender process. A number of them were temporary staff.

Senator GEORGE CAMPBELL—Short term?

Mr Correll—Short-term staff, yes. The tender process spanned a period of six months overall. We had staff coming in from our state offices, and there were short-term staff engaged to backfill for those staff in our state offices.

Senator GEORGE CAMPBELL—There was no permanent staff from the departments involved in those numbers.

Mr Correll—No, this does not reflect any long-term adjustment. It reflects the fact that staffing numbers increased last financial year predominantly for the tender.

Senator GEORGE CAMPBELL—Can you explain the amounts that are listed in table 3.1 on page 52 regarding the expense item for employees? Is this the total cost for employees directly funded by the department who make up the staffing level of 1,339?

Dr Boxall—This is for the department as a whole, so this includes outcome 1 and outcome 2.

Senator GEORGE CAMPBELL—Right. Why, Dr Boxall, is there an increase from the previous year?

Dr Boxall—Malisa Golightly, the Chief Financial Officer, will answer that.

Ms Golightly—As well as the decrease in outcome 1 there is actually a corresponding increase in outcome 2, because there were a number of new measures for outcome 2 this year. They are listed on page 41. Overall, the staffing numbers are actually quite close to what they were in total last year. There is a slight increase.

Senator GEORGE CAMPBELL—So what are the actual staff numbers?

Ms Golightly—I think it is just over 2,000. I need to add up the 1,339 and 665.

Senator GEORGE CAMPBELL—What were the corresponding numbers for last year?

Ms Golightly—For last year, you would have to add 1,437 with 534. I think that comes out to just over 2,000.

Dr Boxall—Last year there were 1,971, and this year there are 2,004.

Senator GEORGE CAMPBELL—So, in fact, there are additional staff this year.

Ms Golightly—Yes, in average staffing numbers. It is only an average staffing level.

Senator GEORGE CAMPBELL—What is the distinction between the 1,339 and the 665?

Dr Boxall—The 1,339 is outcome 1, on page 31; the 665 is outcome 2, on page 41. In this department we have two outcomes, so that gives the total average staff for the year.

Senator GEORGE CAMPBELL—Which is an increase of 33 over the previous financial year.

Dr Boxall—That is correct.

Ms Golightly—In average.

Senator GEORGE CAMPBELL—Does the additional \$4 million—going from \$140 million to \$144 million—in staff expenses relate to the remuneration for those additional employees?

Ms Golightly—Partly. It is not a direct relationship because the numbers you are referring to are only average staffing level. We can go up and down through the year. We still have to stay, of course, within our overall budget, so we manage our expenses to do that.

Senator GEORGE CAMPBELL—The forward estimates show that dropping from \$144 million to \$132 million in 2004-05. How do you explain that substantial drop?

Ms Golightly—Many of the outcome 2 measures that have been announced this year are only for this year at this stage. They only go through to 30 June 2004 and, at that stage, the money is not appropriated. We would have to wait till the next budget to see that.

Senator GEORGE CAMPBELL—What will happen to those staff at the end of 2004?

Ms Golightly—Again, I think quite a few of them will probably be put on temporary contract and that sort of thing, but it is really a question for outcome 2 because they are related to outcome 2 measures.

Dr Boxall—Basically, there is a measure in outcome 2 which involved an extra \$10.1 million to the department for 2003-04. Staff employed under that measure—not all staff but a number of staff—would only be employed for the year because we would not have ongoing funding. That gives you a flavour of what is happening in the forward estimates. The other issue is the interim task force. As you probably know, that was extended for next year until the end of 2003-04. Clearly, staff on the interim task force only appointed only until the end of the period. The combination of those things means that, in the forward estimates, the expenses are lower because there is not ongoing funding for those things and correspondingly there is a reduction in staff.

Senator GEORGE CAMPBELL—Can you put a figure on the number of staff involved in this category?

Ms Golightly—Sorry, which category?

Senator GEORGE CAMPBELL—These temporary staff that have been put on for this particular—

Ms Golightly—I think, in average staffing terms, it would be about 60 to 70 staff.

Senator GEORGE CAMPBELL—60 to 70?

Ms Golightly—Yes, but again I would have to stress that is an average.

Senator GEORGE CAMPBELL—Can you explain the reason for the drop in the expense item for suppliers from \$271 million to \$258 million?

Ms Golightly—Again, it would have a little bit to do with some of these measures dropping off at 30 June. If we do not have the measure our expenses are not as high.

Senator GEORGE CAMPBELL—Is it possible to get a breakdown of the payments to suppliers?

Ms Golightly—In what way? Supplies is a category that covers any expenses which are not employee expenses or depreciation and that sort of thing.

Senator GEORGE CAMPBELL—Is it possible to get a breakdown of who those suppliers are, what they are supplying and what they are paid?

Ms Golightly—No, because at this time it is an estimate of what we may spend on suppliers—we have not actually spent it yet.

Senator GEORGE CAMPBELL—You expended \$271 million this year, so you would know what you expended that on?

Ms Golightly—Yes. I could do it in major categories; for example, consultants, air fares and that sort of thing. I could see if we could give you that type of breakdown.

Senator GEORGE CAMPBELL—Will you take that on notice and give us a copy of that breakdown?

Ms Golightly—Yes.

Senator GEORGE CAMPBELL—Can you explain for us, in table 3.2 on page 54, the significant increase in the value of infrastructure, plant and equipment?

Ms Golightly—We have quite an extensive capital budget plan which extends out a number of years because, as you may know, we have quite a lot of computer equipment and software, as well as our property fit-out. In order to manage the ongoing replacement of that, we have a rolling program of replacement, and in the coming year we are hitting replacement of some of the more expensive items. But it is planned for and budgeted for.

Senator GEORGE CAMPBELL—How much of the increase of \$17 million is related to Job Network 3?

Ms Golightly—I could not give you a figure off the top of my head. Some of it would be. I could take that on notice.

Senator GEORGE CAMPBELL—That increase is primarily attributed to increased computerisation?

Ms Golightly—No, just replacement of computer equipment.

Senator GEORGE CAMPBELL—So, it is primarily IT?

Ms Golightly—Yes.

Senator GEORGE CAMPBELL—It would appear, from table 3.3, that you are spending an additional \$22 million on property, plant and equipment. If the value is only going up by \$17 million, what does the other \$5 million represent?

Ms Golightly—Can I come back to you a bit later in the day on that?

Senator GEORGE CAMPBELL—Sure. Can you tell me what the department's total IT spend is for 2003-04?

Ms Golightly—It would be within two figures: the property, plant and equipment figure on page 54, but also the intangibles figure includes our software. I could not give you an exact break-up here, but that is where our IT spend is reflected.

Senator GEORGE CAMPBELL—Is it primarily on software?

Ms Golightly—The intangibles figure is primarily software.

Senator GEORGE CAMPBELL—What does the intangibles figure represent?

Ms Golightly—The figure in the table?

Senator GEORGE CAMPBELL—What is the figure for intangibles—\$27 million?

Ms Golightly—Yes, \$27 million in 2002-03, going up to \$29.9 million in 2003-04.

Senator GEORGE CAMPBELL—Okay. I think we can move back to output 1.1.1.

Senator WEBBER—I want to get a clearer understanding of the vacancy market in Australia at the moment and how it is calculated. Can you tell me the total number of vacancies currently available in Australia?

Mr Correll—The current number of vacancies, say, on any given day on the national jobs database would range from 30,000 to 40,000.

Senator WEBBER—Would that routinely include all the jobs? What proportion of those jobs would be advertised versus non-advertised jobs?

Mr Correll—The vast majority of those jobs would be advertised jobs. Indeed, the fact that they are appearing on the national jobs database is virtually, by definition, advertising the jobs.

Senator WEBBER—But some vacancies are not advertised jobs?

Mr Correll—We would estimate that approximately half of the jobs that are moving through the labour market at any point in time are not advertised jobs.

Senator WEBBER—How do you arrive at that figure? How do you calculate the non-advertised jobs? How do you work that out?

Mr Correll—Simply by looking at overall estimates of jobs in the labour market and being able to extrapolate that. It is only an estimate.

Senator GEORGE CAMPBELL—Mr Correll, which categories do the jobs listed by labour hire companies fall into: advertised or non-advertised?

Mr Correll—That depends on whether the job represents an advertised job. But if a labour hire company posts a job opportunity on the Australian JobSearch database or in the press media then it would be an advertised vacancy. If they do not do that, but are simply holding it within their organisation, then it could be considered a non-advertised vacancy.

Senator GEORGE CAMPBELL—Would they get payment for both the advertised and non-advertised jobs?

Mr Correll—Are you talking now about the active participation model arrangements?

Senator GEORGE CAMPBELL—Yes.

Mr Correll—If a labour hire company were to apply for and receive a licence as a job placement organisation then they would be obligated to place all of their non-executive vacancies on to the national jobs database. Then they would be in a position where they could be paid for job placements that were achieved against those vacancies, noting that for a labour hire company the employer under those arrangements is the labour hire organisation. If that employee is then provided on an on-forward basis to another organisation, that would not represent a placement for payment purposes. There would be only one payment that would apply and that would be for the recruitment of an individual into the labour hire organisation.

Senator GEORGE CAMPBELL—But would it only be for vacancies that are filled that have been advertised on your—

Mr Correll—Yes, the job has to be advertised on our national jobs database, Australian JobSearch.

Senator GEORGE CAMPBELL—Thank you.

Senator WEBBER—I want to return more to the general state of the labour market. I seem to recall an ABS study from about the mid-nineties—I am not exactly sure when—that talked about how people found out about the jobs that they were moving into. From recollection, the study said that about 70 per cent of people found their jobs through word of mouth—family, friends and what have you. How do you think that compares with the current situation?

Mr Douglas—The Bureau of Statistics conducts regular surveys on methods of filling job vacancies. I do not have the most recently available material about that to hand, but I could take that on notice.

Senator WEBBER—If you could take that on notice, that would be great. I noticed from the May 2003 vacancy report that there were some 32,300 vacancies listed on AJS. How many of those jobs were created after the job seeker had found out about the job through another means, such as word of mouth? In the old days they were described as ‘raised for job seeker’ when they were recorded.

Mr Correll—I would not expect that a significant proportion of jobs would be in that category. The jobs that are going on to the national jobs database—the Australian JobSearch network—come from a variety of sources. The predominant source is Job Network. Job Network members are required to notify their vacancies as quickly as possible on the national jobs database. Other sources of vacancies include vacancies directly lodged by employers, vacancies picked up on an automated basis from the *Commonwealth of Australia Gazette* and vacancies from some newspaper sources. The extent to which there would be a vacancy that has been post-lodged, if you like, onto the database would be absolutely minimal.

Senator WEBBER—But there could be some; obviously there used to be a category.

Mr Correll—I could not rule it out completely, but there would be a minimal number.

Mr Pratt—Senator, we canvassed this issue at some length three or four estimates hearings ago.

Senator WEBBER—Before my time.

Mr Pratt—There was a question on notice at that time that indicated that quite a small percentage of vacancies were actually filled within a short time of the vacancy being lodged on the database—which would support Mr Correll’s advice.

Senator WEBBER—What means do you have to monitor whether the jobs are being created after they have been filled? How do you know that people are not—

Mr Correll—We monitor the national jobs database quite closely—for example, by looking at the duration that jobs have been on the database and the level of turnover of jobs on the database. By regularly monitoring the database we are able to identify any factors that, for example, show that the placement of a job on the database and the placement of a job seeker in that job occurred simultaneously. That would be an indicator, for example. That monitoring shows, as Mr Pratt flagged, a minimal extent of that occurring.

Senator WEBBER—The ANZ job survey lists the count of jobs advertised in newspapers. How many of those jobs would be on AJS?

Mr Correll—From recollection, I believe the figure is 40 per cent of jobs that are displayed through the ANZ vacancy series are displayed on the national jobs database. We use the ANZ series as an indicator of the advertised jobs figure, in fact.

Senator WEBBER—I was very lucky last week—I stayed in Perth rather than come over here for estimates. I heard Minister Brough on 6WF, the ABC radio in Perth, state that only 15 per cent of all vacancies in the Kimberly Region of WA were on AJS. Can you tell me how he would arrive at that figure?

Mr Correll—It would have been a broad estimate based on the fact that, indicatively, if about half of all the vacancies moving into the labour market at any point in time are advertised vacancies, and the national jobs database has some 30 to 40 per cent of those vacancies, that extrapolates down to a figure of, say, between 15 and 20 per cent of the jobs in any part of Australia on average being picked up through the national jobs database.

Senator WEBBER—So it was not specific knowledge of the Kimberley region labour market and how it operates?

Mr Correll—Not that we are aware of.

Senator WEBBER—Can you explain how the department arrived at the figure of an extra 650,000 jobs being available to job seekers through the job placement organisations?

Mr Correll—Yes. That was basically drawn from the licensing submissions that have come into the department. Estimates of the number of jobs that would be brought in by those organisations were made and broadly extrapolated to make an estimate of the projections of the additional jobs on the database.

Senator WEBBER—If I go to a commercial job site—let us say, Seek, for the sake of this exercise—and put in some search criteria for jobs in the ACT in the IT industry, say, for a business analyst, it tells me that there are 18 jobs available. If I look at those jobs carefully, I notice that many of them seem to be the same job just advertised by different agencies. For example, on the print-out that I have here, which is fairly recent, I notice that there are four senior business analyst positions advertised by Interpro, CCS, TMP and IMDiversity. They all read to me as exactly the same job. How are they counted?

Dr Boxall—Have you checked whether they are the same job? Did you call up the four agencies?

Senator WEBBER—That is what I am asking: what kind of mechanisms do you have in place to make sure that it is robust?

Mr Correll—We cannot, of course, talk for the quality control mechanisms that exist with the operation of the Seek database, but in terms of the Australian JobSearch system we do have screens to attempt to pick up any duplicate job listings that go on to the database. Under the job placement licensing arrangements to apply, if more than one organisation were to lodge the same vacancy on the database then the only payment that is applicable would be for the organisation that places the job seeker in the job, so that is your control mechanism.

Senator WEBBER—I have no doubt about that. But it seems to me that there is the capacity—and this is what I want to check—to end up with a database that has the same job listed by multiple employers. Employers should not go agency shopping and get it listed all around the place looking for the best deal.

Mr Correll—As I mentioned, we attempt to ensure that where there are duplicate jobs they are picked up through the screening in the Australian JobSearch.

Senator WEBBER—No worries. I want to return to what we were talking about before, about the estimated 650,000 new jobs that are going to become available through the job placement organisations. It seems to me, from what you have just said, that 650,000 is a best estimate, a guess, based on what the job placement organisations told you in their submissions rather than on the status of the labour market.

Dr Boxall—That is correct. Mr Correll said it is an estimate.

Senator WEBBER—What prospects are there that your count of 650,000 over three years may have been tainted by that possibility? I accept that you do your best to limit the multilisting of the same vacancy, but would that have any impact on your counting of 650,000?

Dr Boxall—It is a best estimate. It could be that we have underestimated.

Senator WEBBER—How would it impact on outcomes if the estimate were wrong?

Mr Correll—This goes to labour market conditions. The number of jobs that will be posted on to the national jobs database in the final analysis will be influenced either upwards or downwards by overall fluctuations of the labour market conditions. The more jobs that are available, the better chance we have of matching unemployed Australians to them as quickly as possible and maximising outcomes. That is what we are aiming to do.

Senator GEORGE CAMPBELL—Mr Correll, you say that those figures are our best estimate at this point in time. At what point in time will we get an accurate figure of the vacancies that exist in the job market?

Mr Correll—Do you mean the total vacancies or the vacancies being displayed on Australian JobSearch?

Senator GEORGE CAMPBELL—The vacancies that are being displayed through your new whizzbang computer system.

Mr Correll—We get an actual count of those every day. We are able to monitor the number of jobs on the national jobs database effectively every day. We would expect that, as the new job placement organisations come into play, we will see a progressive build-up in the number of vacancies on the database.

Senator GEORGE CAMPBELL—Are you able to tell us how many jobs are listed now on the database or does that not commence until 1 July?

Mr Manthorpe—I can tell you that, as at 30 May, there are a total of 39,243 positions on the web site.

Senator GEORGE CAMPBELL—So where does the other 610,000 estimate come from? How does that figure get put together?

Mr Manthorpe—Which estimate?

Senator GEORGE CAMPBELL—Mr Correll said the estimate is about 650,000. How does that figure get put together?

Mr Manthorpe—Mr Correll just explained that, but he is happy to do it again.

Mr Correll—We need to note that the 39,000, mentioned by Mr Manthorpe, is a snapshot as at last Friday of the number of jobs sitting on the national database at that time. The 650,000 is an estimate of the number of jobs over a full period of three years coming onto the database. That is the relationship; one is a snapshot point in time and one is a flow of additional vacancies over an estimated three-year period.

Senator GEORGE CAMPBELL—The question I am asking is: how does that 650,000 get put together? What data do you use to make the calculation of 650,000?

Mr Correll—As I mentioned earlier, that was based on the overall submissions that were put in to us for licences from job placement organisations, based on their reasonable estimates of the number of vacancies they would expect to be bringing to the national vacancy database.

Senator GEORGE CAMPBELL—If I can put it another way, it is an estimate by those agencies of the turnover of people they will put through the agency over the three-year period?

Mr Correll—And our validation of those estimates. We would not have accepted estimates that looked unrealistic in making that calculation.

Senator GEORGE CAMPBELL—I understand that. How do you do the validation?

Mr Correll—The licence applications that are submitted by each organisation include details of that organisation. Some of them are very large, significant, existing recruitment organisations with large vacancy flows; others are smaller players.

Senator GEORGE CAMPBELL—They have a history?

Mr Correll—Yes.

Senator GEORGE CAMPBELL—You have compared their claims against their past history? Is that how you have validated the figures?

Mr Correll—We have not undertaken that detailed analysis. We have broadly looked at whether their estimates of vacancies appear reasonable in the context of the size and scale of the organisation.

Senator GEORGE CAMPBELL—The figure is 650,000 over three years, but on any given day it is about 40,000. Is that what we are estimating?

Mr Correll—On any given day, currently under the existing employment services contract 2, that is the number. However, under the next employment services contract, when these additional job placement organisations bring those vacancies in, we would expect the daily figure of vacancies to be significantly higher than that.

Senator GEORGE CAMPBELL—But, in fact, isn't the number of job placement agencies going to drop under the new Job Network?

Mr Correll—No, that is not the case.

Senator WEBBER—Is it not possible, when we are talking about these vacancies, that there is not necessarily an increase in the total number of vacancies; there is just going to be an increase in those listed on the AJS?

Mr Correll—That is correct. This is not a statement that there is a creation of additional jobs; it is a statement that these jobs that are out there are brought into the national jobs database, which enables them to be matched against unemployed job seekers much more quickly and efficiently. This means that job seekers who are registered with Job Network members will be matched every day against a bigger pool of job vacancies and be notified of those job opportunities.

Senator WEBBER—It is also possible, given that it seems that the majority of people find out about their jobs through word of mouth or whatever, that there are a lot of people who get their next job without any intervention from Job Network, AJS, newspapers or what have you?

Mr Correll—Certainly many people do get their jobs through word of mouth—that is a significant way in which the labour market operates—and I think most employment consultants would always advise job seekers to actively utilise that technique and canvass employers directly for employment opportunities. What this means is that the overall time it takes to connect job seekers with jobs in the labour market—frictional unemployment rates in the labour market—should be reduced by the faster matching of job seekers to a wider range of jobs.

Senator WEBBER—Can you tell me if any analysis was done on the 650,000 vacancies, looking at the requirements of various job seeker skills, or is that number of jobs just a ballpark figure?

Mr Correll—It is just a broad estimate of the number of vacancies at this stage.

Senator WEBBER—What is your estimate for the number of vacancies that will be listed for 2003-04?

Mr Manthorpe—Perhaps the best way to come at that would be to point out that for the year to date, 2002-03, some 886,000 vacancies have been listed. One might extrapolate that

out for the full financial year to something in the order of a million vacancies, depending on how good my arithmetic is. If we get, as we estimate, a significant increase in the number of vacancies from the new job placement arrangements and if the 650,000 vacancies are spread over the three years in a roughly even way, then one might expect an increase from, say, a million jobs to 1.2 million or 1.3 million jobs on the database over the course of a full year.

Senator WEBBER—Is that extrapolation based on some historical figures as well?

Mr Manthorpe—Yes, the figure of 886,000 that I gave you for this financial year is a real figure as at 9 May. The only extrapolating I have done for this financial year is to add a bit for the rest of May and June. On top of that we anticipate, as a result of the job placement arrangements, an increase in the number of vacancies, because of the range of job placement organisations that will be placing their vacancies on the database for the first time.

Senator WEBBER—How many of the 886,000 are full-time jobs?

Mr Manthorpe—I am not sure I have that figure with me. I could probably get it for you, Senator.

Senator WEBBER—That would be good. While you are doing that, perhaps we could look at the mix of full-time, part-time or casual jobs, and the estimate of 650,000 that you are working on.

Mr Correll—We have not attempted to do that sort of breakdown at all in the broad estimate of additional jobs. We would have that sort of breakdown available in terms of the existing jobs on the database, but we have not attempted to make that sort of an estimate at this stage for the additional jobs coming in from job placement organisations.

Mr Manthorpe—I now have an answer to your question. At a point in time—this data is from 16 May, so again we are talking about a one-day snapshot, but it is probably a pretty good sample—65 per cent of positions on the database were full-time and 35 per cent were part-time.

Senator WEBBER—What about casual?

Mr Manthorpe—I do not have a figure for that.

Senator WEBBER—Going back to the 650,000 figure, are you saying that you anticipate there will be 650,000 extra jobs, but you are not sure what kinds of jobs?

Mr Correll—It can only be an estimate. When we look at the nature of the organisations that have been notified as having the first tranche of licence, that would give a hint to it. There are organisations that are specialists in the IT field and there are some specialist, niche recruitment agents dealing in some key areas, and they would be bringing in jobs from those areas and those industries. But we have not attempted at this stage to estimate in that sort of fine-grain level the way the numbers will flow through. We will be looking to measure that progressively as the additional vacancies flow through.

Senator WEBBER—So you will be monitoring for the mix of full-time, part-time and casual.

Mr Correll—Yes. That will be part of the ongoing monitoring of the national jobs database.

Senator WEBBER—Will there be any concern or intervention if it is seen that the only jobs that certain agencies list are casual and they are the only ones that they fill? Or are you relaxed about that?

Mr Correll—Not necessarily. The nature of the jobs that some agencies will be listing will depend on the industries and the sectors they are working in. You would expect different mixes in terms of that. What we aim to do is simply maximise the opportunities that are there for job seekers. If they represent part-time or casual work opportunities, then they are also vital ingredients in helping many people who are looking for part-time work opportunities in the labour market.

Senator WEBBER—Indeed. Are you in a position to provide any information to the committee about the long-term trends in vacancies?

Mr Douglas—In trend terms, the number of ABS job vacancies rose by four per cent in the three months to February 2003. In seasonally adjusted terms, they rose by 14.9 per cent over the three months to February 2003. Over the year to February 2003, they increased by 22.2 per cent.

Senator WEBBER—What about skill shortages? What are they at the moment?

Mr Douglas—I am not aware that we actually have a measure of skill shortages. We know where some shortages exist, essentially based on feedback from employers and industry associations, but I do not know of anyone who actually measures or quantifies the skill shortage level.

Senator WEBBER—So it is all just purely anecdotal about the skill shortages in the labour market.

Mr Douglas—As I say, I am not aware of anyone who measures and quantifies skill shortages.

Senator WEBBER—But I then look at the amount of imported labour that is supposed to match skill shortages, and that is meant to be based on some kind of identified shortage in the labour market. You are telling me that that analysis is not there.

Mr Douglas—No, I am not saying that at all, Senator; I am saying that I am not aware of anyone that quantifies skill shortages in total.

Senator GEORGE CAMPBELL—Mr Douglas, at previous estimates I had this discussion with Mr Correll, who said that, under the new Job Network 3, there would be a capacity to skills match and that that information would be publicly available to TAFE colleges and so forth so that you would know the degree to which skill shortages existed in various skill groupings. They are clearly identified. There are lists of them all round the country. This committee has been doing an inquiry into skill shortages, and I can assure you that we have a list of where all the skill shortages are. It cannot be said that they are not identifiable.

Mr Douglas—I am aware of that, Senator, and we can talk about where skill shortages exist and in which particular industries and, in some cases, in which particular locations. But the question asked of me was: what is the total level of skill shortages? My answer remains the same: I am not aware of anyone who measures the total quantity of skill shortages at a

point in time. We publish the skilled vacancy index, which certainly measures changes in the levels of skilled vacancies, but I am not aware that it actually measures shortages.

Mr Correll—My reference at our last hearing related to the fact that, once the active participation model gets under way from 1 July and we have a situation where we have more jobs coming on to the database and all job seekers will have their vocational profiles matched against those jobs—and we have already developed the report to identify this—we will be looking at those jobs where there are no matches being identified. That will give an indicator of which jobs we are unable to match locally. That is what I was referring to at the last hearing.

Senator WEBBER—Correct me if I have got this wrong, but the message I am getting is that the department does not do any overall monitoring of skill shortages in the global sense.

Mr Douglas—No, that is not right. What I said is that I am not aware of any measure that quantifies the level of skill shortages. As Senator Campbell made reference to, a number of organisations do tell us about where skill shortages exist and what estimate of their particular shortage they are referring to. We publish a skilled vacancy index and that told us, for example, that in May 2003 the index was 8.8 per cent lower than a year earlier. So annual growth for trades vacancies is up 11.6 per cent and that is offset by a fall for professionals of 24.6 per cent. But that is an index of the movement in skilled vacancies; it is not a quantification of the extent of shortage.

Senator GEORGE CAMPBELL—Is there any capacity within the new system for the Job Network companies to actually put resources into cross-skilling job seekers for employment in trades other than the one they may be unemployed in?

Mr Correll—Under the active participation model arrangements, there will be new job seeker account arrangements introduced which will provide a direct pool of funds to a Job Network member to enable them to purchase training or work experience to support skills development. There will also be close linkages to complementary employment and training programs—for example, programs that might support apprenticeships. Those areas would also be linked in under the active participation model. In all cases, that would be geared to a focus on job outcomes and looking at the use of either skills based training, work experience, combinations of them or combinations of other elements to help in the pathway into work.

Senator GEORGE CAMPBELL—But none of this is occurring at the moment, Mr Correll. In fact I think the Western Australian state government has recently put some funding in—I do not know what the figure is—to cross-skill tradespeople for the Burrup.

Mr Correll—It is not true to say that that is not occurring at the present stage under Job Network. There are certainly investments made in training and work experience. In addition, there will be the introduction under Australians Working Together of the training account and training credit arrangements from 1 July this year. All of those factors are applying at the present stage. Under the processes of continually trying to develop and improve those Job Network services, we believe that the introduction of the job seeker account, together with complementary programs, will provide further tools to help support the linkages between various support programs—be they vocational training programs, work experience programs, literacy and numeracy programs, all those types of programs—to help people get into work.

Senator GEORGE CAMPBELL—I understand what you are saying, Mr Correll, but I am not aware of anywhere—and I would be interested if you have information if you could provide it to us—where there is specific cross-skilling occurring to equip tradespeople who are redundant in one skill or one trade for employment in another skill or another trade. The only area that I am aware that this is actually happening is in Western Australia through a specific program initiated by the state government. If you have instances where it is occurring, I would be very pleased to hear about them so I can go and have a look at them.

Mr Correll—I will take that question on notice.

Senator WEBBER—I would like to go back to Mr Douglas. Given what you were saying about the skilled vacancy index, what occupation would have the highest discrepancy between supply and demand at the moment?

Mr Douglas—I will have to take that on notice.

Senator WEBBER—We were talking about the current unemployment figures, the vacancies and what have you. Why isn't the unemployment rate falling if the vacancies have gone up over the last year?

Mr Douglas—The unemployment rate has fallen. It has plateaued over the last few months—

Senator WEBBER—But it does not seem to have fallen by the same remarkable amount that the vacancies have gone up.

Mr Douglas—Not all vacancies are filled by people who have not got a job.

Senator WEBBER—So what proportion would be internal movement in the labour market rather than an unemployed person coming in, off the list?

Mr Douglas—I will have to take that on notice, but the Australian Bureau of Statistics does a survey of job turnover on a two-yearly basis. I do not have that information to hand.

Senator WEBBER—How is the information provided to the department of immigration on skills shortages?

Mr Douglas—We have an agreement with the department of immigration in which we pass intelligence gathered about skills shortages, we exchange information on skills shortages and we assess in particular cases referred to us by the department of immigration.

Senator WEBBER—So is it proactive, or do you assess the skills need as they get the applications?

Mr Douglas—It is a combination of the two. For example, in the ICT area, which has been quite topical over the last few years, we conduct research to look at specific ICT categories which might find their way on to the Migration Occupations in Demand List, for example. It is a combination of proactive and reactive.

Senator WEBBER—How frequently is that information passed on?

Mr Douglas—The reactive is as required, but the proactive varies from yearly to six monthly.

Senator WEBBER—What research has been undertaken that shows that unemployed people simply did not know about or were not being introduced to employment opportunities that matched their skill base by their Job Network provider in the area? Is there any at all? Was there any research done on that in terms of determining how to award the new contracts?

Mr Correll—I am not aware of any research in that area. The Job Network members would today, under the current contractual arrangements, be working closely with their job seekers to match them up with local labour market opportunities. They would certainly be utilising the resources that are available under the current contractual arrangements to be providing training and work experience to support that.

Senator WEBBER—Has there been any analysis done of the skill base of long-term unemployed Australians and the jobs that are currently available in each labour market region to see if we can match them?

Mr Douglas—Not that I am aware of. The opportunity with the active participation model to acquire vocational profiles on job seekers is intended to give us a better picture of the vocational strengths or opportunities that are presented by job seekers in terms of the potential to improve the quality of matching against vacancies on the national vacancy database. Until the acquisition of those profiles occurs, we have not done research in detail of the skills of unemployed people.

Senator WEBBER—Has there been any analysis done on the kinds of training programs that long-term unemployed people need in order to gain a skilled job?

Mr Douglas—No. That decision is a decision which the government believes is best taken at an individual level by a provider in determining the potential for a job seeker to fill a vacancy or be placed into a job.

Mr Correll—Other material in relation to the net impact of labour market programs such as job search training programs was previously published—and this is now getting a little dated now—in about 1997. I think it was done in that sort of ballpark.

Senator GEORGE CAMPBELL—Can we move on to some of the new budget measures. With respect to the job search training and early access for young job seekers, what modelling was done to indicate how many young job seekers would be sent to Job Network providers and assisted through the intensive support job search training program?

Mr Correll—As part of the development of the active participation model, we engaged an organisation to assist us to develop an overall model to identify the flows of job seekers through the various points of unemployment. That model was used in estimating the numbers of young people who would be entering job search training.

Senator GEORGE CAMPBELL—Are these figures available by labour market area?

Mr Correll—The model operates on a national scale; it does not operate at a regional level, so it would not have been done regionally.

Senator GEORGE CAMPBELL—So it has not broken down into—

Mr Correll—No. Macroindicators rather than microindicators are used.

Senator GEORGE CAMPBELL—Can you make the figures available to us?

Mr Correll—I think we would probably have to take that on notice, but we can make that information available.

Senator GEORGE CAMPBELL—Have modelling or estimates been done for the out years 2003-04, 2004-05, 2005-06 and 2006-07? Are there year-on-year figures?

Mr Correll—No, I do not believe so. Basically, they were based on the flow estimates for the first year of the active participation model—that is, next financial year.

Senator GEORGE CAMPBELL—Has the department provided forward estimates on the proposed funding for job search training for the years 2004-05, 2005-06 and 2006-07?

Mr Correll—We do not break up the funding in that way. Basically, we look at the overall forward estimates of funding across the full range of Job Network services rather than at various elements of those services. The forward estimates are based on the full Job Network services, so they would be based on that calculation.

Senator GEORGE CAMPBELL—So there are no indicative figures for the financial out years for forward estimates?

Mr Correll—Yes. There are indicative estimates for the out years for Job Network services, but this is not broken down into elements within Job Network services. I note that job search training is a discrete element that does not continue to operate beyond the end of the second employment services contract. It gets subsumed within a complete service, if you like, that is being provided under Job Network services through the active participation model.

Senator GEORGE CAMPBELL—But there must be some indication given to the Job Network providers of what the funding is for these specific services over the three years.

Mr Correll—The overall estimate is for 21,000 intensive support job search training places over a three-year period, which is a little over \$4 million for each of the three years.

Senator GEORGE CAMPBELL—So it is \$4 million a year?

Mr Correll—Yes.

Senator GEORGE CAMPBELL—And a total of 21,000?

Mr Correll—Yes.

Senator GEORGE CAMPBELL—Divided by three?

Mr Correll—Yes.

Senator GEORGE CAMPBELL—So the estimate is roughly?

Mr Correll—Seven thousand additional per year. That is commencing from 1 July 2004, not 1 July 2003.

Senator GEORGE CAMPBELL—How does this compare to outcomes that are expected for mature age job seekers?

Mr Correll—I do not quite follow that question. What we were describing represents the number of job search training commencements estimated over that three-year period. That does not relate to mature age outcomes. You cannot compare one to the other.

Senator GEORGE CAMPBELL—The question I am asking is: how does your expectation of success for the 16- to 24-year-old group that fall into this category compare with that of the mature age job seekers?

Mr Correll—Under the Australians Working Together initiative, mature aged job seekers have had access to job search training from an early point as well. Both these key target groups, effectively, have early access to job search training services with the introduction of this initiative.

Senator GEORGE CAMPBELL—Are you expecting these young job seekers to have a greater success rate in getting employment than mature age job seekers?

Mr Correll—One would expect that young job seekers would have better prospects of getting early employment outcomes. Some of the most disadvantaged job seekers in the labour market, in terms of how long it takes to get a job, are those job seekers who are mature age, particularly aged over 50 years. Such job seekers are likely to experience longer periods, on average, of unemployment than most other members of the work force. Using that logic, you would expect that the outcomes for young job seekers going into job search training would initially be potentially better than mature age workers.

Senator GEORGE CAMPBELL—But there is not going to be a job for every young job seeker, is there? The expectation is not that you are going to place every young job seeker into a job. Do you have an indicative success rate?

Mr Correll—Yes, we do measure the success rates.

Senator GEORGE CAMPBELL—What is your best practice guess?

Mr Carters—The expected outcome for the under 25-year-olds who have access to this early job search training under intensive support is 55.5 per cent, based on the previous 12 months to the year ending December 2002. That is the expectation that we have for this measure.

Senator GEORGE CAMPBELL—Is your expectation that that is what you will reach or that you will better that?

Mr Carters—Our expectation is that it will be something similar. Hopefully, we will improve on that.

Senator GEORGE CAMPBELL—Are they the figures for 2001-02?

Mr Carters—The calendar year 2002.

Senator GEORGE CAMPBELL—And it is 55.5 per cent of people in this category finding employment?

Mr Carters—Of 15- to 25-year-olds.

Senator GEORGE CAMPBELL—And that is without this fund?

Mr Carters—Employment or further education positive outcome.

Senator GEORGE CAMPBELL—And that is without this fund?

Mr Carters—That is correct.

Senator GEORGE CAMPBELL—Surely, if you are only expecting the same results, what is the point of putting the fund in place?

Mr Carters—I did not say we were expecting the same; I said we were expecting at least as good as that. It is very difficult to estimate what the increase will be, but certainly we would expect an increase. Providing early access does, hopefully, increase the outcomes. It gives young people the benefit of the job search skills—the resume writing, the interview technique, the confidence et cetera—to secure a job.

Senator GEORGE CAMPBELL—What is the funding for this program?

Mr Correll—This is early access to job search training?

Mr Carters—Just this component is \$12.5 million over the three years from July 2004.

Senator GEORGE CAMPBELL—If you are putting that amount of money in, I would have thought you would have wanted a substantial lift in the success rate.

Mr Carters—A lift would be appreciated. We would expect a lift, but in terms—

Senator GEORGE CAMPBELL—You do not seem very enthusiastic and optimistic, Mr Carters.

Mr Carters—In terms of funding the approaches, we need to base it on existing data. It is very difficult to have approval for additional funding on an estimate. The department of finance would be far more inclined to base it on a rigorous figure, which is what we have had.

Senator GEORGE CAMPBELL—Mr Correll, this refers to young people becoming unemployed and then being referred for intensive support. Is there any capacity in this program to pick young people up before they leave the school system? Why do they have to go through a gap?

Mr Correll—That is one area that we are looking at closely to attempt to get early connection of school leavers into work opportunities. Indeed, in February of this year we introduced a specific school leaver web site designed to enable young school leavers to put their vocational profiles on to the system so that they could match up with job opportunities before they left school. That was introduced specifically to try and target the school leaver group for this year. That web site also includes extensive careers related information to assist school leavers. It is an area that we are conscious of, and we have introduced that as a measure. We have also established, with the National Employment Services Association, a youth special interest group which is focusing on promoting the best possible practice in drawing young people into Job Network services where they are leaving school into unemployment.

Senator WEBBER—Is that the Job Juice web site?

Mr Correll—That is the one, yes.

Senator GEORGE CAMPBELL—How successful has that been? Or has it not been in place long enough to test it?

Mr Correll—No, it has been in place since February and—I will verify if this is inaccurate—my most recent recollection is that it was receiving something like 1,000 hits per

day and was also attracting significant interest from schools and career counsellors. Anecdotally, even though it is early days, we think it is a successful first step in this area.

Senator GEORGE CAMPBELL—Are there any instances where surplus funds in the Job Network have been coopted as savings and allocated towards the forward estimates for this initiative?

Mr Correll—When you say ‘this initiative’, are you focusing on the job search training early access for young job seekers?

Senator GEORGE CAMPBELL—Yes.

Mr Correll—The overall forward estimates are built around this initiative, so this is incorporated into those estimates.

Senator GEORGE CAMPBELL—How long will young job seekers have to wait until they can start the program? Is there a time frame on this? For example, can I walk straight out of school and into the program or is there a waiting period? Do they have to be unemployed for any period of time?

Mr Carters—There is no waiting period; they have access to this program as soon as they become unemployed and register with Centrelink.

Senator GEORGE CAMPBELL—So the only criterion is their registration with Centrelink?

Mr Carters—That is correct. Then they would need to have an interview with a Job Network member and the service could be set up through them.

Senator GEORGE CAMPBELL—Does a Job Network member have discretion as to whether they put these young people into the job search training program?

Mr Carters—No, there is no discretion—it is a requirement that the young people be able to participate in the program.

Senator GEORGE CAMPBELL—How will you monitor this program?

Mr Correll—For a start, this particular initiative does not start until 1 July 2004. It will effectively be fully integrated into the continuum of the service delivery model—that is, the active participation model. Therefore, we will be looking through our post program monitoring arrangements to review how we are achieving success through the various milestone points under the new active participation model.

Senator GEORGE CAMPBELL—Will this be identified as a separate category?

Mr Douglas—Senator, given that it is a requirement for young people aged 16 to 24 to immediately proceed into it, we will be able to measure the outcomes for young people aged 16 to 24 participating in job search training.

Senator GEORGE CAMPBELL—How do you know that all young people in that category are being captured by the program?

Mr Douglas—Our information technology systems record information about when they have had appointments with a Job Network member and when they have commenced in the

program—when they were registered with Centrelink. We can measure the number of days lapsed between those events.

Senator GEORGE CAMPBELL—I suppose the point I am making is that the initiation of it, if I can use that term, is when they register with Centrelink. What I am trying to get at is how do we know that we have captured all of the young people who potentially need the service? Some people may leave school and not register with Centrelink, for example.

Mr Pratt—Every job seeker who seeks unemployment benefits of one sort or another has to register with Centrelink in order to get those benefits. A condition of receiving the unemployment benefit is that they then immediately register with a Job Network member. Centrelink passes data between its system and our system, which identifies every single job seeker. We can then see that that job seeker is with a Job Network member and is then shortly placed in the job search training.

Senator WEBBER—Are there any problems with Job Network members having the capacity to see them as they register?

Mr Pratt—No, it is all on the system.

Senator WEBBER—So they automatically get in and everything is sweet.

Senator GEORGE CAMPBELL—Mr Pratt, do some of the state governments have a tracking arrangement for young people when they leave school so they can track whether they go into employment, unemployment or disappear down a crack in the ground? Have you examined the capacity to link up with some of the state education systems to identify the levels of young job seekers leaving school and whether or not they are being picked up by this program?

Mr Pratt—There are several points in response to that. Our first interest of course is in those job seekers who are on unemployment allowances and who therefore must register with Centrelink and go to the Job Network. We also have interest in job seekers who voluntarily register with either Centrelink or a Job Network member for employment assistance, and we track them on our system. In addition to that, we are entering into memoranda of understanding—and have in fact entered into memoranda with virtually all states now—where we are sharing information about our clients and our programs and ensuring that Job Network members have access to those programs. In that context we are in a position to explore with state governments any sharing of information through tracking systems that is able to be done—within the usual privacy requirements, of course.

Senator WEBBER—I am interested in you saying that there are no problems with these young people accessing the Job Network members. What arrangements are in place to deal with the end of school year rush, when all of a sudden there are lots of additional job seekers?

Mr Correll—Again, the specific initiative that has been introduced for February, for this school leaver year, is the jobjuice web site. We will be looking at the school leaver period next year, working with the Job Network special interest group that deals with youth, seeing how we can add further developments and pick up the school leaver group as quickly as possible and, indeed, get them connected to job opportunities, even before they leave school, through further use of the jobjuice web site. We are actively promoting that web site very strongly

through the career counsellors association. Indeed, it was developed following consultations with that association and was based on their advice that it was one of the best ways we could connect with that group of school leavers.

Senator WEBBER—On the jobjuice web site, when you visit it and click on one of the many different icons—for example, the ‘Plan your future’ icon—it opens a new window which takes you to another web site. How many of the icons on the web site just take you to another web site rather than provide the service itself?

Mr Correll—We have basically drawn on the facilities that are available, particularly within the Australian JobSearch web site, to provide a front-end portal, if you like, that would be attractive to young people and would draw them to the resources that are available. Effectively, rather than rebuilding those resources within jobjuice, the jobjuice portal directs or takes the school leaver to a range of facilities that are available through Australian JobSearch.

Senator WEBBER—Was that the main rationale behind developing the web site?

Mr Correll—Yes, and it enabled us to get that facility in place extremely quickly.

Senator WEBBER—Was that developed in-house?

Mr Correll—Yes, it was.

Senator WEBBER—How many hits does the web site get each day?

Mr Correll—As I indicated earlier, and I will correct this if it is inaccurate, my latest advice is that there are around 1,000 hits per day.

Senator WEBBER—I presume, therefore, that there are about 7,000 a week.

Mr Correll—Yes.

Mr Pratt—Of course, that is at this time of year. We would more heavily promote the web site later in the year when we approach the time when students are starting to consider leaving school. Of course, we do not want to draw anyone out of education before their time.

Senator WEBBER—How are you promoting the web site?

Mr Correll—The web site is promoted through a range of means, particularly targeting events like career expos. There is a range of products that are used to promote the web site. There are postcards promoting the jobjuice web site, and other products.

Mr Pratt—Yes, we focus on career counsellors. They are a very good source of access to this information for students. Particularly career counsellors are aware of when students, who are going to become job seekers, are ready to access that form of information.

Senator WEBBER—What is the cost so far of promoting it?

Mr Pratt—I would have to take that on notice.

Senator WEBBER—Sure. Can you tell me how you intend measuring its popularity and success with young people?

Mr Pratt—With a combination of things. We will, of course, examine the extent to which we have hits on the web site. That is a very good indicator. We will gather anecdotal

information from career counsellors; we will survey the users themselves—we have feedback devices through our systems which provide us with that sort of information. There is a range of measures.

Senator WEBBER—When Minister Brough launched the new touch screens on 6 May, he claimed in his press release that 1.5 million Australians were expected to use the system each month. I am sure that jobjuice links us to that and everything else. Can you tell me how that estimate was arrived at?

Mr Manthorpe—I will check that in the next few minutes.

Mr Pratt—We get over a million accesses to our system every day.

Mr Manthorpe—I can provide some more advice on that. We know that, just in the month of May 2003, we had over 34 million JobSearch page accesses. Again, with the introduction of job placement organisations, we would anticipate more jobs being available and more activity being generated on the web site. I think it is not unreasonable to extrapolate the sorts of figures the minister may have mentioned on that basis.

Senator GEORGE CAMPBELL—On young job seekers, you have made provision for 7,000 places in this program per year. There are roughly 50,000 young job seekers. Is there an expectation the other 43,000 will get employment?

Mr Carters—The estimate was based on a number of elements. One was that, for a lot of the job seekers it is a bring forward of the service that they would have received at three months anyway. Basically, for other job seekers, some of them will get employment very quickly, before they even go onto the job search training. For many others, there are other programs and services which they will access instead of job search training, which could include early access to intensive support customised assistance. It could include other services, such as JPET, literacy, numeracy and a whole range of other programs.

Senator GEORGE CAMPBELL—That does not necessarily suggest that you expect 43,000 to pick up employment. If they access another program then they would not be eligible for accessing this program. Is that you are saying?

Mr Carters—Generally speaking, yes.

Senator GEORGE CAMPBELL—So this is essentially for job seekers who have not got access to any other program.

Mr Carters—The other programs that I am referring to generally relate to a particular disadvantage which is, at that particular time, more important to address than the job search training.

Senator GEORGE CAMPBELL—Yes, but, if they have accessed one of those other programs, for whatever reason, they would not access this program.

Mr Carters—Once they had completed the other program, they would flow back into the Job Network—

Senator GEORGE CAMPBELL—They would be then eligible to access this program?

Mr Carters—Highly likely, yes. It would depend on the circumstances.

Mr Pratt—If you look at it from the point of view of the job seeker, the idea is that the job seeker goes to the Job Network member and then goes into the most appropriate form of assistance for the job seeker. If the job seeker were to return from another program and then would need job search training, they get job search training.

Senator GEORGE CAMPBELL—So the whole 50,000 are potential candidates.

Mr Pratt—That is correct.

Mr Correll—Senator, you need to appreciate that, under the new active participation model arrangements, it is a client driven arrangement for Job Network. It is not restricted by places as such, so it will be driven very much by the flow of young job seekers into the system. Whilst we have talked in terms of the 7,000 places, that is based on the modelling of the estimates of the numbers of job seekers that would go through. The actual numbers of job seekers will depend on exactly how many are flowing through.

Senator GEORGE CAMPBELL—Presumably, if the numbers are flexible, the funding is also flexible.

Mr Correll—Yes, that is correct. Again, under the active participation model, the funding is driven by the flow of job seekers.

Senator GEORGE CAMPBELL—How is that contingency provided for in the budget papers?

Mr Correll—We make forward estimates, but as there are adjustments to the flows of job seekers and as there are changes in labour market circumstances, using our broad modelling tool, those ripple through into adjustments to estimates.

Senator GEORGE CAMPBELL—Mr Correll, I think we have discussed on a number of occasions the fact that there has been underspending in a range of these programs. Is that because you have built in excess fat to ensure that you are well and truly covered or is it because the expectation of people seeking assistance in certain areas was not met?

Mr Correll—I think there are two things. Firstly, rather than describe it as underexpenditure I would describe it as overestimation, if you like—that is, the estimates that were made in fact turned out to be too high. The key difference that is occurring between Job Network today and the active participation model in this area is that Job Network today does have a rationed number of intensive assistance places, whereas under the active participation model there is a service guarantee which provides a guarantee of access to services for all eligible job seekers. That turns it into very much a flow-driven model, with the changes in labour market circumstances resulting in regular updates—either up or down—of what that means for estimates.

Dr Boxall—Also, we have put in some work to try and improve our estimates so we expect the estimates starting for this year and for 2003-04 to be better.

Senator GEORGE CAMPBELL—Closer to the mark?

Dr Boxall—That is right.

Senator GEORGE CAMPBELL—On the figures you have given us, Mr Correll, there are 623,000 unemployed people in the country at the moment. On the figures you have given us, there is no expectation that they will be serviced by this system.

Mr Correll—Certainly there is. Indeed, our expectation is that there will be some 900,000 job seekers who will be serviced by the system. These will include other job seekers who are currently defined as job matching only, who may not be on unemployment allowances but who would be eligible under the active participation JobSearch support services, and some other categories of job seekers who would be receiving services consistent with the Australians Working Together initiatives as well.

Senator WEBBER—What will happen if there is a large increase in the number of people who are unemployed?

Mr Correll—If there is a large increase in the number of people who are unemployed then there will be a large increase in the number of people being serviced through Job Network, which will ripple through into increases in forward estimates.

Senator GEORGE CAMPBELL—Are you saying that the system is built to handle the full range of people who are unemployed?

Mr Correll—Yes, most definitely.

Senator GEORGE CAMPBELL—It has that capability?

Mr Correll—Yes.

Senator GEORGE CAMPBELL—You have based all of your expectations on having that capacity?

Mr Correll—Indeed. The Job Network members have a share of the overall numbers of eligible job seekers in each and every employment service area in Australia. If the numbers go up, that means more, but they have the share. It is based on shares of the available job seekers.

Senator GEORGE CAMPBELL—What research was done to identify the type of intensive support that these young job seekers would require?

Mr Douglas—The measure is about job search training rather than intensive support. As Mr Carters has indicated, the measure is predicated on very strong outcomes that are achieved for this job seeker group. By contrast, for example, the total positive outcome rate is below 50 per cent whereas for this group it is 55½ per cent.

Senator GEORGE CAMPBELL—But the question I was asking was: what research was done to identify the type of training that these young job seekers would require?

Mr Douglas—As you know, the government over a long period of time has had a strong commitment to job search training, which is what this initiative is about. Essentially, we get very strong returns from providing training for people to improve their job search effort—how to look for a job, how to effectively apply for a job, how to handle an interview. We contract with different Job Network members, who deliver that job search training in the most appropriate format which they think best meets the needs of the individual job seekers, according to their organisation's ethos.

Senator GEORGE CAMPBELL—So it is a matter of judgment for the individual providers to determine what type of training these young job seekers will require?

Mr Douglas—In the precise detail, yes, that is right. We do prescribe a number of days, and the sorts of skills that are required to be imparted as part of that training.

Senator GEORGE CAMPBELL—So essentially there was no research done—this was based on experience.

Mr Douglas—It builds on extensive research over a number of years into the returns that are yielded from job search training and the very high net returns that are gained from this on a cost per outcome basis. It is a very successful initiative.

Senator GEORGE CAMPBELL—But there was no specific research done. You did not let a contractor, or some consultant, do research into the type of training needed.

Mr Douglas—We did not feel a need to augment or supplement research that had been done over an extended period of time specifically for this initiative, no.

Senator GEORGE CAMPBELL—How will the type of training that is given to these young job seekers differ from the intensive support job search training that is provided to mature job seekers?

Mr Pratt—Following on from Mr Douglas's comments, for many years we have purchased the service of job search training from Job Network members. That service has now been incorporated as part of the intensive support service available under the active participation model. We require our Job Network members to provide a range of job search training services. If you wish, I could run through some of those from their request for tender documentation. Largely, the training will be similar. However, as Mr Douglas has pointed out, it will be individually tailored to the nature of the client group. If young job seekers need more of one sort of job search training than more mature job seekers, that is what we expect the Job Network members to give them. We tell them what service we want them to provide. We leave it up to the experts to determine what is the most appropriate service for each individual job seeker as part of that.

Senator GEORGE CAMPBELL—I understand what you are saying. Given what has been said about the active participation model, what you have just said and what Mr Douglas has said, what is the role of the department in this, other than providing the IT and the listings in terms of the unemployment? Is it essentially a hands-off role?

Mr Pratt—Part of our job is not to interfere in such a sense that we get in the way of the experts doing their job. But of course we monitor their performance. A key role of ours is to see what their performance is. Our model is based around rewarding the better performing Job Network members with more business—they make more money, therefore. They have the most successful strategies, so they are the ones who do best.

Senator GEORGE CAMPBELL—How will that monitoring occur? In what way will you monitor their performance?

Mr Pratt—A range of mechanisms. We have talked about our post-program monitoring surveys, which is where we monitor the extent to which job seekers actually get employment or go on to further education and training, three months after they participate in our service.

We look at the number of claims for outcomes made by Job Network members. We monitor their sites. There is a whole range of things. Of course that is encapsulated in our star rating system, which we have talked about at great length.

Senator GEORGE CAMPBELL—How regularly will this monitoring occur? Is it a continuous monitoring process or is it a periodic review of their performance?

Mr Pratt—Both. We look at providers' performance on an ongoing basis, and we also have formal periodic reviews each six months.

Senator GEORGE CAMPBELL—What happens in circumstances where a Job Network provider is not performing? Do you have the capacity to cut them out of the system?

Mr Pratt—We do. That is a fairly drastic measure; we would put them on notice. There is a range of sanctions that could apply—the most severe, of course, is that they would lose their contract. During the contract itself, our system is based on looking at the performance of the Job Network members every six months and redistributing business share to the more successful ones. I have some good news on the jobjuice web site: as at the end of May we had 97,000 hits. Mr Correll's estimate of 1,000 per day is correct—of course.

Senator GEORGE CAMPBELL—He is on the ball.

Senator WEBBER—Congratulations. It seems to me that every year since about 2000 there has either been underspending by Job Network or you have overestimated—one of the two. Have you overestimated the funding, or have you overestimated the outcome you think the providers are going to come up with?

Mr Correll—We overestimated the funding. We put in a huge amount of work, in the last 12 months in particular, with the development of our modelling tools and the use of some expert assistance in that area to refine our modelling. We now have an overall model that incorporates almost 200 different parameters—which is not a straightforward exercise—to then determine the estimated outcome levels and the impacts on finances from that. As a result of that, we believe we have significantly strengthened our estimating capacity. Indeed, this financial year we are very close to our estimate in the way we are coming in with expenditure, so we are already seeing the results of that. Essentially, we have strengthened our estimating capacity, with some specialist assistance in that area, and developed an econometric model to support that.

Senator WEBBER—Isn't the funding meant to be based on outcomes?

Mr Correll—Yes, it is.

Senator WEBBER—So we were overly optimistic about the outcomes earlier on?

Mr Correll—Yes, the outcome rates that were built into some earlier estimates were probably overstated.

Senator WEBBER—But we are closer to the mark now?

Mr Correll—Yes, very much so.

Senator WEBBER—Okay.

Senator GEORGE CAMPBELL—Going back to the young job seekers and job search training: how do you intend to monitor the outcomes of this program? What capacity will there be for the department to intervene if the program is not delivering employment outcomes?

Mr Douglas—I am not too sure there is much more we can add to that. I have explained to you the method of calculating the postprogram monitoring outcomes by means of a three-monthly survey. Mr Pratt has explained the contract monitoring regime, which looks at performance across a broad range of parameters of individual providers and explains the sanctions that are available to the government in the event of underperformance by a provider. We do not plan anything more specific or envisage that anything more specific than that would be needed.

Senator GEORGE CAMPBELL—Mr Douglas, what do you assess as being a respectable time frame between a young job seeker accessing this job search training and actually achieving employment?

Mr Douglas—As Mr Carter explained, from the moment the job seeker registers with Centrelink they are able to make an appointment with a Job Network member to discuss their commencement on the program—so it is a question of what would a reasonable time frame be for that to occur.

Senator GEORGE CAMPBELL—But I am talking here about after you have accessed the program, after you have done the training and, ‘I’m now ready to go and get a job.’

Mr Douglas—Three months; we measure the outcome three months after they have exited from the program.

Senator GEORGE CAMPBELL—So if there were a significant number of these young people not getting employment after three months of exiting the program, that would be a signal that there is something amiss with the program?

Mr Douglas—It would be a signal to investigate why. One of the factors that might have caused it could well be poor performance by the providers, but it could also be the state of the labour market; it could be a range of factors.

Senator GEORGE CAMPBELL—If that were occurring at that point, you would then go and make some inquiries?

Mr Douglas—We probably would not do it, for example, three months after the commencement of the initiative. We would allow a period of time for there to be some settling in. So the earliest stage at which you could probably get reasonable estimates of the outcomes being achieved from this initiative would be around a year after it commenced.

Senator GEORGE CAMPBELL—Will the department have this program independently evaluated?

Mr Correll—The active participation model or this individual one?

Senator GEORGE CAMPBELL—This one.

Mr Correll—We will certainly be doing an overall evaluation of the active participation model. This will not sit as an isolated thing from the active participation model. It will be

integrated within the operation of the active participation model. I would envisage that we would be doing an evaluation through our active participation model evaluation processes.

Senator GEORGE CAMPBELL—On pages 33 to 36, there is performance information for outcome 1. How has the department been measuring up in terms of those various programs? Have you been meeting your benchmarks?

Mr Correll—Pretty well across the board. We do closely monitor progress against our output indicators and, generally, we are travelling well against all of those targets in the PBS document.

Senator GEORGE CAMPBELL—Are there any areas that you are travelling particularly badly in? Are there any programs that have not been successful?

Mr Correll—No.

Senator GEORGE CAMPBELL—There are not; they have all worked in one form or another?

Mr Correll—They are all either on target, close to target or ahead of target.

Senator GEORGE CAMPBELL—I have some specific questions about each of those areas, but I will put them on notice rather than drag through them now.

CHAIR—It being 10.45 a.m., this might be a good point to adjourn.

Proceedings suspended from 10.45 a.m. to 11.05 a.m.

ACTING CHAIR (Senator GEORGE CAMPBELL)—Dr Boxall has some additional information.

Dr Boxall—Senator Webber, we have some information to add to your earlier questions—first from Mr Douglas and then from Ms Golightly.

Mr Douglas—Senator, as I suspected when I took your question on notice, we cannot actually measure the biggest gap. We measure those skills which are in shortage and we measure by how much those vacancy levels have changed in a year, but we cannot measure the biggest gap. At the moment, we assess skills shortages for trades, professionals and ICT skills, and we put the shortage lists on our Australian Workplace web site as the national and state skills shortage list. The latest available list applies for the second half of 2002.

There are currently 33 occupations listed as being a national skills shortage—14 of those are professions, with registered nurses having shortages across 17 specialised areas; four are ICT skills; and 20 are trades occupations. But, as I said, we do not assess the shortages or the gap between supply and demand for semiskilled or unskilled occupations.

Senator WEBBER—Thanks for that. I might follow on with that. That is based on information from the second half of 2002?

Mr Douglas—Correct.

Senator WEBBER—Would that be some of the information you supply to the department of immigration?

Mr Douglas—Correct.

Senator WEBBER—We are now in June, so if they were determining the importation of skilled labour, it is actually quite historic in terms of the shifts in the labour market?

Mr Douglas—It is the second half of 2002, so it is five months old.

Senator WEBBER—We are in June, so it is five to six months old.

Mr Douglas—Yes, but that information is used for assessments that are not referred to us. If a case is referred to us, then we use whatever available material we have, supplemented with our own research and investigations, to assess that particular case. So that would be more recent. In the case of the ICT skills, they are updated on a six-monthly basis. We are currently in the process of assessing ICT skill shortages for updating for the middle of this year.

Senator WEBBER—You said in that breakdown that there were I think 20 trades on the list.

Mr Douglas—Correct.

Senator WEBBER—Can you tell me what they are? Could you table that list or we could do it the long, hard way?

Mr Douglas—The full list of the 33 occupations is on our Australian Workplace web site.

Senator WEBBER—I am not going to look that up right now, that is all. I would like to think I am vaguely high-tech, but I am not that high-tech.

Ms Golightly—Senator Campbell, you had a question earlier in the day regarding the difference in the value of the infrastructure, plant and equipment increase in table 3.2 compared to the difference in the movement in table 3.3, the line called ‘purchases of property, plant and equipment’.

ACTING CHAIR—It is the \$5 million.

Ms Golightly—Yes. Basically, in the cash flow statement, that one line summarises the movements of all non-financial assets, not just the infrastructure assets. So we have to total the whole category. Also, the cash flow statement does not take into account depreciation, where of course the balance sheet does. Also, the balance sheet would not show those assets which have been expensed in a particular year. The final difference is that the GST is treated differently in the cash flow statement to the balance sheet. Cash flow is always gross and includes GST, whereas the balance sheet is net of GST for valuation purposes.

ACTING CHAIR—That all boils down to the \$5 million representing—what? GST payments?

Ms Golightly—GST, the effect of depreciation and the fact that that line in the cash flow statement represents the movement in all non-financial assets, not just the single one called plant and equipment.

ACTING CHAIR—Thank you.

Senator WEBBER—If we can now move to the Employment Innovation Fund. In relation to the budget announcement on the Employment Innovation Fund, can you tell me about the forward estimates and how the proposed funding for the fund will be specifically allocated for 2004-05, 2005-06 and 2006-07?

Mr Carters—The \$1 million a year which will be utilised for the Employment Innovation Fund will be \$1 million which will come from the Job Network funds more broadly. That will be utilised to basically provide broader ranged services to boost best practice opportunities et cetera so that, across the board, there will be a likely boost in servicing of job seekers.

Senator WEBBER—So with this money being sourced from Job Network, is it part of savings within Job Network or an additional allocation?

Mr Carters—It is just a reallocation.

Mr Correll—It is just part of the estimates effectively. It has been incorporated within the forward estimates. As we discussed, those estimates can vary subject to changing labour market conditions and changing numbers of job seekers going through the system under the new active participation model. So it simply represents part of the forward estimate.

Senator WEBBER—So it is not new money then?

Mr Correll—No. It is simply built into the forward estimates.

Dr Boxall—We could think of it that, if the Employment Innovation Fund measure were not there, the forward estimate, instead of being \$927,190,000, would be \$926,190,000.

Senator WEBBER—Who will make the decisions as to which projects will receive funding?

Mr Correll—We are currently working on the development of some guidelines for the application of this fund, but we would expect that there would be a process of assessment by the department of applications that are put forward.

Senator WEBBER—How will you get these applications? Will it go out to tender? Will there be a selection committee? Are you going to advertise throughout the network?

Mr Correll—That is part of the guidelines we are looking at. We do not necessarily see this as something that would be a straight case of seeking applications or grants as such. It would more be supporting initiatives that would involve innovative developments to improve employment outcomes. As an example, earlier I mentioned that there was a special interest group dealing with youth issues within the national industry body. There are in fact special interest groups covering mature age workers, people with disabilities and a range of other key target groups. We would hope and expect that innovative ideas would come out of those special interest groups that could be supported through this innovation fund to generate improved outcomes on an industry wide basis—for example, techniques for servicing people with disabilities or servicing mature age people that could be advanced using this fund.

Senator WEBBER—Do you see it as mainly servicing the special interest groups?

Mr Correll—That would be a key aspect of it. It may well target not only job seeker groups but also particular regional locations; for example, if there was a particularly difficult employment situation or an opportunity to introduce an innovation which would help at a regional level.

Senator WEBBER—When do we expect the first round of money to become available?

Mr Correll—The funding becomes available for this from 1 July this year. Exactly how it will operate will be subject to our finalisation of the guidelines. We would expect that this

would be a fund that would be capable of being drawn on on an ongoing, rolling basis. It would not be subject to six-monthly or yearly applications. It would be looking at where the good ideas are coming from and then being able to support them.

Senator WEBBER—It is not a program that has a finite—

Mr Correll—It is not a grant.

Senator WEBBER—It is just that it was announced in the budget and we are still dealing with the guidelines. There is obviously some flexibility about when we are actually expending the money.

Mr Correll—Yes.

Senator WEBBER—The projects that the funds are going to be used for: will they require ministerial approval or will it just be departmental?

Mr Correll—The guidelines have not been finalised at this stage.

Senator WEBBER—Have we got an anticipation of the direction we are going to take these things in—bearing in mind it is June, and the funding comes online in July?

Mr Correll—The operation of the guidelines would be settled by the government and I could not pre-empt that call.

Senator WEBBER—We have got no ballpark idea of when we are going to finalise the guidelines and be ready to go?

Mr Correll—Within the next four to six weeks. We want to have the funds available from as early as possible in the new financial year.

Senator WEBBER—How will the projects that are funded under the employment innovation fund fit in with other department projects such as Stronger Families and Communities strategies or regional development projects?

Mr Correll—We would, in all cases where there are initiatives being worked up through the innovation fund, want to make sure that they fitted in sensibly with other initiatives that might be running at various levels of government, be they Commonwealth or state government initiatives. They would be linked in that sort of way. An example might be working in the area of breaking down barriers for mature age workers. A possible use of the innovation fund might involve work at a cross-government level—working with agencies at state levels which are also promoting that same outcome.

Senator WEBBER—You have identified some of the special interest or need groups that you think the fund could be used for. Have you got any idea of the kinds of innovative strategies that the fund could be used to look at?

Mr Correll—We are really hopeful that those ideas come out—that is what the innovation fund is about.

ACTING CHAIR—You must have some thinking, Mr Correll, otherwise you would not have put the proposal to us in the first place.

Senator WEBBER—Otherwise it is hard to assess their usefulness.

Mr Correll—We would be looking to link the innovation fund to initiatives related to key areas of the labour market to improve its effectiveness. If there are initiatives that can improve the unemployment rate for key disadvantaged groups, if there are initiatives that can improve labour market participation rates for key groups, then they are areas that we would want to explore. There are certainly some members of the community and groups in the community who have good and innovative ideas who can come forward in this area. That is what we are looking to promote under this fund.

Senator WEBBER—Could it be used to address skills shortages, for example?

Mr Correll—Potentially, yes. One area that we are certainly looking to explore is the use of industry based strategies. We would be looking to target skills shortages and develop innovative ways to achieve multiple objectives—meet the work force needs of employers and at the same time provide employment opportunities for key groups within the labour market that might not otherwise have those opportunities.

ACTING CHAIR—Can this fund be used, for example, by Indigenous groups? We have heard examples of people in Indigenous communities who have skills as a carpenter or a bricklayer but who have no administrative skills—that is, no capacity to actually go and quote for jobs, to become a contractor or to carry out that sort of work. Could this sort of fund be used to fund administrative skills training for Indigenous workers to allow them to become employers?

Mr Correll—Yes, it is theoretically possible that the fund could be used for that purpose.

ACTING CHAIR—Who can access this fund? Is it only available to the Job Network providers or is this fund more broadly available?

Mr Correll—It is not just for Job Network providers; it is widely available. That is why we are working under guidelines at the moment. We do not see it, as I mentioned earlier, as a grants program but rather as a way of being able to effectively pick up on good ideas through connections with the Job Network or connections with community based groups or other organisations in the labour market.

ACTING CHAIR—I have another example. I am just trying to get a feel for what it is that you have in mind. In some parts of the country there are people engaged in seasonal work which shifts. Despite the fact that it is seasonal, if you have the skills there is potential in some areas for you to shift from doing whatever those skills are in—from picking avocados to picking olives—and have 12 months continuous employment in some areas. Could this fund be used to provide the sort of skills upgrading for individuals in those regional areas that would allow them to get the range of skills necessary to shift from one seasonal area of employment to another?

Mr Correll—I think it is probably fair to say that this fund would not be used so much for an ongoing process like that but might well be used to fund an initiative which established within the mainstream service ongoing support, if you like. The nature of this fund is \$1 million per annum; it is more likely to fund seed initiatives that become ongoing activities.

ACTING CHAIR—But it is project by project funding, isn't it?

Mr Correll—Yes, that is right. But certainly that type of Harvest Trail approach could be supported.

ACTING CHAIR—This is not so much a harvest trail in that sense; this is about employment located in the one area because the nature of the crops varies dramatically on a seasonal basis.

Senator WEBBER—Have you given any thought to how the projects will be evaluated?

Mr Correll—I guess in developing the guidelines we are looking at how we would measure those things.

Senator WEBBER—Someone is going to be very busy for the next four to six weeks!

Mr Correll—I guess what we would really be looking at would be project initiatives that would get an initiative under way. It may well be an arrangement for servicing a particular industry which created a new, say, prepreparation training model for entrance to that industry. We would use the employment innovation fund under those circumstances to potentially get that up and running. We would then be evaluating how it was producing results on an ongoing basis.

Senator WEBBER—What kinds of outcomes would the department require?

Mr Correll—We are always looking for job outcomes.

Senator WEBBER—That is for each project that is funded?

Mr Correll—Yes.

Senator WEBBER—Can you clarify what kinds of job seekers will be able to participate in the projects?

Mr Correll—It is totally open and wide.

Senator WEBBER—So they do not have to be long-term unemployed, for instance?

Mr Correll—No.

Senator WEBBER—They can be just recently on the register?

Mr Correll—Yes.

Senator WEBBER—Have you set any targets about how many metropolitan versus regional or rural projects you think should be funded?

Mr Correll—No.

Senator WEBBER—Have you given any thought to the criteria you will use to ensure that the projects do what they aim to do?

Mr Correll—I think that goes to the point of how we would evaluate them. Certainly, we are always looking for employment impacts. With some of these projects that employment impact may lag. This will be project by project and the way one measures success would be targeted to each initiative, but ultimately they need to be contributing to a more effective labour market.

Senator WEBBER—Have you given any thought to the number of projects per year that you will fund?

Mr Correll—Again, we have not attempted—

Senator WEBBER—Are you just going to keep funding until the money for that financial year runs out and then roll on to the next one?

Mr Correll—We would attempt to take a more strategic view of the use of the employment innovation fund. That is why I say that we would be looking at key aspects in terms of improving the effectiveness of the labour market that we would want to be focusing on and targeting. In our PBS document, we flag that there are a number of key priorities that we are focusing on for the year ahead. They represent strategic areas where a tool like the employment innovation fund could be used to support developments in those areas.

Senator WEBBER—It is just that if I look at the budget allocation, it is \$4 million over four years, as you say. It says funding can be provided for up to \$100,000 for a single project, so that would lead me to think that we are only going to get 10 projects per year, which in a nation as big as ours may not be that much.

Mr Correll—That would be so, if each of the projects were valued at \$100,000, but that is hard to predict. I am imagining that some of these projects could be significant in scale, but some of them might be smaller, lower cost interventions. A criterion would not be that each project adds up to \$100,000.

Senator WEBBER—Is there any capacity to increase the amount of funding for the employment innovation fund? If there were a you-beaut, good project that came up and you had used your million dollars this year, would they have to wait until next year?

Mr Correll—We would see this as a tool to try to help in promulgating good ideas that are basically going to increase—

Senator WEBBER—It is just that if there is no set project time and application period then you run the risk of having spent all the money before the latest and greatest idea comes up.

Mr Correll—The employment innovation fund is not the only way to encourage better practice in areas like Job Network services. We will be using other techniques as well, including the techniques that we use at the present stage to promote those things. The best way to look at this employment innovation fund is that it is another tool in the toolkit to help get good ideas up and going.

Senator WEBBER—It was one of the key announcements from the budget, though, wasn't it? It seems that you are a bit unsure about how you are going to progress it and yet it was one of the flagship things in this portfolio from the budget.

Mr Correll—No, we are very clear on how we are looking to advance this. I have mentioned that the guidelines are being developed and will be finalised over the next few weeks, so I cannot be precise about those guidelines at the present stage. Having said that, I think it is clear that this will be a tool to promote good ideas to help to improve the effectiveness of the labour market. We will be using that tool in a strategic way, geared to labour market priorities, which we have flagged in the PBS.

Senator WEBBER—If they are successful, how are the employment innovation projects going to flow through to the rest of the Job Network?

Mr Correll—It is hard because we are talking here project by project, but let us consider an example. One of the key areas where we are looking to achieve improvements in the labour market is to improve labour market participation rates for older workers. Therefore, it may well be that we use the innovation fund to support some type of forum at a local level in a one-off location to break down myths about older workers amongst employers and to encourage particular servicing strategies for older workers. If, through the use of that, it proved to be valuable in contributing to better employment outcomes in that location then we would spread that as a better practice initiative through our Job Network services. We would work closely with the industry, in particular the special interest group dealing with mature age workers, to achieve that. That is one example of how we would look to spread an initiative that came out of this fund.

Senator WEBBER—Would those Job Network providers get additional funding for adopting that better practice or would they be asked to implement those strategies within existing resources?

Mr Correll—By definition, as a better practice it would be delivering better outcomes for those providers, which would ripple through into better outcome fees. So they will benefit from them. We would expect that the industry would want to be taking up on better practice, because everyone wins.

Senator WEBBER—Indeed. It is a noble objective.

ACTING CHAIR—How did this proposal get initiated?

Dr Boxall—It was put into the budget process as a proposal and it was approved by the expenditure review committee and by cabinet.

ACTING CHAIR—Was this an initiative of the department or was this an initiative that came from the Job Network providers?

Dr Boxall—It is an initiative of the department and the minister. Mostly the department and the minister work together on initiatives. In answer to your question, it is an initiative from inside government not from outside government.

ACTING CHAIR—Was it an initiative that went from the department up to the minister or did it come from the minister and go down to the department?

Dr Boxall—As you would appreciate, we cannot go into those details. Initiatives flow back and forth between the office and the department, and this was one of them.

ACTING CHAIR—It appears, on the basis of the answers by Mr Correll, to have come into the process fairly late. It has not been terribly well thought out.

Dr Boxall—As a matter of fact it has been very well thought out, and it came into the process relatively early.

ACTING CHAIR—If it came in early, that worries me even more. It does not appear to be terribly well thought out at all.

Dr Boxall—No, I have just said that the department's position is that it has been very well thought out.

ACTING CHAIR—I am sure that you would make that statement on behalf of the department.

Dr Boxall—That is the department's position on that fund.

ACTING CHAIR—I can make my point that I do not think that it has been very well thought out. Let us agree to disagree. Can we move on to the Indigenous Employment Program. Would you like to take us through the assumptions that underpin the administrative appropriation for the IEP in 2003-04?

Mr Pratt—Budgets for the IEP for 2003-04 increased by \$4 million or \$5 million. The increase relates to the introduction, under the Australians Working Together initiative, of the Indigenous Employment Centres—plus the usual parameter adjustments which we get each year.

ACTING CHAIR—What do the forward estimates for 2004-05, 2005-06 and 2006-07 reflect?

Mr Pratt—They are not published at this stage.

ACTING CHAIR—I know; that is why I am asking you the question. Have you figures available for those years?

Mr Pratt—I have indicative figures, but I do not think I should release those until I check that ministers are comfortable with that. If they have not been published at this stage, I would not release them ahead of getting permission to do so.

ACTING CHAIR—Can you take that question on notice?

Mr Pratt—Yes.

ACTING CHAIR—Why would it be a problem? Is there a significant shift?

Mr Pratt—No. In fact, they shift upwards.

ACTING CHAIR—Pardon?

Mr Pratt—There is no problem; they shift upwards. I just need to make sure that, as they have not been published in our PBS, the government is prepared for me to release those figures.

ACTING CHAIR—Has there been any shift in terms of surplus funds from other programs into this program?

Mr Pratt—No.

ACTING CHAIR—So the additional funding is new money? It has not come from other areas of the department?

Mr Pratt—Essentially, the funding has come to us as part of our forward estimates based on the requirements of the Indigenous Employment Program, which are based on the addition of the Indigenous Employment Centres through the AWT initiative.

ACTING CHAIR—On page 29 of the PBS, the department states:

The scheme aims to encourage economic independence for Indigenous people by subsidising borrowing for Indigenous businesses from the private financial sector primarily through interest rate subsidies.

Has the department finalised the details of the scheme in relation to the proposed level of interest rates on borrowings?

Mr Pratt—That is a new policy initiative announced in the budget, so I will defer to Mr Carters to answer that.

Mr Carters—The answer is no, that has not been finalised. We are in discussions with the major banks and lending institutions, and those discussions are continuing.

ACTING CHAIR—What is the level of risk that any individual will be exposed to for any borrowings that they make under the ICAS?

Mr Carters—Again, that is a difficult one to answer because it will be variable and the packages will be variable as well. It is very difficult to answer. The intention is to utilise the Indigenous Capital Assistance Scheme to reduce the risk that individuals and small businesses face, but the actual level of that risk will vary.

ACTING CHAIR—The costs and the risks associated with starting new businesses are fairly high at the initial end of the process. What degree of protection will there be for the individuals who are accessing this program?

Mr Carters—There will be a provision of financial skills servicing and business planning servicing et cetera to maximise the likelihood of the business being a success.

ACTING CHAIR—Will there be any degree of securitisation over the loans? Are you going to operate like a bank and assess the wife and children and the four-wheel drive if we go broke?

Senator WEBBER—Carters banking incorporated!

Mr Carters—The intention is for a commercial operation to exist between the private organisation which is lending the finances to the Indigenous community and the borrower. We will invest in that to reduce the risk for the organisation in terms of providing the appropriate planning and financial management skills for the Indigenous community. The government do not intend to guarantee the loan.

ACTING CHAIR—So you will not guarantee the loan. The government's contribution will be what? The difference between the commercial rate of interest and the other rate? You will subsidise the interest rate?

Mr Carters—That would be one approach, yes. We would subsidise the interest rate.

ACTING CHAIR—Have you made a decision as to what extent?

Mr Carters—We have not, and that will vary. There will be a package available that will vary from proposal to proposal and the level of subsidy will also be negotiated depending on the level of extended risk of that business proposal.

ACTING CHAIR—Could it be as high as 100 per cent?

Mr Carters—It would not be 100 per cent; that would equate to a guarantee.

ACTING CHAIR—It would only be a guarantee in terms of the interest rate; it would not be a guarantee in terms of the loan.

Mr Carters—That is correct, but a guarantee of an interest rate at 100 per cent will gradually repay the whole loan anyway—so in that context it would.

ACTING CHAIR—So you are seeking some contribution from the borrowers under this fund?

Mr Carters—Not necessarily. The loan could be a 100 per cent loan from the financial institution. That would certainly not be ideal, but it is possible.

ACTING CHAIR—But you are saying you will not provide 100 per cent subsidy of the interest rate.

Mr Carters—That is correct.

ACTING CHAIR—If that is the case then the borrower will have to make some contribution to it.

Mr Carters—Yes, certainly in terms of repaying the loan. The aim of this proposal is to move away from, I guess, the concept of welfare dependency and the government handing out money. The Indigenous leaders support this approach so that we move more to sort of commercial types of arrangements and involve the private sector, et cetera, in a normal business negotiation.

ACTING CHAIR—Have you given any consideration to putting in place some securitisation process?

Mr Carters—I have already outlined the processes in that, upfront, we will work with the Indigenous communities and the banking sector to maximise the likelihood both that the business will not fail and that there is a reasonable level of fund repayment on the part of the Indigenous organisation, particularly very much so in the early years.

ACTING CHAIR—But if you are prepared to subsidise the interest on the borrowing, which you say is flexible—flexible in terms of what percentage of it you subsidise and also in terms of interest rates moving up and down—why wouldn't it also be part of the process to look at some insurance mechanism to secure the loan so that the degree of risk to the borrower is minimised?

Mr Carters—Certainly an insurance mechanism is an option. The practice of insuring against the loan is one that the banks operate from time to time—there is an opportunity to take out that insurance. Certainly, where that is available, that is something we would look at.

Senator WEBBER—Going back to the discussions you have been having with the financial institutions, when do you think they will be finalised?

Mr Carters—Again it is hard to say and it will differ with each institution, but we are obviously hoping to progress that fairly quickly over the next six months and to move as quickly as we can to have a package in place.

Senator WEBBER—Surely, if you have been having discussions with banks, you must have some idea of what the package will look like, to get them interested in being part of the scheme.

Mr Carters—There is still a lot of work to be done in that area, so I cannot quantify exactly when that will be available.

Senator WEBBER—Have any financial institutions put proposals to the department at this stage or is it still too early?

Mr Carters—We have been negotiating with a number of financial institutions and we are slowly getting to more and more detail on those, but it is still quite early days.

ACTING CHAIR—Are they banking and non-banking institutions?

Mr Carters—They are all banking institutions so far.

ACTING CHAIR—Are there four of them?

Mr Carters—There are more than four.

ACTING CHAIR—There are more than four?

Mr Carters—Yes, that we have negotiated with.

Mr Pratt—I have those forward estimates for the Indigenous employment policy. This year, as you can see from the PBS, it is \$57.6 million. In 2003-04 it is \$62.9 million. In 2004-05 it is \$68.7 million. In 2005-06 it is \$70.7 million. In 2006-07 it is \$72.2 million. Those are rounded figures.

ACTING CHAIR—Since 2000 the IEP has been underspent by \$13 million. Has that been taken into account in the figures for this year and the forward estimates?

Dr Boxall—This year we are not expecting an underspend.

ACTING CHAIR—You are not expecting an underspend this year?

Dr Boxall—Not a significant underspend.

ACTING CHAIR—But are the figures for this year based on the \$13 million being taken out of the—

Dr Boxall—No. The figure for 2002-03 is the estimate, at the time the budget was put together, of what we expected the expenditure to be this year—and which is very close to the budget.

Mr Pratt—We project within one per cent.

ACTING CHAIR—So the \$13 million has been carried forward.

Mr Pratt—No. The budget for this year has been based on the level of business that we will do through the Indigenous employment policy this year.

ACTING CHAIR—Has there, Mr Carters, been consideration given in ICAS to the conditions of default on borrowings with the institutions? Has that been negotiated out as part of this package?

Mr Carters—Not as yet.

ACTING CHAIR—Has it been part of the negotiations?

Mr Carters—It has been discussed in passing, but nothing at all substantial.

ACTING CHAIR—Have the proposed repayment mechanisms been discussed?

Mr Carters—What exactly do you mean by that?

ACTING CHAIR—Will the repayments be on the normal, standard practice of banks of making a loan, where the repayments start from the moment the loans are made or will there be a period of grace for these companies to get established? Have you considered, for example, the first 12 months being a payment free period?

Mr Carters—That detail has not been worked through yet.

Dr Boxall—That is the sort of detail which would probably be addressed between the borrower and the institution.

ACTING CHAIR—I assume, Dr Boxall, it would. In terms of trying to put together this package, Mr Carter has indicated you are negotiating arrangements for it with financial institutions, because you are subsidising it to a substantial tune. I assume that you would want to ensure that the conditions with the bank are not of an onerous nature, wouldn't you? As was discussed earlier, a lot of the people that I would have thought would be trying to access these loans would be people with fairly minimal administrative skills.

Dr Boxall—That is correct, Senator Campbell. As Mr Carters said, one element is to provide advice up front to try to address that issue. The budget measure on page 29 makes it very clear that the scheme aims to encourage economic independence of Indigenous people:

by subsidising borrowing for Indigenous businesses from the private financial sector primarily through interest rate subsidies.

The main thing that Mr Carters has been focusing on, apart from the issue about providing advice and administrative advice up front, as you quite rightly identified, is the issue of interest rate subsidies. It may well be, depending on the nature of the project, that it makes sense to delay repayments of the loan. There may be some other projects where it makes perfect sense to have repayments of the loans start relatively quickly. But the scheme is directed towards interest rate subsidies.

ACTING CHAIR—Yes, I understand that, Dr Boxall. I am fully aware of that, but I would have thought, in the context of negotiating a scheme of this nature with any of the financial institutions, that the department would have been anxious to ensure that there are sufficient conditions there to maximise the potential for these individuals who have borrowed to be successful, not to be failures.

Dr Boxall—I agree, Senator Campbell.

ACTING CHAIR—All I am trying to tease out with Mr Carters is to what extent there have been issues raised with the lending institutions in respect of building in those protective mechanisms.

Dr Boxall—Correct.

ACTING CHAIR—You and I well know banks are very happy to take your money; they are not so keen about giving it to you. In fact, they charge you to give it back. Am I right in assuming, Mr Carters, that there has really been nothing yet negotiated with the financial institutions? Is that what you are trying to say too, in a roundabout way?

Mr Carters—The negotiations are ongoing. There has been nothing finalised.

ACTING CHAIR—There has been nothing finalised? Are you looking to put a maximum or a minimum cap on the repayments?

Mr Carters—No; we do not have a specific cap in mind. As I said, it will vary with each individual agreement.

ACTING CHAIR—Do you leave it to the institution to assess the risk?

Mr Carters—We would expect the institution to assess the risk because that is part of the commercial process. Once they had assessed the risk, we would then make a decision whether or not the level of interest subsidy that we would provide against that would warrant the Indigenous organisation continuing with their business—or they would make that assessment.

ACTING CHAIR—But you must have some expectation of what the size of the loans will be and what you are prepared to subsidise? You have allocated \$10.7 million or \$10.5 million for this program over four years, which is \$2½ million dollars a year.

Mr Carters—We are looking at the lower end of the markets—loans certainly below \$500,000, but we would expect that the majority of them would be substantially lower than that.

ACTING CHAIR—Will the department be seeking to secure their investment in these loans in any form? Will you be looking for security over assets, for example, for your contribution to the interest?

Mr Carters—No, not in that respect. Again, our only security would be to assess the risk and to ensure that the business had the best opportunity to succeed.

ACTING CHAIR—Would you be seeking to recoup any lost moneys granted through ICAS from a failing business?

Mr Carters—We are still looking at the guidelines et cetera in deciding that.

Mr Correll—Senator, I think you need to appreciate that, if we have an Indigenous individual or organisation looking to set up a business operation, we have tools that can be used to help that individual. Under the Indigenous employment policy, there are things like the Indigenous Small Business Fund. This element is really coming in there to try and plug what we have seen as an issue, a problem, in this area—that is, if you or I want to set up a business, we go see a bank and get some finance. If an Indigenous organisation or individual does that, often the risks—

ACTING CHAIR—They shut the bank doors.

Mr Correll—that are perceived set the premium at being able to secure that capital at too high a level. So what this is all about, effectively, is the Commonwealth coming in and subsidising that premium to bring it back to a more reasonable and commercial level to prevent what has been a blockage to getting Indigenous small business up and running. We will use the other tools that are available under the Indigenous employment policy, such as the Indigenous Small Business Fund, to help with mentoring and other approaches with that business. It is also, as Mr Carters has just flagged, part of the discussions. I think that we have seen from the finance sector some interest in it also being able to contribute some of that knowledge and skill base to individual organisations or proponents as well. But, effectively,

what we are looking at here is to defray the risk, the additional costs being applied to the risks in the cost of that loan, and to have a light touch, from an administrative point of view, to operate it as much as we possibly can as if you or I were going to access finance.

ACTING CHAIR—I understand that. I think it is a laudable program. Do not get me wrong, I am not trying to attack the program. All I am seeking to try and understand is to what extent the department is seeking to build in provisions or conditions in the negotiations with the financial institution—there may be more than one—involved in the process to maximise the protection for the individuals who are going to be accessing this process, given that, in other inquiries by this committee, we have had strong evidence from Indigenous communities that they lack skills in this area. They are going to have to be, I think, nurtured through some of this stuff, so it is a question of, I suppose, putting as much protection around them as you possibly can to ensure that they are given every opportunity to succeed. Obviously, there will be failures—there are in every area of business—but you would want to try and maximise, I would think, the success rate in this particular program.

Mr Correll—That is where we can use those other sorts of tools available like mentoring, through something like the Indigenous Small Business Fund, to assist individuals so they are not put in the position in securing capital assistance when they are in a very high-risk position or entering into an arrangement that is not going to be in their long-term interests.

ACTING CHAIR—Mr Carters, when will these arrangements with the financial institutions be finalised?

Mr Carters—The expectation is that we will commence in January—so we have seven months to finalise and shore up those arrangements. Certainly, if they were completed before then, we would hop in and do that; but that is what we are working towards.

ACTING CHAIR—Are you planning to market this program through the Indigenous communities?

Mr Carters—Yes.

ACTING CHAIR—How do you propose to market it?

Mr Carters—We are planning to market it—again, the detail has not been worked through. We expect to be working with ATSIC and marketing it through their business development schemes and funds as well.

ACTING CHAIR—Would you do it through ATSIC?

Mr Carters—We would certainly work with ATSIC on it, yes.

Senator WEBBER—I want to briefly go back to the \$13 million underspend in IEP. Where did the money go? It was allocated.

Dr Boxall—Which year was this?

Senator WEBBER—Since 2000 there has been a \$13 million underspend.

Dr Boxall—The underspends in previous years just went back to the budget.

Senator WEBBER—Can you give me an indication of why the money was underspent?

Dr Boxall—From recollection, we have been through this a number of times at Senate estimates. We are saying that for the current financial year—that is, 2002-03—we are not expecting any significant underspend.

Senator WEBBER—I understand that, Dr Boxall. I guess what I am trying to get at is: is the development of this new program—or what have you—part of refining your assistance so that you do not have an underspend like that again?

Dr Boxall—There was an evaluation of the Indigenous Employment Program, which was completed in the first half of this financial year. The minister took a submission to cabinet with a number of proposals to increase the intensity of work in the Indigenous employment area. Following that, the minister and the department have raised the intensity of effort in this area since about December. That has had very good results, such that we are not expecting any significant underspend this financial year and we are not expecting any next financial year either.

Senator WEBBER—Okay.

ACTING CHAIR—Mr Pratt, on page 29 of the PBS it says:

The government has agreed to provide \$3 million to the Department of Immigration and Multicultural and Indigenous Affairs in 2003-04 and 2004-05, fully offset by savings in a number of other agencies ...

It goes on to state on page 30:

The Department of Employment & Workplace Relations is contributing funding of \$1 million over two years from within their existing resources.

Of the \$1 million that is 'offset by savings in a number of other agencies', can you tell us where those savings have been achieved?

Dr Boxall—The \$1 million that the department has contributed, which is \$½ million over two years, is part of the Indigenous Employment Program. There is a measure in the budget measures document under 'Immigration' that shows where this \$3 million—do you have that document?

ACTING CHAIR—I do not have that document.

Dr Boxall—We will find it for you. There is a cross-portfolio measure, I think under the department of immigration, which shows where the \$3 million comes from. It comes from a number of agencies. The contribution of this department is half a million a year over two years and that half a million is part of the Indigenous Employment Program. The budget estimate for 2003-04 of \$62,882,000 includes that half a million.

Mr Correll—All this is doing is effectively pooling some funds in one agency to support the COAG trial arrangements. So it is just drawing together a pool of funds into one single bucket, from multiple sources, to support the whole of government trial locations.

ACTING CHAIR—So the half a million is not drawn from any other appropriations in outcome 1.

Dr Boxall—No.

ACTING CHAIR—It is provided for within—

Dr Boxall—Within Indigenous employment.

ACTING CHAIR—In relation to the trials being conducted currently within the Council of Australian Governments, has the department set any employment outcomes or targets?

Mr Correll—Not specifically, but we have, for example, in Shepparton—where this department has a lead role—entered into an overall project which involves 100 jobs in the Shepparton community. In some sense that represents a target to us, in that we are looking to fill all of those 100 jobs with Indigenous people. The community of Shepparton has entered into an agreement, there is a local community forum driving that initiative and we are looking to achieve a 100-job outcome through that particular project initiative. That is an example of one but we have not set aside a formal target as such; it is part of a particular project initiative.

ACTING CHAIR—Mr Correll, can you provide us with the employment outcomes that have been achieved for all employed Indigenous persons: the percentage that are employed full time, the percentage that are employed part time, the percentage that are employed casually and a total, if you have a total. You said around 100.

Mr Correll—Is your question pitched to the COAG locations or generally?

ACTING CHAIR—Yes, COAG.

Mr Correll—So that would be Shepparton and Cape York, which are the responsibility of this portfolio?

ACTING CHAIR—Yes.

Mr Correll—We would have to take that on notice.

Dr Boxall—Senator Campbell, page 201 of the budget measures document has the cross-portfolio.

ACTING CHAIR—Can I have a look at it? Is the money coming out of IEP being drawn off any other specific programs within IEP?

Mr Correll—Not from this portfolio.

ACTING CHAIR—I am not too sure what you mean by that.

Mr Correll—As I understand it, there may be some funds going to this pool from other portfolios as well.

Mr Carters—Senator, I understand that your question is whether the two lots of half a million dollars—the million dollars in total—from our portfolio is coming only from IEP. The answer is yes. It is not from any specific IEP component; it is from the IEP fund in general.

ACTING CHAIR—Is it being funded by the underspend that has occurred in the portfolio?

Mr Pratt—No. We are not anticipating an underspend this year, as the secretary has said, or in future years. It is simply coming out of the IEP budget.

ACTING CHAIR—Why does page 29 of the PBS say that it is being offset by savings?

Mr Pratt—It is referring to other agencies.

Dr Boxall—On page 30 of the PBS it says that it is ‘contributing funding of \$1 million over two years from within existing resources’. So it is contributing half a million a year over two years from within the forward estimates for Indigenous employment.

ACTING CHAIR—It is within existing resources, therefore it is not new money.

Dr Boxall—No, it is not new money in the sense that the forward estimates were not increased. It is from within the existing forward estimates.

ACTING CHAIR—Is it then money that has been diverted from other programs?

Dr Boxall—There are a number of programs within the Indigenous Employment Program.

Mr Pratt—We have a budget for the Indigenous Employment Program and we have a number of components. They do not have hard and fast budgets. The amount of money that is spent under each of those components is determined by the amount of business done under those components. Half a million dollars next year from that budget just comes from the top.

ACTING CHAIR—Let me put the question another way and then we may get to the answer. When the forward estimate was determined for 2004-05 was the half a million dollars part of that determination or was the decision for the half a million dollars to come out of that made after the forward estimate was determined?

Mr Pratt—I am not sure that I understand the question. We knew about the half a million dollars in finalising the forward estimate for 2004-05 but it is funding which is available from that budget, which is made up of a number of components which have no set budgets.

ACTING CHAIR—So it is not distracting funds away from any other particular program?

Mr Pratt—That is right, we have not identified a program and said we are going to do less business in that program as a result of this. As I explained earlier, of course our estimates are increasing each year.

Senator WEBBER—I now want to turn to the Job Network. We had a brief discussion before about either underspend or overallocation and your answer was about refining outcomes and what have you and I accept that. Can you give me an indication of how many commencements you expect 2003-04 in job matching, job search and training, intensive assistance and the New Enterprise Incentive Scheme?

Mr Correll—Can I firstly open by saying that in 2003-04 from 1 July, the active participation model will be introduced, so the current concept of the range of different Job Network services is replaced by the concept of all job seekers having a guarantee of access to a continuum of service, with the nature of that service ramping up over time or, if the individual is at high risk, they will go immediately into front-end service points. So my opening point is that we are not comparing apples with apples here in that there are significant changes happening from 1 July. What we can certainly comment on is the estimates in relationship to these and other elements.

Mr Pratt—If you go to page 35 of the Portfolio Budget Statements you will see that there are targets for the number of programs for the next financial year: job placement targets are 325,000; NEIS 6,800; and Transition to Work 10,000. As Mr Correll said, for the Job Network job search support and intensive support services, everybody who needs them will have

access to those services. On page 36, Work for the Dole commencements are 64,000 and the Indigenous Employment Program commencements are 8,000.

Senator WEBBER—Of those anticipated commencements has there been any analysis done on how they will fall by labour market region or are those general nationwide figures?

Mr Correll—In terms of the Job Network services: for the tender process, the purchasing process, we made estimates of the flows of job seekers in each employment services area, and that information was used by tenderers to assist them in putting forward their proposals. So, yes, that work has been done, and it is work that we would consistently update. Under the new active participation model arrangements, the whole nature of Job Network services is based on the flows of job seekers.

Senator WEBBER—Is that information in a format that can be made available to the committee?

Mr Correll—It is publicly available; it is on the web site at the present time.

Senator WEBBER—How many clients do you expect to receive the commencement fee, the primary interim outcome fee, the secondary interim outcome fee, the primary final and the secondary?

Mr Pratt—In the next financial year, that will be determined by the operations of the Job Network.

Senator WEBBER—You must have a rough idea to have made a forward estimate.

Mr Pratt—Certainly we would do estimates, but I do not have that data with me and I am not sure that we would want to speculate on that, in any event.

Senator WEBBER—Could you take that on notice and give me as much information as you are prepared to?

Mr Pratt—Yes, Senator.

Senator WEBBER—What mechanism is going to be in place to monitor each job seeker actively?

Mr Douglas—We will continue with our post program monitoring survey, which is a survey undertaken of all exits from assistance, three months after the exit.

Senator WEBBER—So it is post program; it is not active monitoring?

Mr Pratt—In addition to that, existing arrangements will continue. Centrelink will continue to monitor job seekers against their agreement with the job seeker. Under the new model, each Job Network member for each job seeker will be monitoring their performance against their job search plan, which forms part of their preparing for work agreement.

Senator WEBBER—Is that going to be new or different? For a job seeker caught up in the whole dole diary, I do not think there was a lot of monitoring about how it went. If I am a job seeker, how can I be guaranteed that I am getting the best possible service and support? Do I have to initiate that, or are you going to keep an eye on it for me?

Mr Correll—Under the active participation model, as a job seeker you would see that you have a service guarantee that defines the service standards. As part of the service guarantee,

there is a very clear statement which says that, if you believe that you are not receiving those services to those standards, you should immediately make contact firstly with your Job Network member. If you are not happy with that response, we want to hear from you through our customer service line so that we can take follow-up action. All job seekers would be referred from Centrelink to a Job Network member very quickly. The Job Network member would be recording them on the system, so we would have a record of all of those job seekers and also contacts. There would be a potential evidence base available to us if Job Network members were not providing the standard of service required in the service guarantee—which is a contractual requirement, I should add.

Senator WEBBER—Is it your intention to do ongoing monitoring yourself, or do we have to wait till the job seeker thinks that these people have not met their contract? They would probably only work that out by discussing it with job seekers who use other service providers.

Mr Correll—We have ongoing contract management monitoring activities that would be undertaken of Job Network members. They would include ensuring that regular contacts consistent with the service guarantee were being maintained with Job Network members. Remember that all of those contacts are recorded through diary appointment systems which are recorded in the database.

Senator WEBBER—How much does it cost you to monitor all these programs?

Mr Correll—In terms of the Job Network?

Senator WEBBER—Yes. It surely would be built into the cost of running the overall program.

Mr Correll—Yes, indeed. Within our PBS documentation, we record the price of our outputs. In this particular area, we have an output relating to overall employment services: output 1.2.2. The price of that output would incorporate costs associated with contract management activities with Job Network members, as well as contract management activities for other services such as Work for the Dole, harvest labour services and the New Enterprise Incentive Scheme.

Senator WEBBER—Can you break that down for me?

Mr Correll—We would need to have a look at that. We have a structure of outcomes and outputs, and this is the way we measure our prices. It may well be that the best we could provide would be some estimates of the breakdown.

Senator WEBBER—Fine.

Mr Pratt—Again I refer you back to the PBS, pages 35 and 36. They give you a breakdown of the output pricing for the various programs. At the bottom of page 35, the table shows the 1.2.2 output price.

Senator WEBBER—But that does not give me the cost of monitoring it, does it?

Mr Pratt—It represents part of the overall costs associated with the management of employment services, which would include contract monitoring. We do not record that level of disaggregation against our output prices. We would have to examine the extent to which we could make a reasonable estimate of those costs. We will take it on notice.

Senator WEBBER—If you could do that, it would be appreciated. How many job seekers does the department believe will need interpreter services?

Mr Pratt—I do not think that we have really done an estimate of that. It is a service which can be provided for as needed by Job Network members using the job seeker account. We know how many job seekers we have from non-English-speaking backgrounds, and a subset of those will need interpreter services. However, it will vary from year to year, and it will vary based on the nature of the services that they are getting. We make funding available as part of our job seeker account for that purpose, without specifying that X dollars will go for interpreter services. Whatever is needed is available.

Senator WEBBER—So there is no limit to how much money can be spent on that? It could actually end up impacting on other programs if there is not a specific allocation.

Mr Pratt—In the unlikely event that Job Network members chose to spend most of the job seeker account on interpreter services and not other services, I guess that is feasible. However, I think it is highly unlikely, as it would affect their effectiveness and their capacity to get outcomes. The whole model is based on an incentive framework where they get funded for getting people into jobs; and to get people into jobs they need to spend the resources wisely on interventions that are needed by the job seeker, not unneeded.

Senator WEBBER—Indeed. But it seems to me that we should have some vague idea of how much it is going to cost.

Mr Pratt—In future years, looking backwards I would be able to tell you what they have spent on interpreter services.

Senator WEBBER—What happens if some of the providers thought that most, if not all, of the money that they get would be needed just to conduct the scheduled interviews?

Mr Pratt—They are not able to spend the job seeker account on that; they are paid separately service fees for the job seeker interviews.

Senator WEBBER—That is regardless of the need for interpreter services?

Mr Pratt—That is correct, Senator. Once again, as a reference, page 53 of the yellow book of the request for tender provides information on service fees.

Senator WEBBER—How would they fund the interpreter services that they need to use for the scheduled interviews?

Mr Pratt—They withdraw from their notional job seeker account to reimburse the payments for interpreter services.

Senator WEBBER—Given the fact that some labour market areas have large migrant populations, has there been any modelling done to find out how much money from training accounts will be needed to be spent on interpreter services in those areas, and has that been taken into account?

Mr Pratt—Yes, to the extent that the job seeker account is based on providing greater levels of funds for the more disadvantaged job seekers. Where those job seekers are located, there will be more funding available for the Job Network members for their clients. We consider in that a whole range of disadvantages, not just the need for interpreter services.

Senator WEBBER—So if you are identified as a disadvantaged job seeker, then your account gets the same amount of funding no matter what the disadvantage is?

Mr Pratt—Yes. We average across the different disadvantage groups, but for a disadvantaged job seeker, the account is 50 per cent larger than for a not so disadvantaged job seeker.

Mr Correll—Senator, you need to note that that is the way the money goes into the account. How you then spend it as a Job Network member is based on your considered decisions, job seeker by job seeker, based on the job search plan that you develop with your job seeker, based on the needs of the job seeker and based on the labour market needs.

Mr Pratt—So you can spend more on one job seeker than another if, for example, they need interpreter services.

Senator WEBBER—What sort of modelling has the department done to estimate the travelling cost for job seekers to attend extra meetings with their Job Network provider?

Mr Pratt—We have done modelling on the locations of job seekers around the country. We have a supplement to the job seeker account for job seekers who are located more than 90 minutes of normal travel time from their Job Network member. There is extra funding provided into the job seeker account for that purpose for each job seeker who lives in a location which we consider to be locationally disadvantaged.

Senator WEBBER—Does that take into account the site closures or openings with the new round and the distances therefore to the new nearest Job Network site?

Mr Pratt—It is there for each job seeker based on which Job Network member they go to. It is based on the location of the job seeker vis-a-vis the Job Network member.

Senator WEBBER—So it can change from 1 July—

Mr Pratt—That is correct.

Senator WEBBER—if their Job Network provider has closed and they are now more than 90 minutes away from one?

Mr Pratt—It is based on the job seeker's location and the location of their Job Network member. It has also been pointed out to me that the locational disadvantaged supplement is made available where the cost of travel might exceed 10 per cent of the job seeker's gross income, which is a longstanding measure that we have used in this area.

Senator WEBBER—How many times a week do you think they would have to travel to see their Job Network provider?

Mr Pratt—It will depend on the job search plan which is negotiated between the job seeker and the Job Network member. Some job seekers may see their Job Network member very regularly, daily.

Senator WEBBER—If they are more than 90 minutes away, it is obviously going to use up more than 10 per cent of their income, isn't it?

Mr Pratt—That is right. Our expectation in circumstances like that is that the job seeker and the Job Network member will find other ways to deal with each other on a regular basis.

It may be through electronic communications; it may be that the Job Network member actually goes to see them on regular occasions.

Senator WEBBER—How many people do you estimate to be locationally disadvantaged?

Mr Pratt—I do not have that figure off the top of my head. I am sure someone here does, so I will come back to you with that.

Senator WEBBER—While we wait for that, I will go back to the other ways of communicating.

Mr Pratt—Can I make the point, again, Senator, that whatever we come up will be an estimate only and it will be available for every job seeker who needs it.

Mr Correll—I would just add that, where a job seeker is undertaking intensive support customised assistance and they are locationally disadvantaged, the supplement increases significantly. Under intensive support customised assistance, the number of contacts with the job seeker is much higher but the supplement that goes into the job seeker account is much higher as well. So if a job seeker is a job ready job seeker, then they are likely to have fewer contacts with their Job Network member and the actual credit into the actual job seeker account is lower. If they are intensive support customised assistance, then they will have more extensive contacts with their Job Network member and they will also have a higher level of supplement going into the account.

Senator WEBBER—But if I am not one of those who gets a supplement but I am an overly anxious job seeker whose site is now more than 90 minutes away from me, I am going to torment my Job Network provider into getting me a job.

Mr Correll—Then your Job Network member will have a very strong incentive to get you a job due to the high outcome fees that are payable.

Senator WEBBER—Indeed. Going back to the other ways that Job Network providers may choose to interact with the job seekers, has the department given any thought to how many people will only have, say, telephone interviews with their Job Network provider?

Mr Pratt—No. We require our Job Network members to meet face-to-face with the job seekers, even those who are in remote locations, at set periods during the year. They may supplement that with telephone contacts, and we would encourage that, but we require as a minimum a certain number of contacts across the period.

Senator WEBBER—Face-to-face, no matter what?

Mr Pratt—That is right. I have an estimate on the numbers who would be locationally disadvantaged. It is just over one in 10 job seekers. As I said though, that is an estimate.

Mr Manthorpe—Another issue that impacts on where we are assisting job seekers in remote locations is that, while they will be required to meet with their Job Network members face-to-face on a regular interval, as Mr Pratt suggests, the introduction of interactive voice recognition technology enables job seekers to find out about their job matches over the phone without going anywhere if that is how they wish to communicate.

Senator WEBBER—Thanks. When you say that you expect all of the Job Network providers to have face-to-face interviews with their job seekers, how many times a year will they have to do that?

Mr Pratt—We have a regime which is spelt out in the aforementioned request for tender document.

Senator WEBBER—You will have to bear with me; I do not have that with me.

Mr Pratt—I understand that you might not want to carry that around with you everywhere.

Senator WEBBER—As I'm not seeking to be a Job Network provider!

Mr Pratt—These things are reflected in the contracts that Job Network members have with us. In broad overview, their first contact is the vocational profile interview which they would do with the job seeker when they get their details and put those on to the system. They explain to them the Job Network services available to them and the range of IT support that is available to them. Typically, a job seeker would then meet with their Job Network member after three months of unemployment, where they would receive substantial job search training, as we discussed this morning.

Following that, they would have an interview at the seven-month point, where the Job Network member would review with the job seeker the provision of employment services, the job seeker's attempts to find employment and so forth. At that stage, if required, they would refer the job seeker to a community work coordinator for mutual obligation services. They would then have another mandated contact at 10 months. Of course, we would expect that Job Network members would, outside of that, be dealing with their job seekers on things like referrals to jobs as needed. They can of course exceed those formally mandated contacts to the extent that they need to. At the 12-month point, a typical job seeker would go into intensive support customised assistance. We would expect that, as a minimum, there would be fortnightly contact between the job seeker and the Job Network member.

Senator WEBBER—But that does not have to be face-to-face?

Mr Pratt—Typically, it would be.

Senator WEBBER—How are you going to achieve that in the Kimberley?

Mr Pratt—In some locations, of course, we will expect them to find ways which are more convenient for themselves and the job seeker to make that contact. In the Kimberley, it may be by telephone, radio, videoconferencing or some other means. It may be that the Job Network member actually goes out to see the job seeker at set periods.

Senator WEBBER—I can see that they would have to do that when they get to three, seven and 10 months and what have you. It is an awful lot of travelling around in the north-west for someone.

Mr Correll—In the Kimberley, that would be a classic situation where you would expect substantive outreach activity by Job Network members in the way things would operate.

Senator WEBBER—Given the fact that in some cases telephone interviews or what have you are allowed, will the department be doing any monitoring to ensure that the job seeker is satisfied with that means of contact?

Mr Pratt—Yes. As Mr Correll mentioned before, where there are actual face-to-face appointments with the job seeker, that will be recorded in our system through the diary. Where the contacts are through other means, we will expect the Job Network members to record that on the system as well.

Senator WEBBER—If the Job Network member is doing phone interviews, will they have to give consideration to providing a 1800 number so the job seeker can ring back? Or will they bear the cost of returning the call?

Mr Pratt—I would expect that Job Network members would actually provide those services. They do now.

Senator WEBBER—This is probably a good place to break.

ACTING CHAIR—We will break for lunch.

Proceedings suspended from 12.31 p.m. to 1.33 p.m.

Senator WEBBER—How often will the department be monitoring the expenditure from the job seeker account? How will this be done?

Mr Correll—The department will be monitoring the job seeker account on an ongoing basis. In the development of our systems, we will develop alert mechanisms that will be used to inform our contract managers of where there are any examples of usage of the account that fall outside preset parameters.

Senator WEBBER—What shape will those alert mechanisms take?

Mr Correll—They will come in the form an email message going through to our contract managers. We will basically have software sweeping through the database, constantly looking for any combinations of data that would create risk, resulting in an alert email going through to a contract manager. That in itself may not be a problem, but it would trigger consideration by the contract manager and possible discussion with the Job Network member.

Senator WEBBER—Will that all be done internally within the department?

Mr Correll—Yes.

Senator WEBBER—How many departmental staff do you anticipate will be needed to monitor this?

Mr Correll—In terms of monitoring, we have a network of account managers and local contract managers who basically are responsible for monitoring and contract management activities across all of our employment programs and services, including Job Network.

Senator WEBBER—But this is an additional monitoring task, isn't it?

Mr Correll—Not really. The job seeker account is a new element, but the way those alerts are being generated is through an automated mechanism. Remembering that every transaction through the job seeker account gets keyed into the system, therefore the data is all there, we will simply be using those tools on an automated basis to send alert mechanisms to our contract managers.

Senator WEBBER—So you do not see that this will increase their workload at all?

Mr Correll—No; it is simply monitoring a particular risk under the new arrangements.

Senator WEBBER—Fair enough. What action will you take if it comes to your attention or if you believe that money is being spent inappropriately from that job seeker account?

Mr Correll—The key principles for the use of the job seeker account are, basically, to ensure that the money is being spent on job seekers, that it is not being spent on things that are already covered through fee for service and that it is not being spent on things that would in any way be in breach of the code of conduct or bring Job Network into disrepute. If there was activity that represented a breach of the code of conduct then under our performance management regime it would mean immediate suspension of the star ratings for that particular provider. It would also then mean consideration of the possible sanctions that should be applied, which can range from loss of business share to, ultimately, termination of contract.

Senator WEBBER—If the inappropriate expenditure is somewhat more dubious in nature, what range of penalties will there be?

Mr Correll—I cannot add to my earlier response. It would depend on the character of it. For serious breach of the code of conduct, potential termination of contract would be considered.

Senator WEBBER—What sort of time frame do you have to respond to concerns about inappropriate expenditure?

Mr Correll—Very rapidly. Given that we will be using automated monitoring tools, we would expect that alerts would be generated as transactions are being processed through the system. It is a fast response. We would then need to consider, if something was brought to our knowledge and we identified that, depending on the nature of it, what was required in terms of investigation of the activity. It may be that the activity is something that we need to refer to our investigating staff for further follow-up. So it would depend a little on the character of it.

Senator WEBBER—You must have a vague time frame in which you think it is reasonable for the person that is receiving these messages and has responsibility for monitoring to act—how quickly they need to act and how quickly the referral has to go on to, say, your investigating team or what have you.

Mr Correll—I will outline the process. If there was a particular set of transactions which caused concern resulting in an alert mechanism, initially the contact manager would look at that. There may be some discussions then with the Job Network member organisation. If there was a conclusion that there were potential issues associated with breach of code of practice or going to areas of potential fraud then the matter would be referred immediately to investigating officers to undertake a detailed investigation. That in turn would lead, potentially, to a referral to the DPP for possible prosecution action. If it was necessary, we may be in a position to suspend referral action to an organisation if there were major concerns, pending those investigations being completed. Those would be issues that would need to be considered on a case by case basis.

Senator WEBBER—If I am the person doing the monitoring and I get the email message, how quickly will you require me to have initiated action? Is it the same day I get the message?

Mr Pratt—It depends on the severity.

Senator WEBBER—If you are saying it depends on the severity, you obviously have some kind of time frame in mind.

Mr Correll—Can I give you an example. If it was a case which looked like fraudulent behaviour or very poor service to a job seeker, we would expect the contract manager to respond immediately. If it was an issue which suggested that it was of a relatively minor nature, the contract manager may hold that issue until their next regular telephone call with the Job Network member. It would be done on a case by case basis.

Senator WEBBER—Are you going to provide guidance to the contract manager about how they are to monitor this or is it going to be left up to their individual judgment?

Mr Pratt—They already make decisions of this sort. They understand that if you have a serious issue they need to be dealing with it immediately.

ACTING CHAIR—Mr Correll, setting aside cases of fraud or abuse of the system and looking just at the normal processes of the working of the system, there is an amount of money allocated for a job seeker—\$11 or something—which is consolidated into a pool of funds that goes to the network provider. Presumably some providers would have thousands of people on their books, so it could be a substantial amount of money. What processes has the department put in place to ensure that there is a reasonable spread of those resources across the job seekers so that funds are available for all the job seekers who might wish to access the service and to prevent an enthusiastic Job Network provider getting in there and lavishing lots of dollars up front on one job seeker, with others being left high and dry at the end of the process?

Mr Correll—There are two factors. Firstly, the dollars flow with the flow of job seekers. It is not just \$11; that \$11 is for a job ready job seeker who is initially going into Job Network service. The job seeker account receives further credits when job seekers go into intensive support or customised assistance, and if they are disadvantaged supplements go in. The Job Network member is receiving a stream of credits into that account as their pool of job seekers works through those milestone points. In terms of inappropriate usage of the job seeker account in achieving outcomes, the reporting that goes through to Job Network members will include a job seeker account profile, which will show the types of unit costs and outcomes being achieved through the use of their job seeker account. At the milestone reviews that are undertaken by contract managers every six months, one of the key things that will be looked at is the performance being achieved, including the use of the job seeker account. If performance is not being achieved, if outcomes are not being achieved through the use of the account, then the Job Network member will lose business share to other providers who are doing better.

ACTING CHAIR—But nothing you just said addresses the issue I am raising with you about ensuring that there are sufficient funds in the system.

Mr Pratt—One of the things Mr Correll talked about before was the email alerts which will go to our contract managers and, as determined by the Job Network members, to people with responsibility in the Job Network office. One of those might be that, if a large amount of funds is being spent on an individual job seeker, there might be an alert which flags to someone to have a look at it. They might go and have a look at it and see it as quite

appropriate, because they are paying for a very long training course or some piece of equipment which might help the person get a job. But they would be alerted to the fact that that had occurred so they could go and have a look at it. That is the sort of thing that we would use to address that issue.

ACTING CHAIR—So it is really that a real-time management process has been adopted here.

Mr Correll—The Job Network member will have information in front of them on exactly what their current credit position is in terms of their job seeker account—that is, how much money they have available to them. In addition, they will have available to them through the system exactly how much they have spent through the job seeker account on each and every job seeker they are working with. We will not be dictating to Job Network members how they use the job seeker account; that will be their call and they will be expected to manage that to maximise their outcomes.

ACTING CHAIR—If I am a job seeker and I feel that I am being disadvantaged because I am not getting access to these funds, where is my point of complaint?

Mr Correll—You can make contact with the department, through our complaints line, and we would immediately follow that up. Indeed, that is made clear in the service guarantee document for all job seekers. All Job Network members under the active participation model will be required to prominently display the service guarantee in their premises. It will be a key feature provided to job seekers so that they are aware that, if they have concerns or issues with the service they are receiving, they have a place to go.

Senator WEBBER—Is there a maximum amount of money that can be spent on a job seeker?

Mr Correll—No.

Senator WEBBER—Is there a minimum amount?

Mr Correll—No.

Senator WEBBER—Given that, how much do you believe will be spent on actual training for job seekers as opposed to other costs like transport and clothing?

Mr Correll—I think it will be a very interesting thing for us to observe over time exactly how the job seeker account is being applied, because one thing we are very confident about is that the Job Network members will use that tool in ways which maximise employment outcomes. For that reason we will see a picture emerging over time of what investments through the job seeker account produce what outcomes, so that data will build up. We do not have a specific expectation of a percentage being applied. Our expectation is that the way the job seeker account will be used will be very much to underpin achievement of employment outcomes. Why would it be used in any other way by a Job Network member?

Senator WEBBER—Have you given different expenditure categories or codes to Job Network providers to enable them to account for and spend the money from the account--?

Mr Correll—In the way that they enter it?

Senator WEBBER—Or do they just make a broad entry saying, ‘We’ve taken this much money from this account’?

Mr Correll—No, there are categories within the system that they will be using to identify the nature of the expense that has been incurred through the job seeker account.

Senator WEBBER—Can you provide them for us? Not right this very minute.

Mr Correll—We can certainly provide them; they are part of the system specification.

Senator WEBBER—When was the new IT program for vocational profiling piloted?

Mr Correll—The new computer system for entering vocational profiles as part of the current transition process to the next employment services contract came into play on 12 April.

Senator WEBBER—So it was piloted on the 12th? How and where?

Mr Correll—It was not piloted; it came into operation on the 12th.

Senator WEBBER—So it was not piloted anywhere?

Mr Pratt—We have had a form of vocational profile on our system for some time now—it would be years.

Senator WEBBER—The new program is not substantially different—it is all fine and you do not feel the need to pilot it and get the bugs out of it before you unleash it?

Mr Pratt—We had job seeker resumes on the system for a number of years, which helped us to develop good vocational profiles which were then matched against jobs on the database. Using that, we have enhanced that functionality based on several years of experience.

Senator WEBBER—Right. Is this the system that was meant to be introduced on 1 April?

Mr Correll—A decision was made on a number of fronts to start the vocational profiling on 12 April. The prime drivers for that were a number of factors, predominantly that the announcement of the outcomes from the purchasing round had only occurred days before that and so it was generally accepted that it might be prudent to hold it for a couple of weeks.

Senator WEBBER—Fair enough. How long is it expected to take to complete a vocational profile, and does that match what agencies are telling you about how long it is taking them?

Mr Correll—Overall, we have used a broad, average, indicative estimate of around 45 minutes for the completion of a vocational profile in the context of an interview with a job seeker. The feedback that we are getting so far through the transition process is that it is in the right ballpark.

Senator WEBBER—The 45 minutes: wasn’t that the time for the interview rather than the time for the entire task to be completed?

Mr Correll—That is true; that was to cover the full interview. If you are talking about just the task of keying in data into the system for a vocational profile then from observation that is a task that takes 15 to 20 minutes.

Senator WEBBER—So 45 minutes for an interview, then 15 to 20 minutes to key it in?

Mr Correll—No; 15 to 20 minutes of the 45 minutes would be involved in keying in the data.

Senator WEBBER—Is that the feedback you are getting from the agencies or is that your internal assumption?

Mr Correll—No, that is from direct observation of things that are happening out there at the present stage with vocational profiles.

Senator WEBBER—So the agencies are telling you that that is the case?

Mr Correll—Yes.

Senator WEBBER—Have there been any problems experienced with the new system?

Mr Correll—The types of teething problems that you would expect with putting in a major new system. The key thing in introducing the system has been to get it stabilised in terms of the infrastructure and the application as quickly as possible, and we have been working on that. However, we have got to a position now where, I think, as at today, 110,000 vocational profiles have been put on the system since 12 April, which is very close to our target.

Senator WEBBER—We were talking about variation before. Was variation caused by the delayed start or system problems?

Mr Correll—It was a combination of a number of factors. Are you saying the variation to the start of the vocational profiling?

Senator WEBBER—Yes.

Mr Correll—It was really a combination of a number of things, where we felt that overall there were too many risks in running on with 1 April for starting vocational profiling at that point. There were risks associated with organisations being prepared, following the very recent announcement of the purchasing outcomes, and risks associated with the interface links between the department and Centrelink. So there were a range of factors that we took into consideration. We communicated that out to the industry and, generally, got a very positive response from industry to that notion, reflecting their concerns that they were not quite ready either.

Mr Pratt—In fact, Senator, we introduced the major element of the system at the beginning of April as intended—that was the diary.

Senator WEBBER—Have you had any negative feedback from Job Network providers at all about the new system? I know I have.

Mr Correll—It is fair to say that we have had some feedback from Job Network members with concerns about the stability of the system, as you would expect with putting in a major system. As we are, Job Network members are all keen that the system is stabilised as quickly as possible.

Senator WEBBER—How many? How much?

Mr Correll—I do not have a count, as such. I would say that—

Senator WEBBER—You must have a rough idea as to whether it is causing you lots of grief.

Mr Correll—Different Job Network members have varied experiences to date. Overall and on average, you would say that many would be looking at trying to continue to see the system stabilise. We probably had our most unstable period for the first two weeks, following the immediate implementation of the system. After that time the system has progressively improved, with response times improving, as occurs through the tuning of the system and progressive ironing out of any initial teething problems. That has occurred progressively now that we are in about the seventh week. The bottom line, though, is that there are large numbers of vocational profiles being entered onto the system successfully. The diary appointment system is working successfully. The real issue at the moment is to continue to stabilise that system and ensure it works as quickly as we can possibly get the screens moving through.

Senator WEBBER—How do you account for the varied experiences that providers are having?

Mr Correll—We need to recognise as well that work practice issues are involved: there are different infrastructures that different providers are working to, and different providers have used different work processes in the way they are running with the vocational profiles during this transition period. All of those factors have given them some differences in experiences.

Senator WEBBER—So the problem is more at their end than at your end?

Mr Correll—No, I am not saying that. I am saying that we are all working to get the system operating in a fully stable mode and that we have seen progressive improvements occurring, week by week, as we have moved through since 12 April.

Senator WEBBER—How many times has the system gone down since the start on 12 April?

Mr Parsons—I will take that question. The system, in fact, has had—

Senator WEBBER—We meet at last, Mr Parsons.

Mr Parsons—We do. I am very pleased to make your acquaintance. The system itself has had periods of instability, as Mr Correll has suggested, since its introduction. Not all of those, I hasten to add, are necessarily in connection with the new program. Quite a few were, but just as many, I would argue, are outside of the domain of the program. For example, our worst day since bringing in the system on 19 May was brought about by a failure in the telephone exchange at Deakin, which is our connectivity to the Internet. We had a major outage. That has, in fact, been our longest outage. The outages that have been related to the program specifically have typically been when files have filled up and the system has been out of action early in the morning for half an hour or an hour at a time.

Senator WEBBER—But do you have a figure for me of how many times the system has gone down?

Mr Parsons—I would guess that there were maybe half a dozen incidents.

Senator WEBBER—Okay. How did the meeting go at the CEO forum in Sydney last Friday? Did they have any concerns about the system?

Mr Correll—It was a very good meeting. We met with the CEOs last Friday. Yes, the CEOs expressed a keen desire to see us continue to work in the ongoing improvement and stabilisation of the system.

Senator WEBBER—Were any key decisions taken at that meeting or was it just a general information swapping session?

Mr Correll—No, it was an opportunity for two things: one was a presentation of the look and feel of the system that is coming into play from 1 July, including some of the features that will be available in that system, which I think was very well received by the CEOs; the second was an opportunity to seek feedback from the CEOs on how transition processes have been going to date. Certainly the CEOs expressed the desire that we should be focusing strongly on the priority of achieving ongoing stability with the system as quickly as possible. That is certainly a key priority we are running with.

Senator WEBBER—Are any records kept of meetings like that?

Mr Correll—This is a meeting that the department is invited to, conducted by the National Employment Services Association. I am not aware of any records. It is their meeting.

Senator WEBBER—And you are not aware that they keep any records of any outcomes or decisions?

Mr Correll—Not to my knowledge.

Senator WEBBER—It is a bit hard to hold them and you accountable for any decisions that were made; it is up for misinterpretation. Who was at the meeting?

Mr Correll—A large number of CEOs from Job Network organisations, together with representatives from the National Employment Services Association and representatives of the department.

Senator WEBBER—Do you have any idea of how many organisations were represented at the meeting?

Mr Correll—It was a fairly full room. I would estimate perhaps 80 or 90—something of that range.

Senator WEBBER—Were any of the Job Network providers concerned about the lack of money that they are getting from the department at the moment during this transition to ESC3?

Mr Correll—I think Job Network members did raise the issues at the meeting—not about the money they are currently getting, but there were concerns to ensure that they have good cash flows flowing through the transition period and moving into the early months of the active participation model. With a group of CEOs, you can always expect that finances are on the agenda.

Senator WEBBER—What are the cash flow problems that they identified?

Mr Correll—No broad ranging cash flow issue was identified.

Senator WEBBER—Was it just the general grizzle about lack of money that everyone has? I am sure your department does that when it is forming its budget.

Mr Correll—Yes. And individual cases which they were advised should be raised with their account manager if they have particular cases in relation to cash flow matters.

Senator WEBBER—Would it be true to say that more community based providers are particularly affected by cash flow problems rather than private sector?

Mr Correll—No, I could not make that comment. I do not have any sense that that is the case.

Senator WEBBER—If you were at the meeting on Friday—

Mr Correll—No, I have no sense that that is the case.

Senator WEBBER—Does the department intend taking back any money not expended on vocational profiling of job seekers if a provider is unable to profile the expected number of job seekers?

Mr Correll—We expect from Job Network members that they will be making their best and reasonable endeavours during the transition period to get vocational profiles onto the system. We would make a case-by-case judgment if the vocational profile targets have not been met to ascertain whether those best and reasonable measures have been taken.

Senator WEBBER—Was that a yes or a no.

Mr Correll—It is a case-by-case consideration.

Senator WEBBER—Fair enough. As I am led to understand, a part of this vocational profiling process allows for the development of resumes. I understand that these resumes come in a number of different formats. Is that correct?

Mr Correll—That is correct.

Senator WEBBER—How many different formats do they come in?

Mr Correll—Five different formats, currently.

Senator WEBBER—We are looking at developing more, are we?

Mr Parsons—The capability is there to put on an unlimited number. I have another five pro-formas provided to me for consideration, through NESAs IT reference group.

Senator WEBBER—It has been put to me that the five different formats that are there tend to look remarkably similar.

Mr Correll—They basically are using the same data, giving that data different presentations—a different look and feel for each. However, through the transition we have received feedback concerning the resumes. We are looking at options to expand the range of resumes that would be available, as Mr Parsons explained.

Senator WEBBER—How is a resume constructed using this?

Mr Parsons—From the information that is captured on the vocational profile, the very last step in the process is to offer up a screen to the Job Network member. The screen shows the Job Network member all of the components of a resume and they can tick the components they wish to be assembled into the final resume.

Senator WEBBER—How is the data captured? That is purely from the interview, is it?

Mr Parsons—Yes.

Senator WEBBER—No other data goes in there?

Mr Parsons—There is employment history data that we put on the screen that is captured on the job seeker record from days gone by. When the system started, that was locked information that could not be updated. One of the early enhancements to the system, in the last few weeks, has been to unlock that so that that data can in fact be amended if need be by the Job Network member.

Senator WEBBER—As I understand it, the employment history data comes from the employment history screen in the system—is that the case?

Mr Parsons—Over time it has; correct.

Senator WEBBER—How is data entered onto the employment history screen?

Mr Parsons—In days gone by the data was entered onto that screen by Centrelink as part of their interview with the job seeker. Nowadays that information is entered by the Job Network member using one of the vocational profile types.

Senator WEBBER—I just want to go back. Mr Correll, you were saying before that in terms of the development of the other formats of resume you have had some feedback from providers. What kind of feedback was that?

Mr Correll—One of the items of feedback was the capacity to amend the history field, which has been action that we have taken. The other piece of feedback is a desire to be able to present the resume in even further different formats. That is what we are looking at taking on board as well.

Senator WEBBER—What kind?

Mr Correll—General feedback, just in being able to have some further improvements in the way the resume will look—simply to make it so they can continually improve the quality of the resume. It is an important tool for job seekers.

Senator WEBBER—Indeed. Is it fair to say that most of the historical data comes from vacancies that the job seeker has been placed in via your computer systems over the last 10 years?

Mr Parsons—That is probably a fair assessment. Not by the computer system—rather, the interview with the job seeker by Centrelink would record employment history. That would be added to by placements through the Job Network.

Senator WEBBER—That all would have been entered into an historical system and now you are just capturing that data?

Mr Parsons—Correct. That is why in many cases the data is in fact in upper case—because it was entered in an old system.

Mr Pratt—But the information in the system comes from either a Centrelink officer or a Job Network member interviewing the job seeker and getting from them their details, which are then entered into the system.

Senator WEBBER—It is more than historical—it is the employment history that I am particularly interested in. I am a bit curious to know, for instance, why a job seeker would want a resume that says, as part of their employment history, that their position was labourer and sets out what they were required to do, and then the resume says: ‘Must have experience, job raised for job seeker.’ That is on a person’s resume. That does not seem to be an entirely useful thing to have on your resume when you are trying to market yourself.

Mr Correll—Indeed, and that is why having the capacity to update those fields was a very important refinement that was made.

Senator WEBBER—But at the moment we have people who will have resumes with that kind of material on them.

Mr Parsons—You should not have that any more, because the Job Network now has the capability to amend those fields.

Senator WEBBER—When did that occur?

Mr Parsons—I cannot give you a precise date but I would think that at least for the last three weeks, or maybe a month, the Job Network has been able to amend the work history.

Senator WEBBER—Can you get back to me with the date on which they were able to amend that?

Mr Parsons—Yes I can do that.

Senator WEBBER—One of the instances of this that has been given to me comes from very late in May.

Mr Parsons—Is that the print date or the date that the—

Senator WEBBER—That is the date of the resume that this job seeker is not particularly impressed about. It says things like ‘job raised for job seeker’ and further down it says, ‘ongoing 10-day contract’ and then further down it says, ‘full-time position for last 12 years—multiple positions’. That does not seem to be a very useful thing for a job seeker to be taking to potential employers.

Mr Parsons—We made a fix which would enable Job Network to amend employment history on 2 May.

Senator WEBBER—And everyone throughout the system knows how to do that and they should have been able to fix it by then?

Mr Parsons—They certainly should because I have a regular email exchange with over 350 Job Network recipients and I communicate via that email the changes and the enhancements to the system that are occurring. I have an email in front of me dated 2 May where I announced that fix.

Senator WEBBER—There has not been any feedback from any of the providers about how that is not working—it is all hunky-dory from 2 May?

Mr Parsons—The lingering feedback, now that I have made that amendable, is about why I insist on having a precise date for the start and end of an employment placement. Job Network members interview job seekers and when they learn that a job seeker worked for a

particular company back in 1996, although the job seeker cannot remember the precise date that they started, the system requires them to enter a day and a month. Some of the Job Network people are saying that they should have the capability of saying mid-1996 as opposed to 1 June 1996.

Senator WEBBER—I have been told that there were still problems up to 27 May—I will take your word for it that it should all have been fixed by 2 May—but you would have to concede that the way it was before then was not actually producing usable resumes.

Mr Pratt—I think we need to put that in context. What is happening is that the system is actually populating the fields automatically with records which have been there for some time. That, in fact, assists the Job Network member to develop the resume. In the future, we would expect that they will fill all that in themselves. What Mr Parsons has done with his fix has now given them the capacity to amend the information that is there so that they are not starting from scratch. The fix went in at the beginning of May, vocational profiles started to be created mid-April but relatively few were done in the first few weeks, so the example you mentioned there is very likely an isolated instance.

Senator WEBBER—But that would only be the case if the initial data that they have captured from your historical files is good though? Otherwise they are going to have to create the entire thing and in terms of your vocational profiling—your 45 minutes and your 20 minutes and what have you is out of the window?

Mr Pratt—Not necessarily. What I am saying is that they have a swag of information there which has been captured over the years. Sure, in some cases some of it may not be in the format which is ideal for the resume, but they will be able to edit it, change it and put in information which suits their needs. But if you look at the other side of the equation, they also do not have to key in all of the useful information that has been gathered from the system.

Senator WEBBER—But seeing as this is your historical data and you have developed the program, surely you should have been able to participate.

Dr Boxall—The point that Mr Pratt is making for the department is that the system is populated with all of this information, and it may well be that some of the information which has been collected some time ago is not suitable for the resume. After Mr Parsons introduced the fix at the beginning of May, it is now possible for Job Network members to take that information and present it so that it is useful. The advantage of doing that and populating the whole lot was that they do not have to type in all of the information. Indeed, some of the information that is populated is readily used, and that is the point.

Senator JACINTA COLLINS—Mr Pratt, was there something that prevented Job Network members prior to 1 May from being able to adjust the historical data into a presentable resume?

Mr Pratt—Yes.

Senator JACINTA COLLINS—What prevented it?

Mr Pratt—Mr Parsons mentioned before that for a while the screen was locked in that area—that is the fix which was introduced—but it was only for a couple of weeks.

Senator JACINTA COLLINS—What precluded the Job Network member from then modifying that after it had been accessed?

Mr Pratt—The field was locked on the system.

Senator JACINTA COLLINS—So you would have to cut and paste a document to remove it?

Mr Pratt—That was one option, yes. But since 2 May, several weeks later, they can now go directly into the data and update it.

Mr Correll—I note that that would have represented the first 2½ weeks of vocational profile appointments, which is a very small proportion. It would constitute about one per cent of the job seekers that are being called in for vocational profile appointments.

Senator WEBBER—What was the time frame between when the department became aware of the problem with the resume system and actually fixed it?

Mr Parsons—I would have thought it was approximately one week from the time we learnt of the difficulties with the quality of the data, such as you have quoted, and the time I was able to safely make the change, test it and implement it.

Mr Correll—I would also emphasise that we are in the transition period at the moment. These changes come in, in full swing, from 1 July. We are working through this transition period to ensure that we have the best possible vocational profiling tools and resumes in place for the operation of the active participation model.

Senator WEBBER—Was there any effort to test the resume system before it was provided to Job Network providers?

Mr Parsons—Yes, there was. I do three levels of testing before products go out. I do usability testing in a purpose-built laboratory. I do acceptance testing—

Senator WEBBER—It sounds painful, Mr Parsons.

Senator JACINTA COLLINS—You are going to have to tell us what a purpose-built laboratory is.

Mr Parsons—It is a little like what you see in the medical training field, where they have an observation deck and trainee doctors can look into the operating theatre. We have the same facility for our people to sit behind one-way glass and observe people using the IT products that we build. We then take that early feedback and adjust the products or the training materials. We have the usability testing in our lab, we have acceptance testing to ensure that the IT products in fact conform with the macro policy requirement, and then we do performance testing before the products go out.

Senator WEBBER—Did any of these problems that I have talked about today come up when you tested?

Mr Parsons—No. The problem you have talked about with the quality of the data is always a tricky one for us to test because there is literally so much data in the production database that you cannot definitively cover all angles.

Senator WEBBER—That is often why people then pilot your programs, isn't it, rather than introduce bugs system wide?

Mr Parsons—I would not say it was actually a bug.

Senator WEBBER—Introduce a big difficulty.

Dr Boxall—Senator, we are not into introducing bugs system wide.

Senator WEBBER—Sorry, that was the wrong choice of words; I understand your sensitivity there, Dr Boxall.

Dr Boxall—It is not a matter of being sensitive. The department has not introduced bugs system wide. The department is putting in place this program well in advance of 1 July.

Senator WEBBER—Okay, let me rephrase that: what you have introduced is a system-wide shortcoming that has had to be fixed before 1 July.

Dr Boxall—No. What has happened is that we have introduced a system and, when the data was put up, it turned out that some of the data was not readily amenable to be presented in resume form. When that field was unlocked, the data was readily amenable.

Senator WEBBER—But isn't one of the key aspects of this whole program meant to be the production of resumes in terms of providing assistance for job seekers?

Mr Parsons—And it does that now.

Dr Boxall—It does that now, even before 1 July.

Senator JACINTA COLLINS—What was your testing sample?

Mr Parsons—What we generally do in that acceptance testing arena is a mixture of making up test data to ensure that all of the pieces fit together and we also do some extracts from the production database—we change the IDs to address the privacy concerns—and then run that through. I would suggest that what has happened in this instance is that the sample we took from production did not include any of the data that we are talking about.

Senator JACINTA COLLINS—So in the lab you do not use real job seekers?

Mr Parsons—When we are doing useability testing?

Senator JACINTA COLLINS—Yes.

Mr Parsons—If the product is destined for use by job seekers, then our useability laboratory manager will recruit job seekers from the nearest Centrelink to come in.

Senator JACINTA COLLINS—Which is where?

Mr Parsons—A block and a half away, at Centrelink in Braddon. If the product is Job Network focused, we have a register of Job Network agencies whose staff are willing to come through the laboratory. So the audience depends on the nature of the product.

Senator JACINTA COLLINS—And you cannot tell me offhand the size of the sample?

Mr Parsons—It varies again. Usually, what we will do is repeated runs through the lab. To make it manageable, we usually have 10 or a dozen candidates in a sitting.

Senator JACINTA COLLINS—Which explains in part why some of the problems that Senator Webber has been referring to were not necessarily identified.

Dr Boxall—They were identified well before 1 July. They were identified at the end of April.

Senator JACINTA COLLINS—No, but they were not identified in the testing.

Dr Boxall—No, they were not identified before the end of April.

Senator JACINTA COLLINS—In the testing process. In the pilot process, they were not identified.

Mr Parsons—Senator, I should clarify: the 10 or a dozen relates to the useability testing. The issue that I think we are talking about here is the acceptance testing of the quality of the software. That is where we take much more than 10 or a dozen records out of production into the test environment and run them through. Typically, we take out anything up to 1,000 records.

Senator JACINTA COLLINS—I am more concerned about the sort of testing you do which uses job seekers and sends them away with resumes that include some of the phrases Senator Webber has just been referring to for them to present to employers.

Senator WEBBER—Mr Parsons, you said before that you thought there was about a week between when the resume problem was brought to your attention and when the fix was put in. Can you take me through that week and what you did?

Mr Parsons—Typically, what happens in the way we are developing the software is that I have four different environments. I have a development environment where is programmers are manufacturing the code. Once they are satisfied that the code is in a fit state to move up for integration testing, it goes to that plateau where there is some integration testing that is performed to make sure that each of the components handshakes with the others. Once that is deemed to be stable, it then moves to a formal acceptance testing environment. That is where I have my testers come in and check out that the system actually conforms to what their requirements are. Once it is passed that, it goes into a preproduction environment where, amongst other things, we can do performance testing to make sure that the fix we are about to put into production does not cripple the production system. Once those tests are all passed, we then—currently once a week—schedule an implementation of a fix or an enhancement into the production environment. That process, as you would understand, does have a reasonable lead time. If I rush it, it can be the cause—in fact, it has been the cause—of some instability. We have now tightened it up so we have roughly a one-week turnaround.

Mr Correll—Effectively, Mr Parsons has put that enhancement into resumes in as fast a time as is realistically possible.

Senator WEBBER—A week is a very impressive turnaround.

Mr Parsons—Thank you.

Senator WEBBER—The pleasure is all mine. I want to go to the automated overnight job matching that your computer system is going to now do. How are these searches constructed? By that I mean: are you going to use this employment history screen?

Mr Parsons—That is actually a very complicated process and it is one which we did a lot of research on before settling on an approach. We looked at the offerings of some of the commercial search engines—the Yahoos, the Googles et cetera. What we have eventually settled on is a process which weights various factors. It takes into account geography, so you are only matched with jobs that are in an area in which you have expressed interest. It also takes into account the job title and the occupation category. Then it scans through the description of the job, pulls out all of the noise words, settles down to just the key words and does a ranked match against some of the information that is on the job seeker vocational profile—the matching preferences part, in particular.

Senator WEBBER—Can we be confident that this system is not going to have the same difficulties that the resume system had? Can we be sure that job seekers will not be matched to every job possible because of data problems?

Mr Parsons—That is an interesting question because, at the end of the day, the matching does rely on the information that is in the system. What we have done to try to maximise the quality of the match is we have pulled down the number of automated matches to a more manageable number ahead of 1 July. Whilst we are in this interim period, there is no capability in the system for an employer to say, ‘I only want to see a short-list of five.’ So we have enforced a hard limit of no more than 20 matches.

Senator WEBBER—Is this linked into the SMS trial?

Mr Parsons—More or less, yes.

Mr Correll—Yes, that is one of the communication channels that we use to notify job seekers of matches.

Senator JACINTA COLLINS—So job seekers could get 20 SMSs in the morning after an overnight search?

Mr Parsons—They could. The current statistics suggest that the average is somewhere between two and 2½ matches. The maximum we are running at that I have seen is 10.

Senator WEBBER—So some of that data comes from the actual vocational profiling?

Mr Parsons—Yes. There is a portion of the vocational profile where the job seeker can say to the Job Network member, ‘My matching preference is this particular facet of my experience,’ and we can cater for five preferences.

Senator WEBBER—Can they be matched to the same job more than once?

Mr Parsons—No. There is a check in the system to prevent that, unless of course the job slips through our duplicate vacancy checking that was spoken of earlier in the day.

Senator WEBBER—So job seekers can be confident that they are not going to have a lot of their time wasted by being matched to every job that they are suitable for?

Mr Parsons—Yes, I think that would be the case.

Senator WEBBER—Last time we met, I asked some questions about the tendering process and how new entrants entered a particular market place. I was told that the tendering process meant that there are many factors that would be considered if, for example, a provider

from Melbourne wanted to set up in Perth under ESC3. However, the impression I got was that there was no real impediment to that taking place. Is that correct?

Mr Hade—When we discussed it last time, I took you through the key selection criteria in the request for tender. We went through how one of those criteria was a demonstrated capacity to provide active participation model services. The other criterion was a demonstrated capacity to achieve active participation model outcomes.

In making the assessment for both of those criteria, we looked at the capacity of the organisation to provide services and to achieve outcomes within particular labour markets and especially in particular employment services areas. In making that assessment, those things were taken into account. Where tenderers were successful in the tender, they had been able to demonstrate the capacity to provide services to the local job market. Where they were successful, they had demonstrated to us that they had the capacity to achieve job outcomes in that market.

Senator WEBBER—Can you give me a bit more of the process that was worked through to determine whether a high-performing provider from another state got to set up in, say, my home state?

Mr Hade—Certainly, Senator. Let me take you through the whole process; it might put a bit more light on it. There were several stages in the tender process. Some of those were fairly straightforward or routine tender processes. There was a conformance stage, which basically was there to make sure that all tenderers provided the appropriate and correct information for the assessment of the tender. There was a good governance phase, which looked at the way organisations operated. There was a financial viability assessment; and then there was a rating—an assessment against the two selection criteria.

The tenderers were given guidance on the sort of information that we sought from them in respect of providing services and achieving outcomes. In particular, we asked them to detail services and strategies, which we expected them to put forward. Where there were significant numbers of job seekers from disadvantaged groups, we also asked them to provide specific services and strategies for those groups. We asked tenderers to provide us with information about the labour market in which they were tendering. We asked them to demonstrate knowledge of that labour market. Similarly, in making the assessment for the capacity to achieve outcomes, we were seeking evidence from them that they would be able to achieve outcomes in that particular labour market.

It may well have been the case with some tenderers that they were able to demonstrate successfully that they had provided services or achieved outcomes in similar sorts of labour markets. Clearly, there are some similarities between different labour markets around Australia. The key thing that we were after in this was to require sufficient information to demonstrate to us that, if a tenderer was entering this employment services area or entering this region, they would be able to provide services and achieve outcomes. Remember that this was a competitive tender process and that you would have had many existing organisations within the area already. The organisations seeking to enter the region or labour market were required to provide sufficient evidence to us to demonstrate that they could translate that experience into this new labour market.

Senator WEBBER—With the new round of tenders—and given the fact that my understanding from last time was that a highly successful provider from other locations would be treated on exactly the same basis as local or existing providers—why are there no new players in Perth at this time?

Mr Hade—Ten out of the 11 existing providers in the Perth labour market region continued in the region, and there was one new entrant in that region.

Senator WEBBER—That is for all of metropolitan Perth?

Mr Hade—That is the Perth labour market region, which would cover all of metropolitan Perth. Within that, there were certainly some fluctuations in business shares, which were principally based on performance. Where tenderers had indicated that they would be able to provide services quite strongly already, or where tenderers in particular were performing quite highly in the ESC2 and particularly in intensive assistance, that was taken into account in making the assessment.

Senator WEBBER—Who is the new entrant in Perth?

Mr Hade—The information is listed on the web site. The new entrant is WorkFocus Australia.

Senator WEBBER—I find it interesting: I was scanning the job advertisements in the *West Australian* and I noticed that a lot of interstate job network providers were advertising in the paper for staff, obviously in anticipation of getting work in Perth—but clearly it was not to be.

Mr Hade—Our web site and the publicity material show the providers which have received business in Perth, and clearly some of those are organisations which would be regarded as national organisations. They were all operating within the Perth labour market region already.

Senator WEBBER—What about in other regions in WA?

Mr Hade—There are two other labour market regions in WA. The second one of those is the southern WA labour market region, which principally picks up basically from Perth down and around the bight.

Senator WEBBER—Where do you put Mandurah? Do you put it in the southern region or in the Perth region?

Mr Hade—I think it is in the Perth region—somebody in the department will be looking that up immediately!

Senator WEBBER—It is a constant quandary across federal and state governments.

Mr Hade—We will get back to you on that in a moment or two.

Senator WEBBER—Take your time on that one. So basically it is from the end of Mandurah down through to the south-west?

Mr Hade—It goes from the bottom of Perth, the bottom of the Kwinana-Rockingham area roughly, down below to the Albany area, and it then swings below to the south.

Senator WEBBER—Mandurah is below Rockingham-Kwinana; it is a separate area.

Mr Hade—I do not come from Western Australia. We will let you know.

Mr Douglas—Mandurah is in the southern region, along with Albany and Busselton.

Senator WEBBER—So it is not in the metropolitan Perth region?

Mr Douglas—No, it is not.

Senator WEBBER—You go to the top of the class!

Mr Douglas—And it does not go as far as Esperance; it stops after Albany.

Senator WEBBER—So Esperance is in the ‘northern’ region?

Senator GEORGE CAMPBELL—I would rather be walking from Perth to Mandurah than from Mandurah to Albany!

Mr Douglas—I would not be walking to either of them—unless I had a long weekend!

Senator GEORGE CAMPBELL—It would not do you any harm!

Senator WEBBER—Very good answer, Mr Douglas. I certainly would not walk to either of them.

Mr Hade—To fill in the details: there are five providers in that labour market region. Four out of the five are existing providers, and there is one new provider.

Senator WEBBER—Who is that?

Mr Hade—That is Professional Vocational Services, which was an existing ESC2 provider in Perth. It is a local Perth organisation, and it is now amongst the top 10 providers in the country.

Senator WEBBER—What about the other region?

Mr Hade—The other region is up north.

Senator WEBBER—And out east; and down south, if we are going to Esperance.

Mr Hade—I need to preface my remarks here by saying that the purchasing process in the greater WA labour market region—which is basically that area above Perth and then all the way up to the border—has not been completed. In the request for tender, we indicated that, where the tenders which we received were perhaps not appropriate or where the services which were to be provided under the active participation model may not have been fully appropriate to many of the job seekers, we would be looking at moving to fee-for-service arrangements.

In very general terms, what we have done in that area is allocated some business already to providers. On my notes here, there are five providers in that area and they were all providers in ESC2, albeit perhaps with a little bit of movement between employment services areas. We have allocated business to those areas where the active participation model is appropriate. Where the active participation model was not appropriate—with one exception in Broome—we have had a process of discussions to determine more appropriate service provision models. We have recently conducted a fee-for-service process where we sought expressions of interest from providers and are now, at the moment, going through those expressions of interest to identify where we will be able to provide business to more providers in those areas. But as I

said, there are five providers up there and they are existing providers, albeit with a small amount of movement between different areas.

Senator WEBBER—Can you tell me where those areas in which you have deemed that assistance is appropriate are?

Mr Hade—Yes. They are in four areas: the East Kimberly, East Pilbara, Karratha and West Kimberley employment services areas.

Senator WEBBER—So there is nothing for Kalgoorlie. That is in the north even though it is east.

Mr Hade—Yes. Kalgoorlie was not identified as part of this process. That is in the Goldfields employment services area and business has been allocated to providers there. That is not part of the fee-for-service process.

Senator WEBBER—Therefore, you obviously have a provider that takes care of the wheat belt as well.

Mr Hade—Yes. In this part of the world, clearly, there can be challenges with providing services.

Senator WEBBER—There are many unique challenges.

Mr Hade—There are two factors which I should emphasise in this. As I said earlier, tenderers were asked to identify how they would provide services to job seekers. In these areas tenderers had to identify how they would provide services to all of the job seekers in an area, be it Kalgoorlie, Leonora or whatever. When we came to a later stage of the tender, the business allocation phase, the delegate took great pains to say, in every employment services area, ‘How will we be servicing the job seekers here or here or here?’ If it turns out that at the end of this there are still some areas where either the model is not appropriate or, for whatever reason, job seekers are not being serviced adequately, we have always indicated that we have kept the right to go to further fee-for-service to ensure that job seekers are adequately covered.

Senator WEBBER—Was there much movement in other states in terms of interstate providers coming into their market, or is the WA experience par for the course across the board?

Mr Hade—The WA experience, speaking off the top of my head, is generally fairly typical. What we must remember now is that we have a fairly maturing market, so there is a strong degree of knowledge about the market and there is a strong degree of knowledge about the way in which services are provided. At the same time—drawing from my own identification of the tenders and from discussions that we have had in the debriefing—there are always going to be situations where providers will be seeking to move interstate. Again, I can remember that there were a couple of occasions—I cannot give the details of course—where WA providers were seeking business in other parts of the country. Certainly on the east coast of Australia there are instances of providers seeking to move interstate into other labour market regions and so forth.

Senator WEBBER—So the WA market is seen as being relatively mature. Do not get me wrong: I am from WA, so I am probably one of the most parochial people around, as I am sure

Senators Campbell and Collins can attest. There are people from interstate and who operate on the east coast who have put it to me that breaking into the WA market seems nigh on impossible.

Mr Hade—It is a mature market. That means that there are always going to be those sorts of challenges. But at the same time it is never ruled out. But as we talked about right at the start, one of the things on which we placed strong emphasis was the ability to service local job seekers—that is, to know the local job market and then to provide services as well as possible within that job market. To that extent, people who work there will have that knowledge already if they are good, strong performers.

Senator WEBBER—Absolutely. There are some exceptionally good contributors to the local market; there is no doubt about that.

Mr Correll—It is worth remembering that the purchasing process involved two components. The invitation to treat was based on around 60 per cent of the business nationally but based on the high performers in the marketplace. Typically where you have a high performing situation—like Perth, for example—where you have a number of high star rating providers, there is going to be a relatively limited amount of business available through the tender process at any rate and it makes it harder to break in. Also, I think it is fair to say that competition, in the capital cities in particular, is pretty tight now, and fierce, for securing Job Network business. Probably in all capital cities across Australia there is very fierce competition for business.

Mr Pratt—It is also worth noting that nearly half the organisations providing Job Network services in WA are multistate providers whose origins are in different parts of the country.

Senator WEBBER—I understand that there are some very good providers there. I have been to visit some of them. That is fine. I am just interested in teasing out whether there is any new business available.

Mr Hade—Mr Correll mentioned a moment ago the numbers of bids, so there has been very strong competition. Just scanning down some of the information that we had, in some of the areas in Perth we had between 20 and 29 bids on the market. That is a lot of competition. It is allied with the times, because of the limited amounts of ITT work available.

Senator WEBBER—That is fine. As I say, being a parochial Western Australian, I am just trying to make sure that WA job seekers get to access the best possible providers. Who is on your tender assessment panel for each state or region? Is it just representatives of DEWR or do you look outside?

Mr Hade—The tender assessment had several stages. The tenders themselves were each assessed by a team of two departmental officers—one from national office and one from the state office. Every tender was reviewed by a senior departmental executive—either a state manager or a national office senior executive with relevant experience. The probity adviser reviewed a large sample of tender assessments to ensure that they complied with the guidelines set out in the request for tender. As well as that, there were independent observers. These were people who had volunteered to come from different organisations around the country to observe aspects of the tender process. Certainly those and the probity adviser were completely free to look over people's shoulders to request to see information and so forth.

There was a tender review committee and then the business allocation phase, where the delegate reviewed all of the preliminary business allocation and satisfied himself that everything had been done consistently and fairly. I might add that at the business allocation phase the delegate often asked to look at information provided in tenders and often asked to look at assessments which were made. All of these key processes were overlooked by the probity advisers. So the probity adviser sat in on all of these key phases—that is, the tender review committee and the delegate's decision making phases—to ensure that the processes as set out in the request for tender were followed. As we indicated, at the announcement of the results the probity adviser has given us a clear report on the processes in the tender.

Senator JACINTA COLLINS—Who are the probity advisers now?

Mr Hade—The probity adviser was Blake Dawson Waldron.

Senator JACINTA COLLINS—Then it has been through three rounds?

Mr Hade—This is the third time that they did it, yes.

Mr Correll—There was a tender process, in fact, for the probity advisers this time round as well.

Senator JACINTA COLLINS—How many sought the job?

Mr Correll—After you asked that question at the last estimates—

Senator JACINTA COLLINS—Did I ask it? I am sure I did not ask it at the last estimates.

Mr Correll—You did, yes.

Mr Hade—Mr Pratt tells me five.

Mr Correll—At least five.

Senator WEBBER—So each decision was a mixture of state and national officials, so there cannot be any accusations about state based bias from state based officials?

Mr Hade—That is correct. The assessment was carried out by that mixed team but then there were separate phases of almost independent review coming through at different stages on it, yes.

Senator WEBBER—Can you provide us with a list of exactly which Job Network sites will cease to continue operating after 1 July?

Mr Hade—That will take some time to put together.

Senator WEBBER—You should have a rough idea of who you have defunded by now.

Mr Hade—But there is also a degree of movement between sites for existing providers and of course there are going to be new sites for providers coming into the market. So you could well get situations where you may have, on a particular street or a particular block—if it were to arise—one provider leaving and then another provider coming into a similar area. But there is a degree of movement at the moment. Some tenderers have received different amounts of business, and there is a degree of movement that we are working through at the moment, so we would not have that information available for a little time yet.

Senator JACINTA COLLINS—How long will it take for this information to be available?

Mr Hade—I think that we would not have a clear idea of that until well into July.

Senator GEORGE CAMPBELL—Have we got rid of the five providers on the one street in Ballina, Mr Hade?

Mr Hade—I checked that at lunchtime. The record shows there are three providers in Ballina. I do not know where they are but there are three providers, from memory, in Ballina.

CHAIR—Ballina has a very long main street.

Senator TIERNEY—I do not think they were on the main street.

Senator WEBBER—And a very busy one, obviously.

Mr Hade—But, if I could just add to that, the interesting point is the one that Mr Correll made at the start of the discussion, which was that under ESC3, with the active participation model, there is a very strong difference in the way in which we provide services now. From memory, one or two of those sites in Ballina were JobSearch training sites. Now all of the existing sites provide the full range of services to job seekers.

Senator WEBBER—A full range of services?

Mr Hade—Each site now provides the full range of services.

Senator WEBBER—So a job seeker would be able to access all of the Job Network services at a job placement organisation?

Mr Hade—Not job placement, but Job Network.

Senator WEBBER—Okay, so what range of Job Network services can a job seeker access at a job placement organisation?

Mr Hade—At a job placement site there are no services directly provided to job seekers but they do take part in the overall process.

Mr Correll—There is a very good and definitive document that we would be very happy to table, which describes in detail the job placement services. Summarising that, job placement involves the provision of labour exchange services, involving canvassing employers for vacancies, recording vacancies online on the Australian JobSearch system, screening and referring suitable job seekers to employer vacancies, recording placements on the department's computer system, checking and confirming with employers before making a claim for payment and then making claims for payment on the DEWR's computer system. That is a full description of the range of job placement services. So a job placement organisation has a key role in screening and referring job seekers to employers. Invariably you would see a job placement organisation, therefore, having a face-to-face interview with a job seeker before taking that referral to an employer.

Senator WEBBER—That would be great if you could provide that document later on.

Senator GEORGE CAMPBELL—Can you just explain to us what the difference is between a job placement organisation and a Job Network provider?

Mr Correll—Yes. Effectively, under the active participation model, a Job Network organisation is very much focused on the job seeker. The nature of its business is focused on the jobseeker. It is basically looking at getting a vocational profile for the job seeker onto the system and using the job seeker account and complementary programs to help the job seeker get into a work opportunity—providing all that assistance. A job placement organisation is employer focused. It is about getting vacancies from employers onto the national jobs database so that they can be matched with the vocational profiles. The job seeker is then notified of those matches and makes contact with the job placement organisation that has put the vacancy on the database. That job placement organisation will then screen—as would occur normally—the job seeker for suitability for that position before making a referral to the employer. So the essential difference in focus is that a Job Network member is job seeker focused, a job placement organisation is employer focused. All Job Network members are also licensed automatically to be job placement organisations, whereas you can separately apply for a licence to be a job placement organisation, without being a Job Network member. The reason for that is to attempt to maximise the source of vacancies coming through from employers going onto the national jobs database.

Mr Pratt—It might be helpful for me to give you a parallel. The job placement function is the equivalent of the labour exchange function that the CES used to offer—and then the job matching function, which was provided under ESC1 and is currently under ESC2.

Senator JACINTA COLLINS—How many job placements organisations are there?

Mr Correll—We have licensed 395. That is 395 job placement only organisations in addition to 109 Job Network members who are also job placement organisations. So the total of job placement organisations is—

Mr Hade—There are 395, plus 109, plus NEIS—

Mr Correll—That is another 40 or so.

Mr Pratt—That amounts to the best part of 500.

Mr Correll—There are about 500 or 600.

Senator JACINTA COLLINS—Who are the major players?

Mr Correll—In the recent licensing of job placement only organisations—if we focus on those—there have been some very big players involved. People like Chandler McLeod, TMP Worldwide and Manpower Inc have all been licensed. Other organisations are Skilled Engineering, Hays Personnel Services and Drake Jobseek.

Senator GEORGE CAMPBELL—These are essentially labour hire?

Mr Correll—Some of them would be involved in labour hire business. Others would be more traditional recruitment agencies or a combination of both. I think we discussed earlier how labour hire aspects were catered for under those arrangements. The key here is that it is about bringing those jobs into the database so that they can be matched against unemployed job seekers' resumes.

Senator JACINTA COLLINS—That was going to be my question: what is the advantage to the system in licensing them? Is this to bring the vacancies into the national database?

Mr Correll—That is the key advantage.

Senator JACINTA COLLINS—Are there other advantages?

Mr Correll—Yes. These organisations are also then actively involved in placing unemployed—

Senator JACINTA COLLINS—We presume they were doing that because it was their business. Not necessarily the unemployed—yes, okay.

Mr Correll—Yes, that is right. There is an incentive—and indeed, the incentive is on a sliding scale upwards, in terms of the payments—to place more disadvantaged job seekers into those jobs. The payment regime—which is documented also in this booklet—pays a higher fee, for example, for job seekers who have been unemployed for more than 12 months. That attracts the greatest fee for job placement organisations, so there is an inbuilt incentive here for disadvantaged job seekers to be placed in those jobs.

Senator JACINTA COLLINS—So if a long-term unemployed person is under one of the Job Network members, but one of the labour hire companies actually finds them the placement, then they will receive that incentive rather than the Job Network member who is providing assistance?

Mr Correll—No. In fact, if you were a long-term unemployed person you would have been referred through Centrelink to a Job Network member. By definition, if you were long-term unemployed, you would be in intensive support services through a Job Network member. The Job Network member would have been investing time and effort to help get you to a position of securing employment and would be able to attract an outcome payment for securing that placement. In addition, the job placement organisation that placed the vacancy on the database would also attract a job placement fee for that and, if you were a long-term unemployed person, then that fee would be the highest level of fee available.

Senator JACINTA COLLINS—But, if you were a Job Network member that was also a job placement organisation, you would get both?

Mr Correll—Yes.

Senator WEBBER—As you have turned to that page, Mr Correll, can you perhaps take me through exactly how a job placement organisation gets paid for its activities—the range and how it all happens?

Mr Correll—There is absolutely no payment for getting a licence. An organisation that is licensed simply enters into a commitment that they are going to put all of their non-executive vacancies onto the national jobs database. Each time they place eligible jobseekers into those jobs that they place on the database, it attracts certain fee payments. Those range from \$165 up to the highest potential fee of \$550. That would be where a long-term unemployed job seeker was placed in a longer-term job—that would attract the highest fee payment.

Senator GEORGE CAMPBELL—According to the list on the web site, there are 79 job placement organisation sites in Western Australia. Of those 79, 31 are in the central Perth labour market region. How many Job Network providers are in that labour market region?

Mr Hade—It would be the 11 I mentioned earlier.

Senator GEORGE CAMPBELL—So it is 11 who are providing the full range of services, as against 31 who are providing just the employment activity?

Mr Hade—Those 11 are working across 51 full-time sites in Perth. Clearly, many of them are operating from many sites.

Senator GEORGE CAMPBELL—So they offer multiple sites?

Mr Hade—Yes.

Senator GEORGE CAMPBELL—How many of the job placement organisations offer multiple sites?

Mr Hade—I have got the list in front of me. Just glancing down the list, it would appear to me that a couple of them are operating from multiple sites in Perth. There are three or four. We can work it out for you if you like.

Senator GEORGE CAMPBELL—Going back to the other answers you gave, how many job placement organisations did you say there were nationally?

Mr Hade—Three hundred and ninety-five organisations have been licensed to be job placement only.

Senator GEORGE CAMPBELL—And 109?

Mr Hade—There are 109 Job Network members.

Senator GEORGE CAMPBELL—And what was the other number?

Mr Hade—There are 42 NEIS providers.

Senator GEORGE CAMPBELL—The NEIS program has been in place for a while, hasn't it?

Mr Hade—That is correct.

Senator GEORGE CAMPBELL—So are those 42 a continuum of what existed?

Mr Manthorpe—NEIS has also been through a tendering process, so there is a new group of NEIS providers as well. They are, like Job Network providers, automatically licensed as job placement organisations.

Senator GEORGE CAMPBELL—How many of the 42 are new providers?

Mr Hade—Three of those are.

Senator GEORGE CAMPBELL—So there were 39, and it has now gone to 42.

Mr Hade—No, there are 50 current providers in NEIS.

Mr Correll—Under the current contract there are 50, but there are 42 under the new contract.

Senator GEORGE CAMPBELL—That is 544 providers of one form or another under Job Network 3. How many existed under Job Network 2?

Mr Hade—Of the 109 Job Network providers, 102 existed under ESC2. Of the 42 NEIS, 39 existed. Of course, some of the job placement organisations may be job matching, but we have not done that analysis.

Mr Pratt—From memory, there are about 170 organisations providing the labour exchange function that job placement providers will provide.

Senator GEORGE CAMPBELL—Under Job Network 3 how many sites will be in existence?

Mr Correll—To date, there will be 2,505 sites across the country. I say ‘to date’, because we still have some fee-for-service work to come. There are some additional sites coming in. In addition, under the Job Placement organisation, the licensing program is rolling. In fact, we have stopped licensing. We will continue to consider licences as they come in.

Senator GEORGE CAMPBELL—How many sites existed under Job Network 2?

Mr Correll—There were 2,045 sites.

Senator GEORGE CAMPBELL—So that is an additional 500 sites roughly under the current proposal?

Mr Correll—That is correct.

Senator GEORGE CAMPBELL—Do you have a list of where these sites are located?

Mr Hade—Yes, the information on our web site shows where all Job Network, NEIS and job placement sites are.

Senator GEORGE CAMPBELL—It is all on the web site?

Mr Hade—It is all on the web site.

Senator GEORGE CAMPBELL—You do not have the providers?

Senator JACINTA COLLINS—Some of them will change between now and mid-July. Is that correct?

Mr Hade—Yes, there will be a small level of change there. It is probably also fair to say that, throughout the contract period, there is a very small amount of change in sites. Sometimes, as business needs change, more sites may be put into effect. I do not want to exaggerate that but, to round it out, there is always going to be a small amount of change in the number of sites.

Senator JACINTA COLLINS—In some cases, the successful tenderers contract on the work that they have succeeded in the tender with, don’t they?

Mr Pratt—Only with our permission.

Senator JACINTA COLLINS—Yes, but that can impact on where the site ultimately may be or whether a site goes out of existence. Is that not the case?

Mr Pratt—That is correct, but if they were to provide the business, with our permission, to another provider, the other provider would have to deliver that service from an adequate number of sites to maintain our coverage and diversity and so forth.

Senator JACINTA COLLINS—But at this point in time you should know what cover and diversity you would require from tenderers, so you should be able to tell us that much immediately, I would think.

Mr Correll—In the whole business allocation process that Mr Hade spoke to earlier, one of the key factors was looking at issues of coverage and diversity across employment services areas. What is happening at the present stage in terms of the sites is that, because of the fact that we are now seeing a Job Network service where every site is providing the full range of services, that has implications for site fitout works. In many locations, some sites are expanding in size. As well as that, there is shifting of locations going on. What we are really saying in defining the precise sites, is that it will be very close towards 30 June before we have the final picture of the actual address of every single site in Australia. There is frenetic activity going on at the moment with people securing those sites and getting them fitted out for their 1 July start date.

Senator JACINTA COLLINS—But you should be able to tell us at this point in time whether there are five sites in X region.

Mr Correll—Yes, absolutely. All that information is on the web site.

Senator GEORGE CAMPBELL—Mr Hade, am I able to do a comparison between where the sites are located under Job Network 2 and where they will be located under Job Network 3?

Mr Hade—From memory, the ESC2 information is still on the web site, so you would be able to go to labour market regions and employment services areas and make that comparison.

Senator GEORGE CAMPBELL—Presumably a lot of the sites in Job Network 3 will be existing sites. Is it possible for the department to identify where sites have shut down and where new sites have opened?

Mr Hade—Yes.

Senator GEORGE CAMPBELL—Can you give us a copy of that?

Mr Hade—Yes, we can do that.

Senator JACINTA COLLINS—Whilst you can probably easily do that match on the Internet, what you cannot match, I presume, is the successful tenderers in this round with those that were already in place under Job Network 2. I think you would be looking at a three-stage comparison process to get that picture if you were trying to get it from the data available.

Mr Pratt—It would be possible to do that through an analysis of the lists of sites and Job Network members on the web site. It would be a lengthy process.

Senator JACINTA COLLINS—A lengthy process, did you say?

Mr Pratt—I think it might take you a little bit of time to do that.

Senator JACINTA COLLINS—How long would it take you to do that?

Mr Pratt—It would not be an insignificant amount of time.

Senator GEORGE CAMPBELL—Mr Correll, does that magazine or book that you have provide any differential payment for labour hire companies where the job is permanent as opposed to casual?

Mr Correll—Yes. Basically, a part of the payment structure involves a bonus payment for the placement of a fully eligible job seeker into employment that provides a minimum of 50 hours paid employment over no more than 10 consecutive working days. There is a weighting in the payments for longer term types of jobs and there are also some rules that apply, which I might ask Mr Manthorpe to comment on, in relation to labour hire companies.

Mr Manthorpe—The principal rule is that, if you are placing people into a related entity, you can only place 30 per cent of your claims into the related entity. That is to prevent organisations from recruiting into their own organisations, making claims for that and not placing anybody in other organisations. Part of the aim of the exercise is to place unemployed people with a range of employers.

Senator GEORGE CAMPBELL—How do you guard against the labour hire companies rolling over the jobs?

Mr Manthorpe—Rolling over the jobs in what sense?

Senator GEORGE CAMPBELL—They do it now; they are well known for rolling over jobs periodically.

Mr Manthorpe—They have to advertise the jobs on the web site in order for them to be able to claim a placement. The placements have to be 15 hours over five days in order to make a claim. There are limits on the number of times they can fill the same job in a given year. So there are a number of rules there.

Senator GEORGE CAMPBELL—If I am a labour hire company, I have a job in factory B, I advertise that on the site, I fill the job and the person leaves in three months, I can then readvertise the job on the site and presumably get paid for filling the job again.

Mr Manthorpe—Yes.

Senator GEORGE CAMPBELL—It is well known in the labour hire industry that labour hire companies roll over their employees on a regular three-monthly basis.

Mr Pratt—Senator, I recall that you and I discussed this at some length.

Senator GEORGE CAMPBELL—Yes, we did, at some length.

Mr Pratt—I think we also agreed that, in that example, that would be a very good thing because a job seeker would get at least three months employment, which would mean that they are off income support, and we would pay the job placement organisation a relatively small fee for that.

Senator GEORGE CAMPBELL—You would pay that four times in the year, presumably, for the same job.

Mr Pratt—That is right, and that would be an excellent outcome.

Senator GEORGE CAMPBELL—But they do it as an industrial relations strategy, not as an employment strategy.

Mr Pratt—What I am saying is that, from a whole-of-government point of view and from the job seekers' point of view, it is a very good outcome. As we also discussed at that session, we have rules in place which prevent providers from claiming a placement over and over

again with the same employer or with the same job seeker. We are able to verify that through our systems because they have to indicate which employer has the vacancy and which job seeker goes into it, as Mr Manthorpe described.

Mr Douglas—Our research also shows that, of the job seekers who are employed three months after their job matching placement, something in the order of 80 per cent of them are still employed nine months later.

Senator GEORGE CAMPBELL—That may well be the case. I am not disputing that, but I know how the labour hire industry operates. I have watched it for many years intimately. I know that they regularly, as a policy, turn their labour over on a three-monthly basis, particularly if it is unskilled labour. If you go out to Sydney airport and go through the Customs department, you will see people who are there now handling baggage but in three months time there will be different people.

Mr Douglas—The point I am making is that putting a job seeker into a job that lasts at least three months has very good long-term outcomes. The job seeker remains employed.

Senator GEORGE CAMPBELL—They do not.

Mr Douglas—They may not be in that same job.

Senator JACINTA COLLINS—That is assuming that, under an alternative incentive regime, one person would not have had a full job for 12 months in that position.

Mr Manthorpe—That is making a value judgment about the quality of the employment.

Senator JACINTA COLLINS—Yes, it is. I would think that would be a whole-of-government approach to such a matter.

Mr Manthorpe—The outcome we are looking for is employment for the unemployed job seeker. If the unemployed job seeker has got a placement that lasts for three months, that is better than them not getting a placement at all.

Senator JACINTA COLLINS—It is better than not getting a placement at all, but, as Mr Correll said a moment ago, in relation to the incentives for long-term job seekers, for instance, the incentive structure pays more if it is a longer term placement. Is that not the case, Mr Correll?

Mr Correll—Yes.

Mr Manthorpe—Yes, if it is more than 50 hours—

Senator JACINTA COLLINS—That reinforces the point that the objective is not to put unemployed people into short-term placements, rolling them over time and time again, but into long-term employment prospects.

Mr Pratt—Except, as Mr Douglas points out, that our surveys show that 80 per cent of those who are placed in a job matching placement are employed nine months later.

Senator JACINTA COLLINS—All we are asking here is: in relation to that other 20 per cent, is that a section of the market represented by labour hire companies deliberately turning over jobs because that is how they can reap profit from the system?

Mr Pratt—We have no evidence of that.

Senator JACINTA COLLINS—Do you have evidence to the contrary?

Senator GEORGE CAMPBELL—But they do not operate under the current system, do they?

Senator WEBBER—Do you expect that 80 per cent to hold now that you have organisations, like Manpower, as part of your job placement?

Mr Douglas—There is no evidence to suggest that it would not hold.

Mr Correll—The answer is that, yes, we do expect that the arrangement would work effectively. Should there be any movements in the market to suggest that there is not, we will have the tools to monitor that. Every one of these vacancies is going into the database.

Senator WEBBER—So you expect that 80 per cent of the placements that an outfit like Manpower makes will still be there in 12 months time?

Mr Pratt—No, that is not what he is saying. It will not necessarily be that job.

Senator JACINTA COLLINS—Can I just ask for some details about the limits on the number of times a placement can be filled? Can you explain how many times that is, or what those limits are?

Mr Manthorpe—Yes. The number of times in which job seekers can be placed in the same job is limited to four per year.

Senator JACINTA COLLINS—How do you work out whether it is the same job? If I am Coles and I have 50 shop assistants in my supermarket, how do you know whether it is the same job?

Mr Manthorpe—There will be alerts available to our contract managers to provide them with advice about that sort of thing and to alert them to the practices of job placement organisations.

Mr Pratt—On our database we have ‘shop assistant at Coles’ and the job seeker details. It is very easy for us to see if there has been a multiple placement.

Senator JACINTA COLLINS—How do you differentiate between a multiple placement as opposed to natural turnover?

Mr Pratt—I understand where you are coming from. The rule is: the same or a similar job. In other words, if a Job Network member or job placement organisation were to keep placing the same job seeker in a shop assistant job with Coles-Myer, even if it were a slightly different job each time, that would count towards the four.

Senator JACINTA COLLINS—So it is linked to the individual job seeker.

Mr Pratt—That is right.

Senator JACINTA COLLINS—That does not help you if an employer is turning over staff frequently with different job seekers.

Mr Pratt—We certainly would be able to see that, and if a job placement organisation were working with an employer to facilitate such a thing it would be apparent to us.

Mr Correll—We have extracted and do extract reports looking at both aspects within the labour market, and we would use those tools for job placement organisations. The only advance we will be making is that those tools will become fully automated, and they will send out alert mechanisms as soon as it is identified within the database.

Senator JACINTA COLLINS—Have you got any way of sharing those tools with us—any reports which give us some feel for what the benchmark is now?

Mr Correll—There is information in those reports that we would want to be treating as commercial-in-confidence in character.

Senator JACINTA COLLINS—I realise that. That is why I asked the question the way I did.

Mr Correll—I think I would have to take that on notice and look at the character of the reports, but I would be concerned about the commercial-in-confidence character of some of the information there.

Senator JACINTA COLLINS—I am more interested in what is available to you to, for instance, trigger alert; I have no desire to find out particularly where that occurred. As I said, anything which gives us an indication to say, ‘Okay, within the system now this is your feel for the frequency of these sorts of problems,’ so in five years time—when, who knows, we may all be sitting here still—we can see how you are performing on that basis.

Mr Correll—We can certainly comment on the processes involved in identifying those.

Mr Manthorpe—Can I also just clarify a comment I made a moment ago about the number of times in which a job seeker can be placed in the same job. In fact, the new rule in our licence is broader than that. It defines serial placement as the placement of an eligible job seeker with the same employer or with related entities more than four times in any 12-month period. That is the test that we will be looking to apply.

Senator JACINTA COLLINS—I seem to recall a discussion we had about serial placements about two years ago.

Senator GEORGE CAMPBELL—We will watch the performance of the labour companies closely, Mr Manthorpe, to see what develops over the next 12 months. Can we move on to the funding of industry bodies. Mr Pratt, last time we were at estimates I asked you some questions about the department’s funding of these bodies. I think you said that you provided the RCSA about \$100,000 per year. Can you tell us what exact amount was paid to the RCSA in 2002-03?

Mr Pratt—It is in that order. Since that time I have moved jobs. Mr Manthorpe may be able to help you.

Mr Manthorpe—I can get that figure for you in a moment.

Senator GEORGE CAMPBELL—Are you taking that question on notice?

Mr Manthorpe—No, I will be able to get it for you in a moment.

Senator GEORGE CAMPBELL—Do you know how much you intend paying in 2003-04?

Mr Manthorpe—We are in negotiations with them on that at the moment. From memory, we paid them \$200,000 in 2002-03, and I would imagine that it will be a similar amount in 2003-04. But when we move on to something else I will check my folder and confirm those figures.

Senator GEORGE CAMPBELL—Are there moneys allocated in the forward estimates for funding to the RCSA?

Mr Manthorpe—We take money out of our departmental funding. It is not specifically identified within the PBS.

Senator GEORGE CAMPBELL—I asked at the last estimates hearings about NESAs funding. The impression I got from that round was that NESAs funding was in the same order as the funding of the RCSA. However, in your answers on notice I found you had actually executed in your agreement with NESAs a payment of \$177,000 per annum as a flat fee that can rise to a maximum of \$250,000.

Mr Pratt—That is correct.

Senator GEORGE CAMPBELL—Wasn't that executed on the same day as the estimates hearing?

Mr Pratt—It was negotiated with NESAs in about November, I think, of last year. I think we got the signed contract from NESAs at about the same time as last estimates.

Senator GEORGE CAMPBELL—In fact, I am told that it was executed on the same day.

Mr Pratt—It may well have been, but the execution was the signing off of the contract. The contract itself was negotiated some months earlier and the conditions were negotiated some months earlier.

Senator GEORGE CAMPBELL—If that were the case, why weren't we provided with the information on the day we asked the question?

Mr Pratt—We did not have the information to hand. In fact I recall giving, from memory, a band in which I thought that the contract payment was made. I think I am on record as saying that it was between \$150,000 and \$250,000, which \$177,000 is right in the middle of.

Senator GEORGE CAMPBELL—Who executed the contract, on behalf of the department?

Mr Pratt—It would have been my predecessor, I believe—the Group Manager, Intensive Support Group.

Senator JACINTA COLLINS—What was their name?

Mr Pratt—It was Ms Caldwell.

Senator GEORGE CAMPBELL—Was she in attendance at the last estimates?

Mr Pratt—She was. However, as I said, none of us had that information to hand at that time.

Senator GEORGE CAMPBELL—I also noticed in your answers that, with funding for the NESAs conference and special funding, in each of the last two years the department has funded NESAs to the tune of over \$500,000.

Mr Pratt—That is not correct, Senator. We have provided for the NESAs conference about \$50,000 per year, per conference.

Senator GEORGE CAMPBELL—How much was the total funding from the department to NESAs over the last two financial years?

Mr Pratt—In 2001-02, total payment to NESAs, including conference, the contract payment and also a number of fee-for-service activities—which in fact make up the bulk of the payment—was \$531,875. In 2000-01, once again covering all three of those things—the special projects, the conference and the contract payments—the total was \$210,000.

Senator GEORGE CAMPBELL—Did you say \$531,000?

Mr Pratt—In 2001-02. We paid NESAs to assist us with undertaking a great deal of training for community work coordinators and Job Network members. We paid them to actually organise a contractor to provide that training, so a lot of that was for training of Job Network members.

Senator JACINTA COLLINS—Is this training that previously the department would have provided?

Mr Pratt—No, not necessarily. It was training on AWT related matters, particularly dealing with the volunteering sector, which at that time was a major initiative with the AWT—and NESAs contracted a provider to supply that training to many thousands of Job Network and CWC staff around the country.

Senator JACINTA COLLINS—Who was the provider?

Mr Pratt—I would have to take that on notice. I cannot recall. It may have been Volunteering Australia. They may have done it for NESAs.

Senator GEORGE CAMPBELL—So in those two years NESAs received funding of \$750,000 from various—

Mr Pratt—In those two years, yes: \$740,875.

Senator GEORGE CAMPBELL—In the next two years I understand the funding will total about \$427,000, and that is without special projects and sponsorship. Is that a correct amount?

Mr Pratt—Up to \$427,000. In the next financial year the \$177,000 flat contract payment remains and there is up to \$250,000, dollar for dollar, depending on the contributions from members.

Senator GEORGE CAMPBELL—So that is about spot-on.

Mr Pratt—Actually, I would expect it to be somewhat lower than that. They have not achieved that upper limit at any stage.

Senator GEORGE CAMPBELL—So, if you add in the funding for the conference and any special projects, they are now looking again at funding of around \$500,000 per annum?

Mr Pratt—Without pre-empting what we may do with NESAs next financial year, I guess it would be in that ballpark.

Senator GEORGE CAMPBELL—That is pretty substantial funding, given the degree of financial stability.

Mr Pratt—Keeping in mind that a lot of that funding, though, would be for fee-for-service activities, where they are actually conducting work on behalf of the employment service industry.

Senator GEORGE CAMPBELL—The contract with NESAs is going to run from 2002 to 2005.

Mr Pratt—That is right.

Senator GEORGE CAMPBELL—Are you aware of what other source of funding NESAs has, other than what is provided by the department?

Mr Pratt—I am aware generally that they get funding from their members.

Senator GEORGE CAMPBELL—Do you know what level of funding it is they receive?

Mr Pratt—Only to the extent that they would tell us what that is in order to claim the dollar for dollar amount.

Senator JACINTA COLLINS—Are you aware of whether they perform fee-for-service activities for anyone else?

Mr Pratt—Yes, in the sense that they do that sort of thing for their members. I understand they will actually sometimes receive funding from members to provide different services in relation to, for example, modelling. Can I say, though, that these are things that should appropriately be directed to NESAs, rather than to the department.

Senator JACINTA COLLINS—I appreciate that, and that is why I am not going further down that path. Regarding the jump between the year 2000-01 and 2001-02—up to \$531,000—was the differential there predominantly an increase in the fee-for-service activities for the department?

Mr Pratt—Almost entirely.

Senator JACINTA COLLINS—What, apart from the activities related to AWT, is in that basket?

Mr Pratt—We also commissioned NESAs to do a professional development needs analysis project of Job Network members.

Senator JACINTA COLLINS—What did that cost?

Mr Pratt—\$50,000.

Senator JACINTA COLLINS—What did the AWT activities cost?

Mr Pratt—\$240,625.

Senator JACINTA COLLINS—Is there anything else?

Mr Pratt—That is it, in terms of special projects and one-off payments.

Senator JACINTA COLLINS—Thank you.

Mr Manthorpe—Senator, during this small break I will just add to what I said before about what we fund RCSA. My figure of \$200,000 for 2002-03 was correct. We are expecting expenditure for 2003-04 to be somewhat less than that—somewhere closer to \$100,000. We are still in discussions with them about that.

Senator JACINTA COLLINS—I think that answer was to a question from Senator Campbell. You might need to repeat it to him.

Senator WEBBER—We had a chat before, when we were alluding to Job Network providers in the labour market and what have you, and we seemed to think that the labour market, particularly in my part of the world, was fairly mature. If you have been funding NESAs since 1999 and we are now here in 2003 with a contract that expires in 2005, what does that say about our maturing industry and our maturing market?

Mr Pratt—It is maturing as well. The industry body has—

Senator WEBBER—It is maturing more slowly than other aspects, is it?

Mr Pratt—No, I would say that it is probably maturing at about the same rate as the industry—perhaps even slightly faster. But this is very hard to quantify, in a sense, because it is a judgment.

Mr Correll—Indeed. Some of that growth in expenditure is actually a reflection of the maturing of the industry. When you look at some of the projects this year, you see that they represent examples where the industry body, NESAs, is drawing together a number of representative groups. For example, there is an IT special group that has been actively involved in looking at and working with the department on the IT developments for the active participation model. I do not think that sort of collaborative arrangement across the industry would have been possible in the early days of the Job Network. I think that is a reflection of the sort of maturing that is occurring, as are the sorts of things that are happening now in terms of the special interest groups that the National Employment Services Association has been able to form for a number of the key target groups, where there is a propensity to look at better practice initiatives that will span right across the industry. So I think that the fact that the industry has matured has in fact meant that there is a greater propensity for the industry body to play a more active, industry-wide role in better practice areas and in collaborative approaches across the industry.

Senator WEBBER—What other benefits does the department gain from sponsoring industry associations?

Mr Correll—The development and implementation of the active participation model is a major area of change. In working through that change, there are certainly major advantages in being able to speak with a body that represents industry interests as a whole. So, from that point of view, there are distinct advantages in having a strong and viable industry group. From the point of view of promoting better quality services through the industry, the stronger the industry group is the better.

Senator WEBBER—Do you just fund the two groups—the RCSA and NESAs—or are there other industry groups that you fund? And is there the possibility, with this changing labour market, that if other groups were formed they could approach you for funding?

Mr Correll—It is not quite the same, but we have contracts with organisations like the ACCI in our employment area, particularly in relation to supporting Indigenous employment initiatives. It is not quite the same model but, in terms of funding an association body, that is certainly a case where we are doing it for the purposes of promoting employment opportunities for Indigenous people.

Senator WEBBER—Can you take me through what that funding arrangement is?

Mr Pratt—I will handle the arrangement with ACCI on Indigenous employment. For many years, stretching back to the early nineties, we have had arrangements with ACCI, where they have assisted the department to promote the interests of Indigenous job seekers with their members. ACCI represent 350,000 businesses around the country, and we use them as a vehicle for getting messages across to those businesses about Indigenous employment.

In the contract we have currently with ACCI, which is just about to be renegotiated, we have a range of things they do for us. For a start, they have a national Indigenous employment manager, who is responsible for dealing with their various state and regional councils to promote Indigenous employment strategies. Their state arms are actually involved in negotiating employment placements for Indigenous job seekers. In fact, up until the end of last year, under the current contract, they placed 875 Indigenous Australians in jobs. They also do things for us in a promotional sense. They maintain a web site, an ACCI Indigenous employment web site, as a vehicle for getting information out to their members and they produce publicity material and so forth.

Senator WEBBER—Last time we met, I also asked a number of questions about the composition of the various working groups and which organisations were represented on them. I was told then that NESA picked the industry representatives—

Mr Pratt—That is correct.

Senator WEBBER—and that NESA nominated the people.

Mr Pratt—That is correct.

Senator WEBBER—Is IBM or Telstra on any of those working groups?

Mr Correll—Yes. On the information technology working group both IBM and Telstra are represented. They were represented because NESA in fact asked for them to be on those working groups. Under the activity participation model arrangements, IBM is actively involved in the roll out of touch screen kiosks to all Job Network members, and Telstra is heavily involved in the communication links. So there was a keen desire for both IBM and Telstra to attend those meetings, and so representatives of those organisations do attend.

Senator WEBBER—And to what degree did these working groups help frame decisions and advise on the direction of—

Mr Correll—They are key advisory groups. They play a very active role. The information technology working group meets fortnightly and plays a strong role in advising on the shape of the IT systems that are being developed. The transition working group has also been meeting regularly—approximately monthly; the performance management working group has been meeting probably every two months. So each of those are very active and have been

contributing in all cases strongly to the shape of the active participation model in their respective spheres.

Senator WEBBER—And there is no conflict of interest there, in terms of their roles in service provision?

Mr Correll—No, in that they attend these as representatives of the industry, and information is communicated widely in relation to the work of these working groups. So it is not a closed shop; it is information that is occurring for the industry—

Senator WEBBER—It is not a closed shop, as long as NESAs nominate you.

Mr Correll—Well, yes, if a Job Network member wished to participate, they would only need to make contact with NESAs. There is a broad crossrepresentation there.

Mr Pratt—Our arrangements with NESAs require that NESAs promulgate the outcomes of these meetings to all parties.

Senator WEBBER—But it is reasonable to say that organisations like IBM and Telstra would have a vested interest in wanting to develop new technologies in this area, isn't it?

Mr Pratt—IBM and Telstra came onto that working party as stakeholders who had already been chosen to deliver specific services underpinning the active participation model, and they were there to get feedback from the Job Network members about how they were proposing to deliver their services. They did not get any commercial advantage out of being there.

Mr Correll—All Job Network members have contracts with both IBM and Telstra as part of the active participation model arrangements.

Senator WEBBER—Okay.

ACTING CHAIR—I think we will have a break for afternoon tea.

Proceedings suspended from 3.41 p.m. to 3.57 p.m.

ACTING CHAIR—I presume these questions are directed to you, Mr Correll, but if there is someone else who can answer them then you can shift them on. How many job seekers need English literacy and language skills?

Mr Correll—I am not sure if we have that sort of information to hand. We would be able to get a handle on the number of places filled through the Language, Literacy and Numeracy Program that is operated by DEST. There is also potential for us to get some sense of the amount of literacy and numeracy training that is provided by Job Network members, but it is rather difficult to give an estimate of those numbers. We do not have information that would be particularly helpful to you there.

ACTING CHAIR—Does anybody keep information, either the department or the providers, on people who they identify as requiring those skills, as opposed to people who have actually undertaken literacy and numeracy training?

Mr Correll—The DEST portfolio operates the literacy and numeracy program, and would have data available on commencements under that program. That may perhaps be the best source.

ACTING CHAIR—Has the department undertaken any research in this area—how best to deliver these programs?

Mr Correll—Not that I am aware of.

Mr Douglas—Mr Correll has mentioned the literacy and numeracy programs made available through the education, science and training portfolio. They may very well have done some research; we have not. One of the very difficult things to do in researching this issue is to measure it. People are, generally speaking, reluctant to disclose that they have literacy and numeracy problems, and consequently it would be hard to draw up a survey base upon which you could survey people about that. I will take it on notice, to see whether or not in our survey material we have ascertained what percentage of job seekers may have told us that they believe they have literacy and numeracy difficulties. But, given the measurement difficulties, I would not expect a positive response.

ACTING CHAIR—Dr Boxall, is this an issue that needs to be referred to some other program? Should I be asking these questions of someone else?

Dr Boxall—As Mr Correll and Mr Douglas have said, maybe you could inquire of the DEST portfolio.

ACTING CHAIR—Which particular area?

Dr Boxall—The Language, Literacy and Numeracy Program.

ACTING CHAIR—Is that identified as such?

Mr Douglas—I believe it is part of their training outcome.

ACTING CHAIR—I see, it is at 2.3. It may be that we have to leave those questions for them. But can I just raise a specific issue in relation to the discussion we had about the young job seekers: have you done any analysis, or will there be as part of that program, a literacy and numeracy component?

Dr Boxall—We have taken on board a lot of the points that you made during that discussion. One thing we may be able to do, after the new active participation model is up and running and we have the job seeker account, is identify expenditure on things such as literacy and numeracy training within the job seeker account. Then we may be able to get a better idea of the extent to which Job Network members feel this is an important assistance to give to job seekers. But—and Mr Correll alluded to this earlier—we will not have that information until we have been running for a while with the new active participation model and the new job seeker accounts. So at the next estimates we may be able to throw some light on what will have happened in the first few months of this upcoming financial year.

ACTING CHAIR—I appreciate that. The issue I was going to draw attention to, which has been raised with the other half of this committee in the current skills inquiry that we are doing, is something a range of employers have raised with us. It is the issue of young people coming straight out of school with literacy and numeracy problems. I have asked the school system whether the school system is failing and they say, 'No, it is terrific.' I do not know what is happening to people from the time they leave school to the time they get into the work force—which is not usually very long—with their literacy and numeracy. The point I was

making was about these young job seekers who may be referred for additional assistance. I would like to know whether or not that is a component that is going to be looked at.

Dr Boxall—The point you raise is very well taken and we expect that Job Network members will investigate this and might well suggest that some of the job seeker account be expended on literacy and numeracy training of young people. Possibly even by the November estimates we may have some feel for the extent that the Job Network members have perceived this as a problem—and, moreover, have not only perceived it as a problem but have actually done something about it, by expending some of the job seeker account to address it. So we know exactly where you are coming from and we think that this would be a way we could get a concrete idea about how serious they think the problem is, because they will need to make a decision to expend some of the job seeker account to prepare people to actually get a job outcome.

Mr Carters—Another positive there is that, with the passing of the AWT legislation, the language, literacy and numeracy supplement of \$20.80 a fortnight will now be payable to young people who participate in language, literacy and numeracy training. So that will be a boost as well.

ACTING CHAIR—Is that \$20.80 a fortnight?

Mr Carters—That is correct. It all helps.

ACTING CHAIR—I will refrain from making a comment about that.

Senator WEBBER—Earlier, I started to talk about Minister Brough's press release on 6 May, and we got distracted and went into another area. I would now like to come back to it. We talked about how when he launched the new touch screens he claimed that 1.5 million Australians were expected to use the system each month. What methods are you going to use to count how many people use the touch screens each month?

Mr Manthorpe—We can count them on the system. We know how many people are using the touch screens.

Senator WEBBER—You know how many individuals are using them—as opposed to the same person using it multiple times?

Mr Manthorpe—I am not sure about that. I would have to take that on notice.

Senator WEBBER—I do lots of Internet banking and my bank would probably count me as being seven different customers in one day, because I log on that often.

Mr Manthorpe—Using the job seeker ID, we can identify which individuals are using the touch screen, I am advised.

Senator WEBBER—So you will capture the data through job seeker ID numbers. The last time we talked about these, I asked questions about the kiosks and was told that the roll out was being handled by IBM. How is the roll out going?

Mr Correll—Very well. I might ask for assistance here from my colleagues, but from memory the first 159 of the kiosks are due to roll out by 12 June. That is the first 159 of 2,000 kiosks, so we are underway and progressing well on track, I think.

Senator WEBBER—When do you expect to have finished the roll out? What was the total—about 2,000 or something?

Mr Manthorpe—Yes. It is about 2,000. And Mr Correll is correct, the roll out is on schedule and we are anticipating completing the roll out by 31 August.

Senator WEBBER—Just going back to the point before, about tracking the number of people who use the touch screens: if you are going to track that by job seeker ID, how are you going to track people that do not have job seeker ID? If that is not an important issue and you do not want to track them, that is fine; I will accept that.

Mr Manthorpe—If you have been to Centrelink, you would have a job seeker ID, as I understand it. So that is how we would track registered job seekers.

Senator WEBBER—So it is only registered job seekers. Last time I also asked some questions about costs, and I was told that a fee of \$7,000 covered the costs and servicing charges for each kiosk. I just want to get an indication of the telecommunications costs that are likely to be incurred for each kiosk. I asked on notice how much the average all-up cost would be for each kiosk.

Mr Manthorpe—Yes, I think you asked on notice for the day-to-day running costs of the kiosks, and I think that was provided.

Senator WEBBER—Yes. When I asked on notice about the all-up cost for each kiosk, the information I got was that it would be about \$16,537 per annum. So if the \$7,000 covers the costs and servicing charges, what does the other \$9 ½ thousand cover?

Mr Manthorpe—The ongoing communication costs associated with the connectivity.

Senator WEBBER—So those are the telecommunications costs?

Mr Manthorpe—Yes.

Senator WEBBER—It is very expensive.

Mr Pratt—Senator, just to clarify, I think you quoted the figure of \$16,000. I am not sure where that came from—certainly not from the figures I quoted at that estimates hearing. I have it here.

Senator WEBBER—It comes in response to question on notice W335_03. In that response, I was told that total operating costs of a kiosk for a Job Network member would be, on average, approximately \$16,537 per annum, including GST.

Mr Pratt—It is that apples and pears thing, sorry. It comes from a different source.

Senator WEBBER—So the extra \$9,500 comes from telecommunications costs.

Mr Manthorpe—I will just check that and clarify it for you.

Senator WEBBER—Are Job Network providers able to choose which telecommunications service they want to use for the kiosks?

Mr Correll—Yes, they can, although the primary contract arrangement is with Telstra. If a Job Network member wished to select other services, they would have to pay the full costs involved in such other services. But it is a call for the Job Network member to make.

Mr Manthorpe—The department would have to approve that. It would be subject to the department's approval.

Mr Correll—Yes.

Senator WEBBER—What does that actually mean?

Mr Pratt—Basically, it means that we have estimated how much the acquisition of the touch screen and the costs of using it over the period should be and we make a payment of that amount to the Job Network member for that touch screen. If they choose, with our permission, to do something different and what they do has an additional cost, they incur that additional cost.

Senator WEBBER—But if they can find a telecommunications company that is going to charge them less than \$9,500, are they obliged to stay with Telstra? Before we had a chat about how they are all on contract to Telstra, so does that apply for this?

Mr Correll—If they can find an alternative provider who can give them a lower cost rate—if the full cost of the consideration is lower—then, subject to having that endorsed through the department, they can choose such a provider.

Mr Manthorpe—The other issue here is that, whilst they might be able to find a provider that could do certain things more cheaply, we would incur costs as well and we would expect to pass those costs on to them, were we to approve them to use an alternative provider.

Senator WEBBER—What are those costs that you are alluding to?

Mr Manthorpe—There are technical costs associated with providing technical solutions to other than Telstra and IBM.

ACTING CHAIR—This is an integrated system that you have in place, isn't it? There is interconnectibility between all of the providers, and the kiosks are being provided by Telstra. Is the contract with Telstra for the kiosks plus the communications links or just the kiosks?

Mr Manthorpe—There is a contract between the Job Network members and Telstra for the communications links and there is a contract between the Job Network members and IBM for the provision of the kiosks.

ACTING CHAIR—So it is IBM that is providing the kiosks?

Mr Manthorpe—Yes.

ACTING CHAIR—And there is a contract with Telstra for the communications links?

Mr Manthorpe—That is right.

Senator WEBBER—Who has that contract with Telstra?

Mr Manthorpe—The Job Network members.

Senator WEBBER—So they could actually feel free to go out and get their own contracts with other providers?

Mr Manthorpe—As we have indicated, they would have to get our approval to do that. They could seek to do that, but they would have to get our approval.

ACTING CHAIR—Is the contract between individual Job Network members and Telstra or is the contract between Telstra and the collective?

Mr Manthorpe—No, it is with individual Job Network members.

ACTING CHAIR—So each individual member has signed up?

Mr Manthorpe—The vast majority of them have signed up.

ACTING CHAIR—What would be the issues for the department, if one of the providers went Orange or whatever is out there and got cheaper communication costs? What would be the issues with the department?

Mr Manthorpe—There are two things that spring to mind. One is that we would want to be sure that the quality of whatever they were putting in place met the specifications and requirements that the department has. The second is that it could—and, indeed, probably would—lead to the department incurring costs in supporting an alternative communications provider.

ACTING CHAIR—But I thought that Mr Pratt said that you would simply make the allocation to that provider of whatever the nominal fee is to everyone else and if there were additional costs to them then they would have to meet them. Is that correct?

Mr Manthorpe—Yes that is right. I think Mr Pratt made the point that, yes, the Job Network member would have to meet whatever costs were incurred as a result of that, but those costs might be substantial.

Senator WEBBER—Do you have any idea what those additional costs would be?

Mr Manthorpe—Not off the top of my head, no.

Senator WEBBER—Can you take that on notice and find out for me? It is just that it will be very difficult for providers to make an informed choice, if we do not know what the additional cost is going to be, surely.

Mr Correll—That is a matter for each individual provider and would depend on the circumstances of each individual provider. I do not think we can put ourselves in that sort of position. The bottom line here is simple. The provider can sign the contract with Telstra. If they are able to find an alternative provider that can, on a total cost basis, deliver that communication at a lower level then, subject to gaining permission from the department, they can do that. I am not aware of any provider who has sought such a permission. On that basis, our understanding is that just about all of the contracts have been signed up with Telstra.

Senator WEBBER—If a provider can find a telecommunications company that can do it more cheaply, taking into account the other issues that Mr Manthorpe has raised, do they get to keep the difference?

Mr Correll—Yes, they have a contractual relationship between themselves and whoever the provider of that communication link is, whether it is Telstra or another organisation. They pay whatever that fee is in their contract. It is a contract between the Job Network member and that organisation. It is not with the department.

Senator WEBBER—Were Job Network members told that they were allowed to talk to other providers?

Mr Manthorpe—The position that I have explained to you—

Senator WEBBER—I know it is not your preferred option, but—

Mr Manthorpe—I am just wanting to explain to you what the providers were advised up front. The providers were advised in the RFT that the preferred position was the IBM-Telstra construct, and that was based on our best assessment of the technical solution that should be brought to bear. They were told in the RFT that, if they wished to avail themselves of a different solution, they would need to get our approval to do so. From memory, it was also clear that they would bear the costs.

Mr Correll—Senator, that is set out clearly on page 44 of the request for tender documentation.

Senator WEBBER—I must remember to bring that with me next time. It would make this go a whole lot quicker. So, if a provider had a commercial arrangement with another telecommunications company that provided the rest of their suite of services—their telephone services and what have you—and that was not Telstra, would it still be the view of the department that they should use Telstra for the kiosk?

Dr Boxall—Yes. The department's position, as put in the RFT, is that they can come to us with a proposal to have a contract with an alternative provider. Subject to us approving that, they can do it. That is it.

Senator WEBBER—Did the department go out to tender on the provision of telecommunications services for the kiosk?

Mr Pratt—Yes.

Mr Burston—The arrangements in respect of both Telstra and IBM flowed from the fact that each of these organisations has been the department's preferred supplier for the services and facilities in question over the last three or four years.

Senator WEBBER—So the tender was let three or four years ago?

Mr Burston—The tender for the touch screens goes back about seven or eight years, and the contract that was arranged then has been extended under provisions allowed for in the original process for the provision of the touch screens.

Senator WEBBER—Would you care to comment on the fact that I am told by several providers that they believe they could have got a cheaper price by using another telecommunications company?

Dr Boxall—The fact is that it is outlined very clearly in the second last paragraph in the left-hand column on page 44. It states:

Any alternative network solution proposed by the provider must be approved by DEWR. All costs associated with this solution, including any DEWR development and implementation costs, must be met by the provider.

It is very clear what the situation was, and the organisations that did bid for the Job Network were aware of it.

Senator WEBBER—That does not alter the point that they may be able to find it more cheaply.

Dr Boxall—If they find it more cheaply and they want to approach DEWR, they can do it. That is why it is in there. The advice is that none of them have done it.

Mr Manthorpe—The other point is that they are being funded through the fees we pay them, to compensate them for the costs they incur in their contracts with IBM and Telstra, so they are not out of pocket here.

Senator WEBBER—It is just that, as I said, \$9,500 is—

ACTING CHAIR—I can understand what you are saying and what Dr Boxall said but the reality is that, if you have 5,000-odd sites, you would not be keen to have a whole variety of providers out there because that potentially is going to lead to a breakdown in your network very quickly.

Dr Boxall—That is exactly right, and that is why that paragraph was put in the request for tender document—to address exactly the issues you have raised. The bottom line is that it was in there up front, everybody knows about it and I am advised that not one of them has approached us with an alternative solution.

ACTING CHAIR—You did say that this went out to tender?

Mr Burston—The touch screens went out to tender. There was also an informal process looking at the various coverage issues in relation to the communications provision—and also considering the fact that we had used Telstra in the past. What we came up with was an approach whereby we would suggest Telstra, as has been discussed earlier, but also leave open the question of larger organisations making alternative arrangements which would need to be approved by us and for which they would meet the full cost.

One of the key issues in that consideration, as you pointed out, is the integrity of the network and the question of coverage. We certainly need, in order to keep the costs under control, a solution which has the greatest national coverage. Without that we could end up, as you have implied, with some sort of balkanisation of the network where we would have multiple partial solutions, with the costs shifted, in effect, from the providers—who could say that they could provide the end piece, if you like, relatively cheaply—back to the department. The department would then need several sets of infrastructure to make it work in what in technocracy terms is called the back end. That would create significant costs and management issues for us. Hence the formulation in the papers that the secretary has gone through.

ACTING CHAIR—I have been there and done that and I know the problem well enough.

Mr Burston—Indeed.

ACTING CHAIR—But, if you did not go to tender for the communications requirements, how do you know that Telstra's pricing is the most competitive pricing arrangement?

Mr Burston—In the end, we believed, on the analysis we did, that it was. But again we left it open so that if the individual providers had an alternative view they were welcome to come to us with it. As you would appreciate, it is a very rapidly changing field, and there is a further complication that, because of the nature of the Job Network, for the very large organisations—the large providers—we have been able to provide cost effectively for them and for us different technology connections to those we provided for some of the smaller providers. So we tried to be flexible wherever we could, with—as you have acknowledged—

the technological imperative that the whole thing be coherent and deliver the business outcome that we needed, which in this case was appropriate performance metrics for the touch screens. As you would appreciate again, there are issues there based on national coverage. It is relatively easy to achieve those metrics in capital cities, but the further you go from the centres of population the more you are subject to the vagaries of the network and the coverage.

ACTING CHAIR—Are you saying that Optus, for example, would not have had the network coverage to provide a similar service?

Mr Burston—On the information that we had, Telstra has the widest network coverage. Given their involvement in the provision of this communications infrastructure previously, we thought that the soundest advice to the Job Network members was to use Telstra as the preferred supplier, unless they could convince themselves and then us that an alternative was cheaper.

ACTING CHAIR—How was the pricing regime with Telstra established?

Mr Burston—There was detailed analysis of the publicly available information about Telstra pricing for this service, which technically is called TPIPS—Telstra Private IP system, I think it is called. That information is generally available.

ACTING CHAIR—What does that do? Does that compare other pricing regimes?

Mr Burston—No, that was on their pricing regime. We looked around in the market generally. One of the things that you will appreciate is that this area of technology is very rapidly changing in terms of the offerings that become available and so on—hence the fact that we worked out what we believed the sensible, preferred approach was but were very careful to leave it to Job Network members to come back with suggestions of alternatives, if they believed any were viable. As of I think last week, the latest information I have in respect of both of these contracts is that all Job Network members have now signed up with IBM GSA. In respect of the telecommunications piece, I think between 75 and 80 of the 105 organisations have signed up. So there has been a high level of take-up, given the fact that a great deal of logistics have to go on with these new Job Network contracts, in terms of sites and so on.

Senator WEBBER—What would be the total value of a telecommunications contract with 2,000 machines at \$9,500 per annum?

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

Senator WEBBER—It has been raised with me that there is now a new security system for Job Network staff for accessing the system. I understand that this new security system meant that a number of users were suspended. Could you advise me on the new security system and explain why people were being suspended?

Mr Parsons—The new security system that we have moved to moves out of the mainframe environment and into our Internet environment. The product is called Microsoft Active Directory. At the very start of the market, when we moved security records out of the mainframe repository into the Microsoft repository, some of the records were scrambled en route. When we tracked that down, it appeared that the package we used to perform the

translation was tripped up when it found special characters in company names—for instance ‘P/L’ for ‘proprietary limited’ caused that record to be dropped. Those people had subsequent problems with their access to the system.

Senator WEBBER—Did you test the system before you used it?

Mr Parsons—We certainly did. I suppose one of the lessons learned is that in the security repository we had not only the user ID and the password but also information about the company and the site et cetera. As chance would have it, the test data we used did not have any of the special characters in it and therefore passed all of our tests.

Senator WEBBER—After this happened to a user, did it take them long to be regranted access?

Mr Parsons—My recollection is that within the first two days of the market we had covered all of the people who had attempted to log on. I hasten to add that some of the email responses I have received suggest that, despite our advertising the need to write down a preset password in the week leading up to the start, some of the people who had tried to log on did not do so. So there was a proportion of people who did not heed our advice.

Senator WEBBER—When did this new system come into play?

Mr Parsons—It came into play on 31 March, I think, when we put the first version of the diary facility out there, for them to use to record their sessions.

Senator WEBBER—So that is when the new security system went on?

Mr Parsons—I believe so. It was either then or 14 April. We had two releases, and I am not sure—

Senator WEBBER—My understanding is that 14 April is a bit closer to then.

Mr Parsons—You could be right.

Senator WEBBER—Whether it was 31 March, 14 April or whatever, given that the same people were working in the Job Network on 15 April—if the date was 14 April—as had been working in it on 13 April, were there lots of people suspended?

Mr Parsons—Yes, there were quite a few.

Senator WEBBER—It seems that there were no new people coming in, so we should have been able to—

Mr Parsons—Yes, the fault was in the translation of the records from the mainframe to the new repository.

Senator WEBBER—How many people were suspended?

Mr Parsons—I do not know definitively. I am not even sure that I could find out. As they rang the help desk and said they could not get access to the system, their ID was fixed up.

Senator WEBBER—Okay.

CHAIR—At this point we will suspend consideration of output 1.2 until 7.30 this evening.

[4.33 p.m.]

Equal Opportunity for Women in the Workplace Agency

CHAIR—We are considering the Equal Opportunity for Women in the Workplace Agency.

Senator WONG—Yesterday we raised the comments contained in Commissioner Cole's report about the under-representation of women in the construction industry. Have you been asked to consider that issue?

Ms Krautil—Out of that inquiry?

Senator WONG—Yes.

Ms Krautil—No, not in that way.

Senator WONG—Has any advice been sought from you about measures that might assist in improving women's participation in that sector?

Ms Krautil—Not to date.

Senator WONG—What sort of research have you done into strategies to increase women's representation in non-traditional occupations?

Ms Krautil—As you know, we work with 2,700 employers across Australia. Many of those employers are looking at women in non-traditional roles. It is one of the four areas that many Australian companies are grappling with. We have not specifically done research on that matter, but there are a number of research projects working in that area. We are sponsoring the women in non-traditional roles awards, which will be held in Victoria in August. One of my staff members is judging those. Through that we can also inspire women into these roles. There is a shortage of women going into these roles, and of course there is the corporate culture being inhospitable once they are in these roles.

Senator WONG—Sure. You mentioned other research projects. What research projects are there currently?

Ms Krautil—The National Centre for Gender and Cultural Diversity at Swinburne University of Technology has researched that area for a long time. There is research into women in engineering. In terms of specific research, I actually do not keep a register of what research is going on.

Senator WONG—How long have you been in this position?

Ms Krautil—I have been in the role for four years. We tend to leverage off what other employers are doing. So we tend to pull best practice from other companies rather than do academic research. I see that as other people's roles. We look at the practical outcomes.

Senator WONG—Have a couple of output groups been amalgamated into one? Could you just very briefly take me through that?

Ms Krautil—Yes. In light of the Unfinished Business Review, when we came to do the PBS statement this year, we changed the reporting process that we had implemented. We now integrate education with the reporting process. When we came to do the PBS this year, we thought that it did not make sense to have them in separate outcomes. We have a conversation

with every company we contact, through reporting, about what their issues are and how can they address them. Through reporting, we leverage off the relationships in everything we do—we encourage people to come to workshops and we encourage leading companies to partner with us. When we came to do this, we thought that it was relevant in the old days when things were separate but it was not relevant in terms of where we are going now. We are structured now so that reporting is our core business, and leveraging off that are the education and advisory services we provide. We thought that was a more realistic reflection.

Senator WONG—Can you point me to the page in the budget paper, please?

Ms Krautil—It is on page 138 in the PBS. There is a paragraph at the top of the page that I can read to you, if you would like.

Senator WONG—No, that is fine. I have it here. Previously, EOWA performed both of those functions. So you are simply amalgamating your two outputs together?

Ms Krautil—We are still doing the same work. I should have made that point; the work has not changed.

Senator WONG—You are not altering the actual work you perform?

Ms Krautil—Nothing has changed in terms of what we are delivering. It has just been a strategic alignment issue in terms of how we report in the PBS.

Senator WONG—What about pay equity? Is that an issue you have researched?

Ms Krautil—We are currently developing a tool on our web site. We are working with Philippa Hall and the leading researchers in Australia on pay equity to develop the tool. We believe it is a major issue for Australian companies but at the moment they are in denial. That is a major issue. We have had money in this financial year to develop electronic tools on the web site. We will have a parallel analysis tool. On the web site we will have a survey that employees can actually use within companies to help them analyse if they do have pay equity issues. We have not had anything like that before in Australia. And, finally, it will help them with developing the solutions.

Senator WONG—Are you familiar with the librarian's case in New South Wales?

Ms Krautil—Not in detail. I depend on people like Philippa Hall to keep me informed in that area. I am aware in principle of it. Mary-Jane Gleeson from the equal opportunity office was very closely involved with that project. We have an expert group, made up of people across Australia in the pay equity area, advising us.

Senator WONG—Would you agree that it is seen as a reasonably good model in how to achieve pay equity?

Ms Krautil—Correct. We are leveraging off that in terms of the development of the tool.

Senator WONG—A similar case at a national level would be a positive step, wouldn't it?

Ms Krautil—Potentially, yes. We are looking at case studies at the moment for pay equity in terms of companies that have grappled with it without the legislative, case study requirement. We are not seeing many. We believe that we have to help companies to find where they have pay equity issues.

Senator WONG—Would you agree that there are some limitations to the voluntary road in this area?

Ms Krautil—My gut feeling is that 95 per cent of companies in Australia are in denial. On our reports, we would have most companies tell us that people are paid under the award and therefore there is pay equity. That is what our tools are being developed for—to challenge that assumption. We know all the case material has been with people paid under the awards.

Senator WONG—But on your own evidence, if only five per cent of companies are listening to what is a reasonable message from you and many other people, would you agree that there is a pretty strong argument for having some sort of national, either legislated or arbitrated, incentive to achieve pay equity?

Ms Krautil—Yes, but I struggle with what it looks like. I think the stuff in Britain is interesting. I thought the campaign that was run there engaging the community was fantastic. They have a similar pattern to what we have here. Have you seen the pocket money campaign?

Senator WONG—Yes, I have.

Ms Krautil—I thought that was stunning: ‘Pay your daughters less pocket money than your sons and get them used to working life.’ I think most people are shocked because they would not do that. I think it is a campaign we have to have in this country. Australian working women are only getting 86c on full-time weekly earnings instead of a dollar. It is a major issue for this country and for working women.

Senator WONG—Absolutely.

Ms Krautil—We find it is one of the most complex issues when we are working with employers, which is why we want clear, simple tools to help them with the process of addressing it. Then there is the bigger picture issue which you are raising about a priority for the country in terms of legislation.

Senator WONG—The alternative is looking at it through arbitration mechanisms to try to achieve at least industry-specific tools.

Ms Krautil—It is very challenging

Senator WONG—You would agree that it would be a positive move.

Ms Krautil—We should do anything we can in this country to deliver pay equity for Australian working men and women. But we have to look at it strategically because there are a number of pieces we have to put together to deliver real outcomes. If we achieve that, we will probably be amongst the first in the world. I notice from the ILO review on pay equity that women’s work is still undervalued in the 21st century right across the globe.

Senator WONG—Sure. In terms of your analysis of pay equity, is the level of inequity similar across all income levels or is it more pronounced at perhaps the chief executive end as opposed to lower paid occupations?

Ms Krautil—I do not know the answer to that. Again, anecdotally, from having worked in this area probably for about 14 or 15 years, I would suggest that the gap widens as salaries widen. But I would imagine it is just as significant for lower paid women; it is just that the

dollars are not as high as for highly paid people. Some of the AIM surveys are pretty devastating when you consider that even women law graduates, for example, are being paid less than male graduates. We find all the survey data very valuable to engage companies. We have to address the issue of pay of equal value for equal work, child-care workers' issues, and work being undervalued. Then we have to look at the fact that, where people are doing identical work, we still assume that women need more learning to do the role, or that they have to prove themselves. That is what we see in companies a lot—every time a woman takes on a new role she has to prove herself, whereas a male has to show he cannot do it. It is expected that he will be able to do the job.

Senator WONG—You mentioned balancing work and family. The Prime Minister made some statements about this matter last year. Subsequent to the announcement, were you requested or directed to do any further work on how one might achieve a better balance between work and family?

Ms Krautil—I have had one meeting with Jeff Whalan from the Department of the Prime Minister and Cabinet who was exploring what the government could do. I am not in the task group or anything like that, so that is my only involvement. I made some suggestions. It is a very important issue for this country. EOWA try to see, from a company perspective, what companies can do to make a difference, but probably only about 200 companies out of the 2,700 who report to us are a great place for women to work.

Senator WONG—When was that meeting?

Ms Krautil—Around Easter.

Senator WONG—This year?

Ms Krautil—This year.

Senator WONG—Is that the only contact you have had from what one might call the upper echelons about the issue of work and family?

Ms Krautil—That is correct.

Senator WONG—Do you have any involvement with any of the Working Women's Centres?

Ms Krautil—On and off I do. I do not have any joint projects with any, but in my time at EOWA I have met with most of them, and we support each other in terms of what they are doing and what we are doing. We have done a lot of work to try and make people aware of our web site and the material we have on the web site to help women. But we have not had any joint projects.

Senator WONG—Do you think they perform a valuable function?

Ms Krautil—I think they have the very important role of advising women, which is a very different function to mine. There is no common ground really, because they work with individual women and I work with companies. I think it is important that we do both because we need to have individual women knowing what rights they have. We can have the most empowered women in the world, but if we have the structure barriers in corporate Australia that are there at the moment it does not matter how empowered they are—it will not work.

Senator WONG—They fill a gap in the market, so to speak, don't they?

Ms Krautil—They seem to. I could not comment. It is not an area of my expertise, but they certainly have a role to play. The ones that I have met are very impressive, very passionate women who are very committed to what they do.

Senator WONG—Thank you. I now want to canvass some issues around the proposal that is contained in the budget to transfer a significant amount of the dismissals jurisdiction to the Australian Industrial Registry. Mr Wilson, have you done much planning about what that would mean: additional workload, additional facilities, additional staff and so forth?

Mr Wilson—The planning that has been done has been to the question of the volume of matters which can be expected to come to the commission in the future. It has not been down to the level of how resources would be deployed if the legislation were to be passed. I suppose one of the difficulties which we face is that there are many variables not only in the legislation but also in how it could be implemented in detail. The discussions we have had with the department have been surrounding those different possibilities. It is conceivable, for example, that there may be arrangements made between the Commonwealth commission and the state commissions about the handling of matters by dual appointees. There are considerable variables within the legislation itself—for example, the small business exemption. All of those factors have led to the registry and thereby the commission at this stage not getting into the detailed planning.

Senator WONG—You must have a range, though, of protected workload increase. How many additional cases do you anticipate you would have to take on?

Mr Wilson—The expectation at the moment is approximately another 6,000 per year. At the moment it is running at roughly 7,500 applications per year. It has been trending around that in recent years—sometimes it goes up to 8,000 and sometimes it is a little bit lower—but that is the order of magnitude that we are talking about.

Senator WONG—Your budget allocation has been increased for this purpose, hasn't it?

Mr Wilson—Yes. The budget allocation has been increased in a two-staged amount. One is an extra amount for the current year. There is \$1.4 million in 2003-04—and this is referred to on page 73—and a full amount of \$5.28 million for the year 2004-05 onwards.

Senator WONG—So that is specifically related to expanding the coverage of the unfair dismissal scheme.

Mr Wilson—That is correct.

Senator WONG—What were those figures based on? Were they based on a 6,000 increase?

Mr Wilson—That is my understanding, Senator.

Senator WONG—How many additional staff are presumed in those figures?

Mr Wilson—I am not directly aware of that. The discussions we have had with the department have been on issues such as cost of an additional member or cost of an additional staff member and also on the question of, if you have a new commissioner, how many additional staff might be needed. We have also provided information in relation to the number

of matters dealt with in past years and things such as case flow information. From that I understand the department has made its own judgments about additional members and resourcing.

Senator WONG—How many additional members are we talking about?

Mr Wilson—I do not believe that has been settled; I believe that is something which the minister and the government would need to make a determination of.

Senator WONG—But the \$5 million must be predicated upon at least some range of potential additional appointees. What are you looking at there?

Mr Wilson—Certainly it is, but it is also predicated upon a number of responses to the legislation, including arrangements with the states and arrangements for the registry and for using contractors to undertake the initial conciliation.

Senator WONG—What is the range of additional commissioners that you think will be needed for 6,000 cases?

Mr Wilson—We have not turned our mind to that directly—

Senator WONG—You must have some idea, Mr Wilson.

Mr Wilson—It is a matter that I think is very variable. We can certainly expect that there will be additional work as a result of another 6,000 or so matters coming before the commission. But, at the same time, there are quite a number of different, quite legitimate responses which can be taken to deal with that workload.

Senator WONG—Does the additional budget allocation for this measure include additional funding for more court facilities?

Mr Wilson—I am sorry; we do not know directly about that matter. The composition is something that we have not been particularly privy to. What we have, obviously, pointed out is the existing arrangements of staff and facilities but, beyond that, we have not gone down.

Senator WONG—Six thousand is about a 40 per cent increase. Is that right? No, it would be more than that—sorry. You are talking about an 80-odd per cent increase. Is that right?

Mr Wilson—I beg your pardon, Senator?

Senator WONG—You have 7,500 cases currently. Is that what you said?

Mr Wilson—Yes.

Senator WONG—And the 6,000 increase is the range of what you are looking at in terms of this additional jurisdiction.

Mr Wilson—I believe that is roughly a 75 per cent increase.

Senator WONG—That would mean a substantial increase in staffing numbers for you, wouldn't it?

Mr Wilson—It could be but, again, it depends on the response. Do not forget that those matters, or that volume of matters, are being dealt with through state tribunals at the moment. It is also the case that the commission deals with quite a number of jurisdictions in the sense

that it also deals with disputes, awards and certified agreements. Our whole workload is not unfair dismissals, by any means.

Senator WONG—But you are talking about almost doubling your unfair dismissal work. You must be projecting some staffing increases at your end to deal with that, regardless of what complementary arrangements might be made with the states.

Mr Wilson—Certainly, but we have not gone down to the level of determining how many are needed.

Senator WONG—When do you propose to do that?

Mr Wilson—We need to see how the legislation is dealt with, and we also need to take consideration of the state response or the capacity for utilising state members and dual appointees. There is a possibility, I think, that that can be done. It is also the case that the Commonwealth commission deals very efficiently with conciliations, particularly in, for example, Victoria and some of the other states, through the use of contracted conciliators.

Senator WONG—So you would be envisaging extending that.

Mr Wilson—That ultimately would be a matter for discussion between the government and the president of the commission but, certainly, I would expect that that would be the case.

Senator WONG—You would expect that it would be the case—

Mr Wilson—Correct.

Senator WONG—that there would be additional contracted conciliators.

Mr Wilson—I need to preface my comment by saying that I cannot speak for the president on in this matter; but I would certainly expect that, for want of a better word, the business model that is operated at the moment throughout the Australian commission is something that we would endeavour to continue with.

Senator WONG—Are you looking at renting or purchasing additional premises?

Mr Wilson—Not specifically for the unfair termination jurisdiction. Again, that is something which would need to be considered after the legislation had been dealt with and also the issue of utilisation of state tribunals.

Senator WONG—What do you think the chances are of obtaining agreement with the state governments to facilitate a federal jurisdiction, with the federal government seeking to impose upon a significant number of employers?

Mr Wilson—I really cannot speak for the state governments.

Senator WONG—It is pretty unlikely, isn't it, Mr Wilson?

Mr Wilson—I should not comment in that respect; we need to see what their views are.

Senator WONG—What is happening in relation to the Nauru House premises?

Mr Wilson—In the budget there is an indication that the commission and the registry are looking to relocate their premises in Melbourne. The process which we are going through is effectively to conclude an invited tender process, which is still in train at the moment. The

expectation is that the commission would end its residency of Nauru House probably mid next year—mid-2004—and that would be after I think about 24 years in those premises.

Senator WONG—What is driving the move?

Mr Wilson—There are a number of reasons. One of the drivers is some commercial arrangements to do with the landlord and their position in the context of renewal of the lease that has prompted the commission to consider alternatives. At the same time there is also the reality that the premises were designed for an operation of the commission quite different from the one which is here now and which will probably be in operation in 10 years time. The third element is related to some security issues; as with all agencies we are looking to upgrade our security. For a whole host of those reasons the existing premises in Nauru House were considered to be unsuitable. It was then put out to the market earlier this year to see what alternatives there might be.

Senator WONG—Can you explain again to me how you are going to find premises? Are you contracting for someone to look for you?

Mr Wilson—We are currently in an invited tender process, which was commenced in about February of this year. That is probably about a month or two from conclusion.

Senator WONG—Who makes the decision on the tender?

Mr Wilson—It is a joint process. In terms of making a preferred tender indication and negotiating with the preferred tenderer, that is an obligation for me in consultation with the president of the commission. In terms of approvals there are, I believe, a variety of Commonwealth approvals that need to be sought. For example, I believe there is an approval that needs to be sought from the Minister for Finance and also from the Parliamentary Works Committee.

Senator WONG—You are at the stage at the moment of inviting tenders?

Mr Wilson—They have been invited. We have gone through a process of evaluating those tenders to a point where clarifications are being sought to preferred tenders and we are expecting to narrow that down soon.

Senator WONG—The tender specifications are leased premises of a certain size?

Mr Wilson—They are very detailed tender specifications. They go to size and function and a whole host of technical requirements relating to the building and the airconditioning and the security—a variety of those sorts of things.

Senator WONG—Did you say mid next year?

Mr Wilson—The expected time of relocation would be June or July next year.

Senator WONG—Is there a consultancy established to assess the tenders at all?

Mr Wilson—There is a consultancy, certainly, to run the tender process but that is not the one which is referred to within the budget statements.

Senator WONG—Who is the consultant?

Mr Wilson—The firm that we are using is United KFPW.

Senator WONG—Was there a competitive process for that?

Mr Wilson—That is the organisation that we have used as a property consultant for a number of years. I believe there was originally a competitive tender.

Senator WONG—It predates this project?

Mr Wilson—Yes.

Senator WONG—So they assess the tenders and so forth?

Mr Wilson—Their job was to devise the tender, put it out, manage the process and then provide us with an evaluation report. Ultimately the evaluation is conducted by a number of people, including me and the president of the commission.

Senator WONG—Can you tell me what is covered by that particular budget allocation?

Mr Wilson—That budget allocation is a partial allocation towards the cost of a new fit-out. It is a presumptive amount on the Commonwealth of what a total fit-out would cost, and it is a partial contribution towards it. The remaining part of the contribution would come from within the funds of the registry.

Senator WONG—You said the specifications are quite detailed. Presumably they go to the requirements for various chambers and those sorts of things for different members?

Mr Wilson—I do not believe they go to that detail.

Senator WONG—Is there anything in the specifications regarding what the president's chamber should be like?

Mr Wilson—I do not know. I would have to specifically check on that.

Senator WONG—Do you have them with you?

Mr Wilson—No.

Senator WONG—Is there anyone here who can assist you?

Mr Wilson—No.

Senator WONG—Is there reference specifically to the requirements of the president's chambers in the tender specifications?

Mr Wilson—I do not know; I would have to check. I do not have them with me. Can I take that question on notice?

Senator WONG—If there are, could you take this on notice too? I am sure you will want to take advice on it, but I would like that aspect to be provided.

Mr Wilson—Certainly.

Senator WONG—I am interested to know precisely what the specifications are in relation to the president's chambers. I understand there have been changes to the legal requirements regarding registered organisations under schedule 1B of the act.

Mr Wilson—Yes.

Senator WONG—How long have those provisions been in operation.

Mr Nassios—The date they commenced was 12 May.

Senator WONG—So that is quite a few weeks.

Mr Nassios—Yes.

Senator WONG—Have you allocated additional staff as a result of these changes?

Mr Nassios—No.

Senator WONG—No additional resources?

Mr Nassios—No.

Senator WONG—Do you anticipate that any additional resources will be required?

Mr Nassios—I recall there was a view that we may require one additional person with potentially accounting type qualifications. At the moment we have that individual with us.

Senator WONG—One only in the Melbourne registry, presumably?

Mr Nassios—Yes.

Senator WONG—Has the registry had much interaction with the registered organisations regarding their requirements under these provisions?

Mr Nassios—I believe we have. The registrar and a number of registry officers have attended two or three meetings with the ACTU and its affiliates, both in Melbourne and in Sydney. There has also been a great deal of communication by emails. We have prepared and sent out a whole lot of fax sheets in respect of the legislation to each organisation as well.

Senator WONG—You have dealt with this yourself, Mr Wilson?

Mr Wilson—Yes, we have. What I can say is that we have given two briefings for affiliates of the ACTU, one in Sydney and one in Melbourne. They were conducted, from recollection, during April and maybe early May. We have given one briefing so far for affiliates of the Australian Chamber of Commerce and Industry. At all three sessions we emphasised to the organisations that if they wish us to come and meet with them directly—either with their officers or at an annual conference or what have you—we are more than prepared to do that and to help them through the introduction of the legislation.

Senator WONG—Do you think that organisations are prepared for the sorts of requirements these changes impose on them?

Mr Nassios—In large part the legislation reflects what the old legislation was in the Workplace Relations Act, to the extent that we are all going to have to get used to different section numbers. In the area of financial returns, where the major changes will occur, there is, fortunately, a lead-in time that has to be issued in various guidelines by the registry. I suspect that will be shortly but they will not apply until the forthcoming commencement of the financial year for each organisation. If they start on 1 July, while they will have knowledge and will have to implement those guidelines, it will not be until a year down the track that they have to actually report in respect of those guidelines.

Senator WONG—Is the registry currently within budget?

Mr Wilson—Yes, it is.

Senator WONG—Would you be satisfied that you are meeting all your statutory requirements?

Mr Wilson—I believe so. I have no information to indicate otherwise.

Senator WONG—Do you keep statistics on the activities of the commission on an industry by industry basis?

Mr Nassios—Not on an industry basis; we do not do that.

Senator WONG—How do you keep your statistics?

Mr Nassios—At this stage we just do them on a lodgment basis.

Senator WONG—You do not do any other sectoral analysis of those, like this many disputes in this sector or this industry or under this panel?

Mr Nassios—Certainly the information would be available. I will take unfair dismissals out because unfair dismissals are not categorised by industry at all, but certainly the other aspects of the commission's workload are, because of the panel system. The registry, when a matter is lodged, allocates it to a particular industry so that it can be allocated to a panel and dealt with by that panel. So, yes, it would have information in respect of those matters and the industries that those matters relate to.

Senator WONG—Sorry, are these non-dismissal matters or dismissal matters?

Mr Nassios—Non-dismissal matters.

Senator WONG—So for non-dismissal matters, you would have statistics, presumably, about the sorts of applications lodged?

Mr Nassios—Yes. For example, if it is a section 99, we would have statistics on how many would be in a paint manufacturing industry or something.

Senator WONG—Could you do section 127 too?

Mr Nassios—Yes.

Senator WONG—Do you keep statistics on how those matters are finalised—whether by conciliation, arbitration or discontinuation?

Mr Nassios—Our case management system attempts to do that, yes. Can I just say that by keeping statistics, I mean that the data is there. We actually do not retrieve the data; we do not have a purpose for doing that.

Senator WONG—Are you not able to retrieve that data?

Mr Nassios—Yes, we can retrieve it.

Senator WONG—What about the nature of the conclusion of the proceedings? Is that available also on the same basis?

Mr Nassios—Yes.

Senator WONG—So if I asked you to provide statistics on, for example, section 127 orders in a particular industry, could you provide that? Just on a statistical basis, obviously.

Mr Nassios—Yes, I should be able to.

Senator WONG—Would you be able to provide me—obviously you would have to take this on notice—with the number of section 127 orders sought in the building construction

industry over the last three years and how many of them were resolved in the different ways: withdrawn, subject of an order or conciliated?

Mr Nassios—I can recall answering a question similar to that very recently, so yes.

Senator WONG—You probably have it somewhere there, Mr Nassios.

Mr Nassios—Yes.

Senator WONG—Thank you very much.

[5.10 p.m.]

National Occupational Health and Safety Commission

ACTING CHAIR (Senator BARNETT)—I welcome the representatives of the National Occupational Health and Safety Commission and invite questions.

Senator WONG—I have got a few questions for you, Mr Stewart-Crompton. What are your priorities for the year ahead?

Mr Stewart-Crompton—I have reported to this committee previously that the national commission last year adopted the National Occupational Health and Safety Strategy, and that strategy set out five national priorities. Those five national priorities remain the priorities for the commission in the coming year and, I believe, are reflected in the Portfolio Budget Statement.

Senator WONG—Is this at page 168 of the PBS?

Mr Stewart-Crompton—Yes.

Senator WONG—What sort of progress do you think you have made in relation to those priorities and those specific targets in the national strategy, which are the percentage reductions in work related fatalities and injuries respectively?

Mr Stewart-Crompton—If I may take the targets first, we expect to be reporting progress against the targets starting in 2004. That will reflect the time it takes to get reliable data out of the compensation systems and from the other sources that we use for data. I will not attempt to predict what that information will show. There will be a very rigorous examination of progress. In terms of the other areas, I think one of the things that the commission is particularly pleased about is that every jurisdiction has wholeheartedly embraced the national strategy, and the national strategy has shaped and is continuing to shape the work plans across all jurisdictions. We are seeing a national effort in relation to each of those priorities. There is a great deal of work going on in relation to all of them, but the commission's view is that, ultimately, the test of success will be how well we are going against the national targets.

Senator WONG—Remind me what your funding is, Mr Stewart-Crompton.

Mr Stewart-Crompton—The funding is set out on page 166 of the Portfolio Budget Statement. You will see on that page that the appropriation for this coming year is \$14.34 million. We have some funds from cost recovered activities, which will lift our total—

Senator WONG—That is the difference between the appropriation and the outputs, is it?

Mr Stewart-Crompton—Yes.

Senator WONG—How does that compare with last year?

Mr Stewart-Crompton—It is a marginally smaller amount but not really a material difference.

Senator WONG—How much less is it?

Mr Stewart-Crompton—I think it is in the region of \$100,000.

Senator WONG—Wouldn't your expenses have increased, though?

Mr Stewart-Crompton—If I may just go to page 170, for the benefit of the record, it gives some indication of the appropriation. The expenses will be different this year because we have had an adjustment reflecting the transfer of the National Industrial Chemicals Notification and Assessment Scheme from the employment and workplace relations portfolio and, specifically, from the NOHSC office to the Department of Health and Ageing. There were funds transferred with that.

Senator WONG—And staff?

Mr Stewart-Crompton—And staff; 39 staff were also transferred, leaving us with a projected staff for the coming year of 98.

Senator WONG—Are you satisfied that this funding will ensure you meet the objectives set out in the PBS?

Mr Stewart-Crompton—We have very carefully planned for it, and we believe we will be successful. I should also mention that, as reported in the PBS, this is the last year in which NOHSC will have to repay the sum of \$3 million that was advanced in 2000-01 for the move. That explains why we have shown a higher appropriation in coming years.

Senator WONG—Do you do much work specifically on construction industry safety?

Mr Stewart-Crompton—One of the national priority industries is construction. The specific work that we are undertaking at the moment, with the agreement of the workplace relations minister's counsel, is examining the need for national regulatory material, which could be a national standard and codes of practice. If it were accepted by the ministers, we should go ahead and declare the kind of material that would be reflected in nationally consistent laws, all of which we believe would represent best practice in relation to occupational health and safety in the industry.

Senator WONG—Anything else?

Mr Stewart-Crompton—Not specifically focusing on the industry, apart from that activity at the national level. We are doing a number of things in relation to other injuries that are very common in that industry. Manual handling, falls, slips and trips and being hit by objects are all very common causes of injury in the industry and activities are going ahead in relation to both standards and educational work in that area. There is other work we are doing in relation to practical guidance and skills enhancement that will affect that industry but will also be of benefit, we hope, to most industries.

Senator WONG—The manual handling, education and standards you were talking about are across a number of industries, though, and are not specific to the construction industry.

Mr Stewart-Crompton—No, but we will be looking to see how we can particularly influence behaviour in the priority industries under the national strategy. Construction is one of those.

[5.18 p.m.]

Comcare

ACTING CHAIR—I welcome Comcare's representatives to the table and invite questions.

Senator CARR—Mr Leahy, on the question of pre-premium claims, I understand that Comcare has inherited the management compensation claims made before 1 July 1989. Is that the case?

Mr Leahy—That is correct.

Senator CARR—Pre-premium claims for the year ahead are budgeted at \$72.4 million, down from \$73.8 million—a reduction of two per cent. Can you explain to me why there is a reduction in the payments for pre-premium claims?

Mr Leahy—Basically it is a stable claimant group. There are no new additions to the people who have active claims in that area. In fact, it is a diminishing group. They are people who are covered by pre-1971 legislation and pre-1989 legislation. Some of them are quite old.

Senator CARR—Do you expect that trend to continue at around two per cent per annum?

Mr Leahy—It is a bit difficult to predict. What we are seeing is some increased expenditure as a result of the ageing of the claimant population. One of the challenges for us is to ensure that those increased expenses are actually as a result of compensable injury and not general ageing issues. So it is a bit difficult to predict, but a natural and logical sort of view would be that you would expect a decrease on a year by year basis in terms of payments.

Senator CARR—Is that why there seems to be a bit of a flatline assumption here? Looking at the 1999-2000 budget statement, the amount was \$72.3 million. Are you just assuming that—

Mr Leahy—Yes, basically that is it. We also get, each year, an actuary to estimate liabilities et cetera and that figures into our figuring but, as I said, in the normal course of events you would expect that that would be a marginally diminishing claimant population and that the expenses attendant to it would be diminishing.

Senator CARR—I was wondering if you could take this on notice: I would like a breakdown of the \$72.4 million for the year ahead. You used to do this in the previous annual reports. In broad terms, we are looking at the number of claimants, the nature of incapacity, the former employer, the prospects of rehabilitation and generally how these persons are looked after.

Mr Leahy—No problems.

Senator CARR—Thank you. I am wondering if you could tell me whether there are programs in place to reduce these payments by interventionist methods such as rehabilitation. Do you have a deliberate strategy of trying to encourage rehabilitation?

Mr Leahy—Yes, we do. One of the strengths of our act is that it encourages rehabilitation. What we have done in the past 18 months is implement a project to look at the way in which we deal with people who are prepremium claimants. We have an active strategy at the moment of examining those people to ensure that we have not, and they have not, missed a rehabilitation opportunity. In many cases, obviously, that would not be sensible—they might be beyond 65 or whatever the relevant age would be—but there are still some people there that we think it is worth pursuing this with. There are people in the sub-50 age group for example. I think there is a group of people, 160 or 170 cases, we are looking fairly actively at. The other thing that we are trying to do is to balance the expenditure issue with a sensitivity to the nature of these people. Where we think liability may have ceased, one of the things that we are seeking to do is to provide them with contacts in Centrelink et cetera to ensure that they get whatever entitlements they are entitled to through other methods.

Senator CARR—You maintain your responsibilities to former employees in this way, do you? At what point do you feel that your contact with the former employees ends in regard to workers compensation matters?

Mr Leahy—Sorry, I do not understand the question.

Senator CARR—Do you have a residual responsibility for claimants?

Mr Leahy—Yes, absolutely. Even if we have no contact from them, on an annual basis as a minimum, we would require, in all but the most exceptional circumstances, medical evidence from them that their condition is ongoing and that it is still work related. If we believe that there is any hope of assisting them to get back to work then we will try to do that. I think we have been reasonably active but, as I said before, this is a group of people who have been on compensation benefits for some time, and many of them are quite old.

Senator CARR—Do you subcontract this responsibility to anyone?

Mr Leahy—No.

Senator CARR—So it is actually undertaken by officers of Comcare—Commonwealth officers?

Mr Leahy—Yes; our case managers.

Senator CARR—It is not privatised in any way?

Mr Leahy—No. In the area of rehabilitation, our case managers would, on occasion, engage rehabilitation experts to provide advice. We are not rehabilitation experts.

Senator CARR—But the primary responsibility remains with Comcare.

Mr Leahy—Yes, that is right.

Senator CARR—Do you think the claimants' former employers have responsibilities here?

Mr Leahy—Absolutely.

Senator CARR—What action is taken to ensure that those responsibilities are met?

Mr Leahy—In circumstances where we have identified an individual as being an individual who possibly could be rehabilitated, we would approach the employer to seek their assistance.

Senator CARR—How many persons have actually returned to the work force under these programs?

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

Senator CARR—Could you tell me in the last year, for instance, how many persons were put back into the work force?

Mr Leahy—Are you talking about the prepremium claimant population in particular?

Senator CARR—Yes.

Mr Leahy—I will take that on notice. I would not expect that it would be a significant number, because of the nature of the claimant group.

Senator CARR—Have you given any consideration to one-off payments?

Mr Leahy—There are two issues there. One is that where the weekly payment to an individual is below a figure of, I think, about \$75 per week—that is an incapacity payment—we can, with the agreement of the individual, pay them a lump sum. But we cannot, under our legislation, pay out individuals.

Senator CARR—There is a restriction on that?

Mr Leahy—Yes. One of the strengths of our scheme—particularly the post-89 scheme, the SRC legislation—is the emphasis on return to work and very limited access to common law in particular.

Senator CARR—The annual report highlights an outstanding liability of \$593 million. Is that right? Have I understood that correctly?

Mr Leahy—Is that for the prepremium group?

Senator CARR—It is not clear to me whether or not the figure I have here is for—

Mr Leahy—That would have been what was in the annual report last year. We actually now get our liabilities reassessed, so it is six months—

Senator CARR—So that \$593 million is just for the earlier group of people?

Mr Leahy—Yes. We have just had our liabilities reassessed and I think it has gone up marginally.

Senator CARR—What is the total liabilities?

Mr Leahy—At the end of 2002-03, for the prepremium group, our actuary estimates that the total liability will be \$601 million. For the premium group it will be \$786 million. So that is a total liability of \$1.387 billion. The increase from \$593 million to \$601 million is likely to be a movement in economic parameters; that is, a tightening between the interest rate and the rate of inflation. We operate on the basis of notional reserves.

Senator CARR—I have just a few more technical questions. I understand the premiums are paid into consolidated revenue. Is that the way it is functioning?

Mr Leahy—That used to be the way it occurred. Now, following changes to the legislation a couple of years ago—and this is the first year we have operated under the new arrangements—the premium is paid into a bank account administered by us and we undertake investments. We are an agency under the Commonwealth companies legislation and we have the capacity to undertake limited investment in very secure institutions on a long-term basis.

Mr Leahy—That used to be the way it occurred. Following changes to the legislation a couple of years ago—and this is the first year we have operated under the new arrangements—the premium is now actually paid into a bank account administered by us, and we undertake investments. We are an agency under the Commonwealth companies legislation and we have the capacity to undertake limited investment in very secure institutions on a long-term basis.

Senator CARR—Is that why the premium revenue is going up 20 per cent—from \$113 million to \$137 million?

Mr Leahy—No. The reason the premium is going up is that we have experienced a significant increase in the costs—estimated by the actuary—of people getting injured in the Commonwealth and in the amount of time they are taking off work. That figure in the PBS was based on an actuarial estimate undertaken at the end of the last calendar year, and we have now settled on the premium increase and that is actually 27 per cent. That reflects basically the fact that people are staying off work a lot longer than they did in previous years. For example, if you looked at someone who was injured in 1996 and compared that person to a person who was injured last calendar year, they would be staying off work twice as long as the person injured in 1996. The reason for that basically is—and we are taking steps to address this—that we are not as effective as we were in the past. I am using ‘we’ in the royal sense: I am talking about agencies in particular, because they have the rehabilitation responsibility, under guidance from us. We have taken our eye off the ball. We are not as effective as we were in getting people back to work.

Senator CARR—First of all, can I just go back one step. I do want to come back to the point you have just made, but first of all can you tell me what the rate of return on the investments is?

Mr Leahy—At the moment it is slightly less than five per cent.

Senator CARR—How does that compare with industry averages at the moment?

Mr Leahy—I imagine it is probably better than the industry average, because we are—because of the legislation, thankfully, that we are set up under—required to adopt fairly conservative and long-term investment practices.

Senator CARR—In secure things?

Mr Leahy—Yes. Very secure. So bond rates et cetera.

Senator CARR—So you have not lost any money?

Mr Leahy—No. We are operating on about five per cent.

Senator CARR—All right. Now you say that a number of the agencies have taken their eyes off the ball and the record seems to be deteriorating?

Mr Leahy—Yes.

Senator CARR—Which agencies?

Mr Leahy—It is pretty well spread right across the Commonwealth. We are still operating on the basis of actuarial estimates. We are in the process at the moment of advising agencies what their premium rate will be, and it varies significantly from agency to agency. The big premium payers tend to be the organisations that employ the most people. That simply is a fact of the number of people they have got employed.

Senator CARR—Which are the worst agencies?

Mr Leahy—In terms of the premium rate this year?

Senator CARR—Their performance is what I am really interested in.

Mr Leahy—From memory, in terms of the premium rate, the office of the Governor-General is probably a pretty high premium rate payer. Organisations like the Australian Federal Police and the symphony orchestras are others.

Senator CARR—Do you want to take that on notice and give me a breakdown of those?

Mr Leahy—Sure, yes. We actually publish that data in our annual report. So it is there for last year.

Senator CARR—What about this year's—has the situation changed at all?

Mr Leahy—Yes. It has changed, in that on average they have gone up by 27 per cent. And, as I said—

Senator CARR—Which particular agencies do you think are performing worst?

Mr Leahy—I do not have the list with me. The ones I have indicated to you at the moment are amongst the high premium payers. There have been some agencies that have had significant increases. The tax office, for example, has had a significant increase, but it is still paying marginally less than the Commonwealth rate.

Senator WONG—Why is the Governor-General's office a high premium—

Mr Leahy—I do not think it has anything to do with—

Senator WONG—We could probably make some untoward remarks there, but I am more interested in knowing why particularly that would be a high premium rate payer?

Mr Leahy—It is probably to do with the nature of the work force.

Senator CARR—The work force?

Mr Leahy—They have lots of gardeners and people like that and, because of the nature of the work they are doing, they tend to get more injuries.

Senator CARR—Can you give me any indication of what the trend has been over the past five years? Is this decline in performance going to be measured over any length of time, or is it only more recently that we have seen this deterioration?

Mr Leahy—The advice that we were getting up until a couple of years ago—in terms of actuarial advice—suggested that it had been reasonably stable in the late 1990s and in the early 2000s and there was an increase last year and another significant increase this year. But,

on reviewing the advice that we had previously been provided with, there probably was an indication of trends coming in the late 1990s—an indication that there were some difficulties arising.

Senator WONG—Are the rates that you have outlined reflective of claims or is there a measure of cross-subsidy?

Mr Leahy—Generally speaking, particularly for the larger agencies, they reflect their performance pretty well. It is a fairly standard insurance model that we adopt. So—

Senator WONG—But there must be some cross-subsidisation?

Mr Leahy—We try to ensure that that is not the case, but in some cases, particularly in the smaller organisations, the effect of the pool would probably outweigh the effect of an individual agency's performance. So, for example, if you took an agency with, say, 50 people in it, and they had one psychological injury, unless we capped it and applied a trend approach to the setting of the premium, their premium rate would blow out of the water. So there is some sort of smoothing of the trends on that basis. But it is a fairly standard insurance model that we adopt. All the bigger agencies, though, their premium rate pretty well reflects their performance.

Senator WONG—But there is some sort of smoothing or capping process—is that what you are saying?

Mr Leahy—At the very top end. For, I think, the top five per cent of costs, we smooth it. But, for 95 per cent of the costs, it reflects their performance. We have actually been tinkering with the model for a number of years now, to try to get it to more accurately reflect performance, and we think that we have got it to a stage where it is pretty good.

Senator WONG—What about rehabilitation? How do you measure the performance of the rehabilitation function?

Mr Leahy—We participate in an annual survey, undertaken by a consultancy called Campbell Research and Consulting. That measures performance across all the jurisdictions, and it is reported in the comparative performance document, I think, and we are pretty consistently up with the best performers.

Senator WONG—I am conscious of the time, but can you provide a copy of that comparison?

Mr Leahy—Yes.

Senator WONG—That compares you with other jurisdictions, does it?

Mr Leahy—Yes, that is right. One of the strengths of our jurisdiction is the great emphasis the legislative framework places on rehabilitation.

Senator WONG—What sorts of powers do you have to ensure that employers actually take on the rehabilitation of injured workers?

Mr Leahy—The act actually provides that the rehabilitation authority is the employer. The way we try to operate is, firstly, to try to educate employers about it and, secondly, to act as a sort of clearance house for rehabilitation providers. Just recently we have been through a

significant exercise of applying new criteria to all of the rehabilitation providers—many of whom are outsourced—to ensure that they meet the standards that we set.

Senator WONG—Sure, but how do you work with, say, the pre-injury employer to ensure that they actually participate in rehabilitation or is that just the job of the rehab provider?

Mr Leahy—As I said, we ensure that the rehabilitation provider meets the particular standards that we set, and we authorise them to become an approved rehabilitation provider. But we also work with agencies through a range of mechanisms to encourage them to intervene early where an injury does occur. In fact we are trying to encourage them to intervene even where it may be a non-compensable injury, on the simple economic basis that the quicker you get people back to work the less costly it is for the organisation and to the individual concerned. We are also in the business of trying to provide training to case managers in organisations. We are constantly reminding organisations that the key cost that is picked up in their premium is the incapacity cost, and that increases the longer a person stays off work.

Senator CARR—You will be aware that my responsibilities have changed a little bit, so I will be talking to you more often about Public Service matters. The question of the National Gallery is something that has concerned me considerably. The Wray report: you have had it for a few days now, I take it?

Mr Leahy—Yes.

Senator CARR—I understand it was to be provided to the committee but was sent by snail mail and the director is now overseas. They were kind enough to fax us a copy, so we now have got a copy as well.

Mr Leahy—We have got a copy here for you of the complete document, but there is a freedom of information issue. Some of the people who have been named in the report have indicated to us that they do not want the report released. Under the Freedom of Information Act we have got to talk to them and give them an opportunity to explain to us why.

Senator CARR—Excuse me, that is the nature of parliamentary committees. I am asking for the document to be tabled.

Mr Leahy—Okay; we have a copy for you.

Senator CARR—Thank you very much, I appreciate that. We are usually pretty discreet.

Mr Leahy—I just wanted to point out there was an FOI issue.

Senator CARR—I appreciate the position that you are in. Have you been investigating complaints by security staff at the National Gallery since Mr Wray's survey of staff health, particularly security guard staff who are experiencing symptoms of lethargy?

Mr Leahy—We are in the process of examining some issues associated with security guards. I might ask Stewart to answer.

Mr Ellis—My understanding is that one of our staff has met with the security guards this week and will be talking to them further to ascertain what the issues are, specifically in relation to their concerns about health and safety at the gallery.

Senator CARR—How do you undertake assessment as to whether or not the building is, in fact, a sick building?

Mr Leahy—What Investigator Wray did in the conduct of his report was to get experts from Murdoch University to come in and do a study. As far as I am aware, they investigated the building for mould et cetera. On the basis of their investigation they have indicated that there is no issue at the moment. And that is certainly what the Wray report—

Senator CARR—The Wray report also says:

During the investigation I was contacted by a number of current and past NGA employees who told me their experiences of sickness that has been attributed by the medical practitioners to conditions in their workplace. The majority of these people did not want to be identified as they claimed that, as they worked in a profession with limited opportunities, they feared their jobs would be jeopardised.

Do you think that the statement that Mr Wray makes would suggest that his capacity to actually undertake an investigation is somewhat restricted?

Mr Leahy—Mr Wray was given carte blanche to go in, with fairly broad terms of reference, and investigate. Obviously, his investigation had to be on the basis of evidence that was provided to him. If people were unwilling—as they indicated to him that they were, and I have got no reason to query it—to subject themselves to a proper investigation then there is not much that we can do about it.

Senator CARR—There is a clear inference in what he is saying that people were concerned about their job security.

Mr Leahy—That it is certainly what he has said in his report.

Senator CARR—He went on to say:

In addition to the employees who approached me, I also attempted to discuss the air-conditioning system with a number of employees of NGA. Many of these employees expressed similar concerns regarding their employment. All declined to assist. None of the approximately 25 people so approached agreed to provide the statement. Some referred to a previous instance in which a person's continued employment had been terminated following complaints he made about the air-conditioning system.

That suggests to me that there are perceptions of intimidation.

Mr Leahy—I cannot comment on that. All I can do is indicate that you have properly read the Wray report. That is correct. What we are hoping to do is to take this forward from here to overcome the issues and deal with the recommendations that Mr Wray has come up with. At my suggestion, with the agreement of the director of the gallery and the agreement of the CPSU official, Graham Rodder, we are setting up a committee to ensure that the recommendations are properly implemented. On that committee there will be three people: the director of gallery, me and—as I indicated—the CPSU representative. So two of the three will be independent people. We will ensure that the recommendations are properly implemented. I should also say that Dr Kennedy has accepted that without demur.

Senator CARR—I am pleased to hear that, Mr Leahy. I am not questioning your integrity in this matter one bit. In all my dealings with you, over many years now, I have never had cause to be concerned about your professionalism as a public servant. I am concerned, however, about the way in which this matter has been handled by the agency concerned. I am

particularly concerned about the threats to people's employment. We discussed here the use of the Federal Police in previous hearings, and I want to come back to that in a moment. I also note, though, that the Wray report has found that there have been contraventions of the Occupational Health and Safety (Commonwealth Employment) Act, in particular sections 16(1), 16(2)(c), 16(2)(e), and the Occupational Health and Safety (Commonwealth Employment) (National Standards) Regulations, regs 6.17 and 6.19. This is all to do with the handling of hazardous substances and exposure to hazardous substances injurious to health. Given the seriousness of these matters, are you satisfied that there has been an appropriate process undertaken to get to the bottom of this issue?

Mr Leahy—Do you mean in terms of our investigation?

Senator CARR—Yes.

Mr Leahy—Yes.

Senator CARR—What about in terms of the way the Gallery has handled this over recent years? After all, you are the one who will have to pick up the bill for compensation claims, aren't you?

Mr Leahy—They will, actually, through their premium. We have put in place a comprehensive investigation. We have a report that indicates that there are seven recommendations. We have a process to take that forward with two independent people, on a steering committee of three, overseeing that process. I think that, in terms of taking it forward, we have got about as good a process as we could get. Certainly, I can assure you that from my perspective the recommendations will be implemented. Another thing that I should mention is that I am aware that the National Gallery has now engaged the National Safety Council of Australia, which is a peak body in our area of activity, to assist them to properly implement occupational health and safety policies and processes. We will certainly cooperate in whatever way we can to ensure that that occurs.

Senator CARR—Do you think Dr Kennedy has in fact accepted the findings of the report, as distinct from this process?

Mr Leahy—I have not spoken to Dr Kennedy since the report became final but, as I understand it, he has accepted the recommendations. I think he said in his press release that he had some disagreement with the investigator about some particular matters and that he would take those up with Comcare. He has not taken those up with Comcare at this stage, but I imagine he will.

Senator CARR—It is a bit stronger than that. He says in the letter to this committee, 'The report represents the views of the investigator and we do not accept certain assertions and comments made in it. The Gallery will be taking up a number of matters with Comcare.' So it is a bit more than just taking up a number of matters; he does not accept the findings of this report.

Mr Leahy—That may well be, but my view of this is that we have got to try to move forward. The investigator has made seven recommendations. There is no dispute from the Gallery about the implementation of those seven recommendations. As I understand the process, and I have been involved in it to some extent, the Gallery raised all of its concerns

with the investigator at the time that the investigator provided the Gallery with a draft report. The investigator examined—I should say with legal assistance—all of the Gallery's concerns, and the investigator's final report is the investigator's final report. There may be a contest at some point in the future, but I am not aware of those issues at this stage.

Senator CARR—There has been this quite bitter experience over a protracted period of time. Dr Kennedy has been one of the main protagonists. He is representing the management of the Gallery. The issue arises as to whether or not Dr Kennedy is the appropriate person to supervise the implementation of the recommendations, given the history of this dispute.

Mr Leahy—I would think it absolutely extraordinary if anyone else but Dr Kennedy were to be on the steering committee, because without the commitment of the CEO of the organisation, the thing will get nowhere. As far as I am aware, Dr Kennedy is committed to implementing the recommendations. It would make no sense whatsoever to have someone other than Dr Kennedy on the implementation committee, particularly given that he will be on a committee with two independent people.

Senator CARR—Did Mr Wray make any formal or informal recommendations on an appropriate course of action in respect of the matters raised at the Gallery, other than those contained in this?

Mr Leahy—No, not that I am aware of.

Senator CARR—At any level, formal or informal?

Mr Leahy—No, not that I am aware of. That was his final report.

Senator CARR—There are no other parts of the report that were not published?

Mr Leahy—Not that Comcare is aware of. The process that we went through is a process that we adopted from the Ombudsman, where the Ombudsman produces a draft after undertaking investigations. That draft then goes to the respondent organisation so that they can clarify issues, put views and correct matters of fact et cetera. We have been through that process with the Gallery. They provided their views. The investigator has taken their views into account and has now come up with a final report. This is the final report.

Senator CARR—Fair enough. There was a discussion at Senate estimates in February—it is on page 150 of the *Hansard*—whereby Dr Kennedy appears to me to be saying that he ordered airconditioning staff to turn back an airconditioning system in such a way as to emit glass fibres. Are you familiar with that particular matter? It is raised on page 23 of the report.

Mr Leahy—That matter is still under investigation. We hope that report will be available within the next month or so. There have been some delays in finalising that report because key people have been absent, but we hope to finalise it in the next month or so. As you are aware, we conducted a number of air tests, as the Gallery did, to ensure that they were safe to be reopened, and they have been reopened.

Senator CARR—You will be investigating whether or not there has been a breach of the Occupational Health and Safety Act?

Mr Leahy—That is the nature of the investigation.

Senator CARR—And you are not in a position to prejudge that, I would presume?

Mr Leahy—No.

Senator CARR—Have you received any complaints of intimidation in regard to this matter.

Mr Ellis—In regard to which matter?

Senator CARR—To the issue surrounding the Wray report.

Mr Leahy—In terms of intimidation?

Senator CARR—Yes.

Mr Leahy—Mr Wray would have investigated that. It was within his ambit to do so.

Senator CARR—And you have not received any complaints?

Mr Leahy—No. Other than what is in the report, I do not think there are any other investigations on track at the moment about this issue. Mind you, we have been fairly busy in the Gallery over the last two to three years in terms of investigations, but I do not think we have had any.

Senator CARR—Did Mr Wray advise Comcare that the deputy director of Comcare tried to conceal epidemiological study questionnaires from staff?

Mr Leahy—The deputy director of Comcare?

Senator CARR—Yes.

Mr Leahy—Do you mean Mr Froud, the deputy director of the Gallery?

Senator CARR—Yes; sorry.

Mr Ellis—At the time of Mr Wray's investigation, he provided to the Gallery a survey for staff to complete. I understand that, at the time it was put on a P drive—a public drive, but I am not exactly certain of the details—for staff to complete. I am not sure that it got to all the people it should have got to but, once Mr Wray was aware that it had not got there, he advised the Gallery. I do not know that there was ever any complaint that anyone had intentionally tried to withhold the information. There probably were allegations of that but my evidence was that it was simply an error.

Senator CARR—I have an email here from Mr Wray to say that a number of people did not receive the survey. Your explanation is that it was just an error?

Mr Ellis—That is what Mr Wray advised me. He assumed it was an error, therefore he asked the Gallery to make sure it was more widely made available.

Senator CARR—Did that occur?

Mr Ellis—To my knowledge, yes.

Senator CARR—In February of this year it was claimed by way of a memo to staff that the ductwork system was cleaned with an industrial vacuum cleaner. Were you ever advised that that was the case? It was actually said that that cleaning had been done under Comcare supervision. Did that actually occur?

Mr Ellis—I do not know the answer, I am afraid. I understand that some ducting was cleaned, but I cannot comment on whether all the duct work at the Gallery was cleaned. I do not know the answer. I could take that on notice.

Senator CARR—Please do so. Did Comcare or the Gallery inspect the entire ductwork system using video cameras which actually ran through the ductwork system?

Mr Leahy—That is still the subject of the investigation that is occurring at the moment relating to the fibres coming out of the airconditioning system.

Senator CARR—So that is all sub judice as well, effectively, is it?

Mr Leahy—It is not sub judice, but the investigation is not completed. My understanding is that we certainly did ask for some parts of the duct work—the air handling unit—to be examined using a camera in an attempt to identify the source of the fibres. But that will all be reported on when we finalise the report, which I said, hopefully—

Senator CARR—I am told that some of these matters go back 10 years. Will you be investigating these issues?

Mr Leahy—We are limiting this investigation to the incident that occurred at that time. The Wray inquiry was meant to cover issues going back over time. I do not know that that was raised in the Wray inquiry.

Mr Ellis—Senator, my understanding is the issue you are raising about the duct work is an issue that is being covered through the current investigation, and I do not know that Mr Wray looked at that issue.

Senator CARR—We will look forward to that. I would like to receive a copy of that report when it is completed.

Mr Leahy—Sure.

Senator CARR—In February this year did Comcare discover more loose glass fibre contaminations in areas the Gallery had claimed had been inspected and cleaned?

Mr Leahy—I cannot recall the exact dates but I think around 5 February—around early February—there was an incident where fibreglass came into one or two of the galleries. We went in, investigated it, assured ourselves that the Gallery was doing everything reasonably practical, which is what is required by our legislation, to deal with that issue through cleaning up and air testing. Then the following Monday there was a second incident. It was at that time that we went in, put prohibition notices in place and took control of the investigation and the clean-up and air testing. That is the matter that the report is working on. There were two incidents but they were close together and they were basically the same issue.

Senator CARR—You are satisfied though that, when people in the Gallery tell you that an area has been cleaned and has met the safety requirements, there have been no incidents that demonstrate that that has proved not to be true?

Mr Leahy—What we did when it occurred the second time is took control of the issue. The first time we went in our assessment was that they had undertaken all reasonably practical steps. Probably, if we were confronted with the same situation in another organisation, we would come up with the same answer. But because a second incident

happened in the same area shortly afterwards, then we took control of the matter. As to whether or not the Gallery could have done any more than they were doing, our assessment on the first occasion was that they were doing all that was reasonably practical.

Senator CARR—That remains the case at the moment? You are effectively in control of those inspections?

Mr Leahy—No. The galleries have been reopened. If there are incidents reported we go in and investigate them. But there is nothing—I don't think—at the moment of that ilk that is not the subject of investigation. There are no galleries that are shut at the moment as a result of our activity.

Senator CARR—I have come to this matter late. I must say I am struck by the extraordinary bitterness that is involved with this.

Mr Leahy—I must say that I, too, am struck by the extraordinary bitterness that is involved from a range of people. It is a very difficult case. The Wray investigation was an attempt to bring the matter to an end and set in place a process which would see the issues being resolved, currently and into the future.

Senator CARR—There is a particular matter that I find extraordinary. Can you confirm that the management of the Gallery wrote a letter to Comcare alleging:

A former staff member—

one of the whistleblowers on this whole matter—

knowingly placed a material thought to be asbestos in the Gallery airconditioning system such as to endanger the lives of Gallery staff and visitors, with the primary purpose of disrupting the operations of the Gallery.

Mr Leahy—I am aware of the letter. I am not sure of the terms of it.

Mr Ellis—I am aware of the letter. It was addressed to me from the OH&S committee, from memory. It related to advice I had been given that a former employee was concerned, having gone to the doctor. When asked about whether or not he had ever been exposed to asbestos or whether he recalled anything—and I am just trying to remember the detail now—it is my understanding that he remembered this incident, where he placed some material on top of an electric control panel or something in one of the areas in the Gallery. He was concerned that it might have been asbestos but he did not know whether it was or not, so Comcare was advised. Comcare went in immediately and removed the item, had it tested and found out that it was not asbestos. I responded to the OH&S committee at the Gallery and advised them that Comcare did not consider that the person had knowingly done any of those things. We have since asked that my letter be placed on the public drive, with the OH&S committee minutes, to advise staff of our response.

Senator CARR—That is the sort of thing I mean. It is a pretty serious suggestion to make: that a person would knowingly sabotage the airconditioning system by the placement of asbestos. It turned out to be untrue, yet the allegation remained on this public drive, I am told, until earlier this year.

Mr Leahy—As Mr Ellis indicated, we subsequently wrote to the Gallery and asked that they put our response—

Senator CARR—I appreciate what you have done; I am not making an allegation against Comcare. I am saying that you were involved, you were asked to investigate a matter—

Mr Leahy—Yes.

Senator CARR—a quite serious claim, which is not true. An allegation was made, which turned out not to be true. It was left on the public web site for all employees to see for a period of over two years, and it was removed presumably only when you raised the matter earlier this year. To me, that seems to be the pattern of events—would you agree?

Mr Leahy—No, I cannot comment on that. We have tried, through the Wray investigation, as I have indicated before, to bring this matter to a point where we can move forward and assure the staff in the Gallery that they are now operating in an organisation that is not a risk to occupational health and safety; to put in place, working with the Gallery and working with the relevant union, appropriate processes and practices; and to implement the recommendations of the Wray report. As I said earlier, the Gallery has taken the step of engaging one of Australia's peak bodies in the safety area—the National Safety Council of Australia—to provide it with assistance, to help it, in that particular area. Our concern is with the employees in the Gallery and to ensure that there is no threat to their health and safety.

Senator CARR—I would expect nothing less than that from you. Nonetheless, the chair of the occupational health and safety committee made these allegations against an employee. He is the same person who appears to have made the threat that people will be jailed for unauthorised disclosures. Were these matters ever referred to the Federal Police?

Mr Leahy—I have no idea.

Senator CARR—Was Comcare asked to refer these matters to the Federal Police?

Mr Leahy—No.

Senator CARR—So you did not refer them to the Federal Police?

Mr Leahy—No. We undertook an investigation and basically came up with the answer that the matter was not asbestos, and that was it.

Senator CARR—What advice did you tender to the ombudsman concerning the exposure to hydrogen peroxide at the Gallery? Did Comcare provide any advice to the ombudsman on that matter?

Mr Ellis—To my knowledge, when the ombudsman undertook his investigation of Comcare, we provided him with all our files. Whatever information was available on our files at the time would have been provided to him. I do not know specifically what advice was on those files in relation to hydrogen peroxide.

Mr Leahy—My recollection of that investigation was that that was not a dominant issue at the time. We will check that for you to see if we have provided any such information. We will take that on notice.

Senator CARR—Thank you. Did you tell the ombudsman that there was adequate respiratory and personal protective equipment provided to the maintenance staff?

Mr Leahy—I can almost guarantee that I did not.

Senator CARR—I mean ‘you’ in the collective sense.

Mr Leahy—We will check for you. We will take that on notice and get back to you.

Mr Ellis—The ombudsman was provided with the first of the Comcare investigations at the Gallery, and that investigation made comments. That report has been provided to this committee in the past, to my knowledge. That is the Maguire report. It was provided to the ombudsman, so the ombudsman would have whatever comments were made in that report.

Senator CARR—In retrospect, this finding seems quite stark. I am referring to clause 70:

This being the case, these employees were exposed to a very hazardous substance in the worst possible way—in a spray form in a confined space. The MSDS for Hypero 50 clearly states the serious repercussions of exposure to this substance, such as loss of vision, skin ulceration, abdominal pain and red blood cell destruction ... Severe exposure may be fatal.

I will leave out a few of the technical words. It continues:

Where the possibility exists for eye or face contact due to splashing or spraying of material, chemical splash/goggles/full length face shield in combination should be used with full chemical suits and self contained breathing apparatus. The employees were only provided with wet weather gear, plastic gloves and a face shield.

In retrospect, do you think your previous advice was adequate?

Mr Leahy—Clearly this report contradicts a report of an earlier investigation, and we accept this report. So the earlier investigation, quite clearly, was wrong.

Senator CARR—I appreciate your answer. What are the implications, as far as you are concerned, for the workers who were placed in this position?

Mr Leahy—The fact that the event happened is a breach of the legislation. It simply should not have happened. We got the original investigation wrong, and we have put in place a range of processes to ensure, as far as we possibly can, that we do not get investigations wrong in the future. We have done that through training, investigation manuals et cetera. But if individuals were injured through this process then they are entitled to make claims in terms of workers compensation, and we will deal with those as expeditiously as we can.

Senator CARR—I appreciate that. It may well mean that the National Gallery is exposed to considerable legal liability.

Mr Leahy—I cannot comment on that. Under our legislation—

Senator CARR—That is right. I appreciate that. It just strikes me that this is quite a serious breach, both in terms of your capacity to investigate, which you are acknowledging—and I accept that—and also in terms of the National Gallery’s duty of care.

Mr Leahy—Yes. That clearly is a conclusion of the report by the investigator.

Senator CARR—Equally, in the same vein, Meryl Stenton, who I understand is a former CEO—

Mr Leahy—Yes.

Senator CARR—actually defended Comcare's position. You will recall that she wrote to the *Canberra Times* in June 2000 defending the position that Comcare had taken at the time. In retrospect, I suppose that she was just wrong?

Mr Leahy—She was replying on the advice that had been provided to her through an investigation that, in the event, Mr Wray has indicated was flawed.

Senator CARR—Mr Noel Swails is at the table at the moment. Mr Swails, in February 2001 you wrote to the *Canberra Times* and said that there was no truth in Bruce Ford's allegations that senior Comcare officers had assisted the National Gallery management to publicly misrepresent serious risks in health and safety. According to your letter, Comcare was satisfied at the time of each investigation that the National Gallery's air conditioning system did not pose a risk to the health and safety of gallery employees or to members of the public. What do you say now?

Mr Swails—At the time I was responding, as acting CEO of the organisation, to a letter to the editor that had been published in the *Canberra Times*, which made some of the comments you are referring to. From what you were talking about there, there seemed to be two parts to what I was saying.

Senator CARR—I do not think I misrepresented what you said. Do you think that was a fair representation of what you were arguing?

Mr Swails—From memory, that was a fair representation of the letter, yes. Following on from Mr Leahy's response to your earlier question, obviously now we can see that there was a problem with an aspect of the Maguire report.

Mr Leahy—But, Senator, to suggest—and this notion has been floating around a bit—that we at any time have conspired with anyone in the Gallery to somehow come up with some dark response is ridiculous. Our role is quite clear, and we have made a mistake, but to suggest that we—or any of the people at Comcare, to my knowledge—have been involved in some conspiracy to hide facts or whatever—

Senator CARR—I can understand why you put it in those terms. You will note, though, that I have not made that allegation. I have simply said there is—

Mr Leahy—No, but people have been sort of wandering around this issue in this committee, as have others who are constant communicants with Comcare. I just want to make it absolutely clear that it is simply not the case. In fact, I would go so far as to say that Comcare is probably not one of the favourite organisations of the National Gallery of Australia at the moment.

Senator CARR—Mr Leahy, I appreciate the strength of your assertions on this matter. You are entitled to put them. I did not and I do not seek to make the assertion that you have referred to. I presume you are not referring to senators at the table, are you?

Mr Leahy—No, Senator.

Senator CARR—They can look after themselves. I am interested that, given the extraordinary bitterness involved in this, it appears that there have been a considerable number of mistakes in the way these questions have been dealt with by those in authority. The beauty of those in authority is that they do not have as much manoeuvrability as those making

complaints. With people making complaints, you are entitled to say that they are wrong; but when you are in authority making judgments about people's lives you do have a stronger obligation to get it right.

Mr Leahy—I absolutely agree with you. As I indicated earlier, in response to the ombudsman's investigation into that particular investigation and other matters, we have put in place a very intensive training program. We are developing proper operations manuals and, in this case, we engaged someone who we regarded as being an expert to undertake the investigation. I would hope that we would be completely accurate in investigations that we undertake in the future.

Senator CARR—I expect you would be. Do you think that the whistleblowers have been treated a bit roughly in this whole matter?

Mr Leahy—In what sense, Senator?

Senator CARR—It would appear that there have been considerable lengths taken to discredit them.

Mr Leahy—By whom?

Senator CARR—The Gallery management.

Mr Leahy—The one issue that we have investigated relating to the people that you describe as the whistleblowers was in relation to section 76 of the Occupational Health and Safety Act. In that case, we found that the Gallery had in fact breached the act and that the employee's employment had been disadvantaged as a result of their involvement in OH&S matters. That is probably not the exact, technical phraseology that I should be using—

Senator WONG—'Suffered some detriment'.

Mr Leahy—'Suffered detriment'; that is right. We found that the Gallery had acted in that manner, and we provided a report on that basis.

Senator CARR—Fair enough. Given what we now know, and this is the beauty of hindsight—

Mr Leahy—Absolutely.

Senator CARR—I have the great advantage here; I have come in at the last minute and asked you some questions based on some pretty hard evidence. Do you think, given what you now accept in this report to be accurate, that the information that we have available suggests that a wider inquiry is now warranted which would allow a more complete investigation of the management of the Gallery?

Mr Leahy—In terms of occupational health and safety, I set up this inquiry to allow it to be as wide as possible. My view is that this inquiry has dealt effectively with the occupational health and safety issues. We have established a process to take those issues forward. Beyond that, I really cannot comment. I do not see any need for a wider inquiry on OH&S matters.

Senator CARR—Given the employee concerns expressed in paragraphs 29 and 30, which I have read out, and their perceptions that their jobs were on the line if they spoke publicly about these matters, do you think you actually have the full story here?

Mr Leahy—Mr Wray is a very determined and very thorough investigator, so I am sure he has reported everything that he can support through evidence.

Senator CARR—I am not disputing that; that is not my point.

Mr Leahy—I cannot comment beyond that. It is not for me to make judgments about the management of the organisation beyond occupational health and safety issues.

Senator CARR—I am asking only on occupational health and safety issues, particularly in reference to paragraphs 29 and 30. I come back to the question I asked before. You have indicated to me that you have not been advised of any requests by Mr Wray of further action to be taken.

Mr Leahy—No, beyond what is in the report—unless something has slipped through, but I am sure that it has not.

Senator CARR—Do you want to take it on notice?

Mr Leahy—I do not need to, but I will to make absolutely sure.

Senator CARR—Could you make sure? It strikes me that clauses 29 and 30 suggest that Mr Wray is saying that he does not have the full story. He has reported everything he can in terms of evidence. I understand that he has approached this such that it would stand up in a court of law—that is the approach he has taken; court standard evidence, if you like. However, he has said, ‘It is strange that I can’t get people to put stuff in writing.’

Mr Leahy—That is unfortunate if we are missing part of a story on occupational health and safety that would otherwise be revealed. But, as I said, Mr Wray is a very thorough and determined individual, so I suspect there would be nothing beyond what he has reported that he could report.

Senator Alston—One could not draw any adverse inferences from the fact that there was no material forthcoming. People have chosen not to provide evidence for their own reasons.

Senator CARR—Senator Alston, I am glad you have entered the fray, because you obviously have not read what it says. It says:

... the majority of those people did not want to be identified, as they claimed that as they work in a profession with limited opportunities they feared their jobs would be jeopardised.

Senator Alston—I heard you say that.

Senator CARR—Further, another person had been sacked for raising these matters.

Senator Alston—That at best says that is what they said, but it does not provide you with any material on which you can draw any conclusions.

Senator WONG—Other than that staff are scared to speak.

Senator Alston—That may or may not be the case

Senator WONG—Why would they say otherwise, Minister?

Senator Alston—Because they choose not to put their story on record for whatever reason.

Senator CARR—That concludes my questions.

CHAIR—We will continue with output 1.2 after dinner.

Proceedings suspended from 6.29 p.m. to 7.34 p.m.

CHAIR—We will resume.

Dr Boxall—Ms Golightly has an answer to one of Senator Campbell's earlier questions.

Ms Golightly—Senator Campbell, I have the break-up of the estimated actual suppliers' expenses as listed in table 3.1 on page 52 of the PBS. The major expenses in that item are advertising and legal, \$6.8 million; payment to Centrelink, \$118.7 million; contractors and consultants, \$38.5 million; capital user charge, \$4.1 million; IT maintenance, \$32.1 million; office services, \$8.4 million; property expenses, \$25.8 million; stationery, publishing and printing, \$10.9 million; travel and training, \$14.3 million; utilities, \$9.3 million; and other, \$2.7 million. That gives a total of \$271.6 million estimated actual expenses for suppliers in 2002-03.

CHAIR—Thank you.

Senator WEBBER—Before dinner we were dealing with some of the IT issues. I want to come back to an earlier discussion we were having about the new system. We were talking about the new system and the collection of data and some of the problems that people have encountered in adapting to the new system. I presume Centrelink has some kind of interaction with this new system as well.

Mr Parsons—Indeed they do. Centrelink are contracted by us to do the registration of the job seeker and to do that initial referral for the vocational profile interview using the system.

Senator WEBBER—Have they been happy with the way the new system has been going? Have you had any feedback from them?

Mr Parsons—There were some problems with Centrelink as well in accessing the system. In essence—

Senator WEBBER—Were they the same problems or different problems?

Mr Parsons—They were the same with the added complexity, I guess, of Centrelink going through their own system and across a proprietary link to the department. So whereas the Job Network had response time and system availability issues, Centrelink had those plus a few more in connection with their special link to the department and, indeed, their own software system that they use to come through.

Senator WEBBER—Have all their concerns been addressed now?

Mr Parsons—I would say that the large majority have. When we were in the thick of it, we had a daily meeting with the right representatives from Centrelink to track through issues resolution and put a solution in place. By and large, my understanding is that they are getting through their work in everyday processing now.

Senator WEBBER—So it should all be fine as far as they are concerned now?

Mr Parsons—Certainly very close to it, I would have thought.

Senator WEBBER—I will get to ask them tomorrow. When we were talking before about some of the problems that the Job Network providers have encountered—particularly with the

resume project and all the rest of it—you were saying that, as far as you were concerned, there had been a fix put in place on about 2 May and you had notified them all?

Mr Parsons—Yes. We sent an email on Friday, 2 May that they could update the work history. Over the dinner break, I checked that with my people back in the office. They believe that that is indeed the case. What I was alluding to before was whether this 27 May case that you have is in fact a case that was created earlier and printed on 27 May. The change I made clearly did not go through and remove data. It simply empowered the Job Network member to be able to go back and amend the work history.

Senator WEBBER—And that was made really clear to them?

Mr Parsons—Yes.

Senator WEBBER—How is the system going to date?

Mr Parsons—The system is doing well. On the information I have we processed 900,200-odd transactions on 2 June; 887,000 transactions on 30 May; and 920,000 transactions—our highest so far—on 20 May.

Senator WEBBER—It has been going fine?

Mr Parsons—We have had a lingering issue—there is a low number of them—with error messages that come out through the day. For instance, on 2 June, of the 900,000 transactions, 2,426 error screens were generated throughout the day. We believe that we have tracked that down. It requires a change to our infrastructure, which I guess is a risk-return call as to whether or not the risk of putting that change in is worth the potential disruption. The priority from the CEO meeting in Sydney last week was to try to stabilise the system.

Senator WEBBER—It was fine last week?

Mr Parsons—Last week was in fact our worst week since implementation. We had a series of unrelated issues. On the Monday of last week, we encountered a problem with the mainframe database manager, which stopped in its tracks because it detected a corruption in one of its tables. That database system is not only used by EA3000, the ESC3 product; it is also used by EA2000, which is the current Job Network product. That effectively stopped all processing for an hour or so on the Monday. On the Tuesday we had another unrelated issue with the new security system we spoke of before. It was using an inordinate amount of processor capacity. Therefore, it impacted on response times and was moved to a separate server. We then had other issues last Friday when the volume of data that has grown in the diary in the new system was such that the database manager software decided to no longer use the optimised access path and decided to use a less efficient means, which slowed response times down until that was remedied.

Mr Correll—We need to put things into context. I do not think we are holding out to you at the present stage that the system is today operating perfectly.

Senator WEBBER—But it will be by 1 July?

Mr Correll—Indeed it will. It has been progressively operating on a better and better basis. As Mr Parsons advised, we had a bit of a setback to that process of improvement last week. It is back on track now. You do not have a system processing nearly one million

transactions in a day and you do not have over 100,000 vocational profiles up and on the system already if you do not have the system fundamentals right. But we need to contemplate that we are making a major change here. We are just six or seven weeks into that huge change. We are in the process of stabilising the system. That is as you would expect in any major change.

Senator WEBBER—Did you say something about a network blockage on Thursday last week? Did I hear that right?

Mr Parsons—Last Thursday may have been that security manager issue. Is that what we were talking about?

Senator WEBBER—Yes. What happened with that?

Mr Parsons—The product that is used to administer the security in that new security repository is a product called Netegrity Identity Minder. What we found was that, for reasons unknown, it was competing with the online system for access to the processor on the database servers. When we identified that that was causing contention with the online system, we moved the security manager off onto its own server.

Senator WEBBER—That is going to fix it?

Mr Parsons—That did fix it.

Senator WEBBER—Were there any problems with the vocational profiling and resume work on Wednesday last week?

Mr Parsons—If there were –

Senator WEBBER—Apparently, this was fixed on 2 May.

Mr Parsons—What was fixed on 2 May was the ability to update work history.

Senator WEBBER—Were there problems with that on Wednesday last week?

Mr Parsons—If there were problems, they would have only been intermittent in nature. From my record of those issues that we talked of, it may have been on Wednesday, not Thursday. I do not have those facts in front of me.

Senator GEORGE CAMPBELL—Mr Parsons, has all this work been done in-house or by contractors?

Mr Parsons—It is a mixture of both. We have a team of in-house permanent APS employees who are working on the IT application on the IT infrastructure. We also have a number of contractors that we hire in to help out with specialist advice and support.

Senator GEORGE CAMPBELL—Who are the contractors? Is that an IT job you shopped for?

Mr Parsons—Yes. Essentially, I issue a request to ministry to provide skills. We shop around, from anywhere up to 20 different contract houses, for the right skills to come in.

Senator GEORGE CAMPBELL—How many direct employees involved in this process?

Mr Parsons—All up—from the question on notice from last time—I have 214 people in my branch who are working not only on the development of the software but also support. Of

that, I would say that there would be a ratio of two permanent employees to one contractor. I think there are roughly 60 contractors.

Senator GEORGE CAMPBELL—There are 60 contractors?

Mr Parsons—Roughly 60.

Senator GEORGE CAMPBELL—And 214 direct employees?

Mr Parsons—That is the total. That is 214 less 60.

Senator GEORGE CAMPBELL—What were the man hours allocated? Maybe I shouldn't use that term.

Senator WEBBER—No, you shouldn't.

Senator GEORGE CAMPBELL—It is politically incorrect. What were the person hours allocated to this task?

Mr Parsons—The project timeline was set at 12 months. Back at the start of the financial year, we knew we had the staged delivery. That was on 31 March and then 1 July. When we signed the contractors up, I think we assumed a 40-hour week and 50 weeks in the year. So it was 2,000 hours.

Senator GEORGE CAMPBELL—Are they within that timeframe?

Mr Parsons—Approximately. There have been a few issues that have occurred along the way that have caused me to go beyond that. The bushfires in January—obviously unforeseen—caused people to be away for a number of days. The decision to delay the start of the transition by two weeks meant that in fact I had a requirement to modify the first version of the software so that I could deploy on 31 March a product that enabled diary sessions to be created only. That injected an extra deliverable. For those sorts of reasons, we have asked people to work more than 40 hours per week.

Senator GEORGE CAMPBELL—That includes your direct employees?

Mr Parsons—Correct.

Senator GEORGE CAMPBELL—Have you got an estimate of the overall number of hours? Perhaps you could take that on notice.

Mr Parsons—Sure.

Senator WEBBER—When you send out your regular communications with people advising them of the different fixes or enhancements that you have to put into the system, what would be the average number of fixes or enhancements you would advise Job Network providers of each week? Do you save them up and do them in a job-lot over the weekend or something—which would make perfect sense to me?

Mr Parsons—No, it has actually varied. When the system first went out, I was keen to respond as quickly as possible to issues. We were doing several fixes in the course of a week. The emails going out there probably had—without looking through my folder—four or five batches. As we have got further into the system and the problems have become harder to diagnose and fix and the requirement for stability has become paramount, I have moved back

to one migration a week. That migration happens on Wednesday night. We have seen up to 10 or so various fixes or enhancements in those releases.

Senator WEBBER—That would be on a Wednesday night?

Mr Parsons—Wednesday night is the current night. It has moved. It was Thursday night for a while. Thursday night is the department's own internal preventative maintenance evening. To try to isolate change, I moved to Wednesday night.

Senator WEBBER—So it would then be unusual to email everyone on Tuesday of one week in May advising them of five fixes and then Thursday of the same week in May advising them of seven fixes?

Mr Parsons—I would suggest that that would be early May. Am I correct?

Senator WEBBER—It could be. But then there is mid-May, where there are seven on a Sunday. That would be unusual?

Mr Parsons—Without looking at my email, some of them could relate to announcing new features that were coming in a reporting suite. As well as the EA3000 transactional system, we are also, as you heard earlier, building an alerts and a dynamic query capability. That release was scheduled to occur after the transactional system, so you may well see that, if that is the time, emails have talked about up and coming changes to the reporting or the alert system.

Senator WEBBER—Perhaps I will provide another example. On a Friday there are seven, and then on the following Monday there are three or four. They go to vocational profiling, registration and employer matching.

Dr Boxall—It is a bit difficult to answer questions when we do not have a copy. Would you like to give us a copy of those emails?

Senator WEBBER—It is material that you have provided to other people.

Mr Parsons—Just give me the dates.

Dr Boxall—We are not sure which ones you are referring to. It would be quite useful if you could hand over a copy of them.

Senator WEBBER—Trust me, it is all this month.

Dr Boxall—Well, we do not know which week it is.

Senator WEBBER—My point is that—

Mr Parsons—I think it is Tuesday, 6 May and then Thursday, 8 May?

Senator WEBBER—Yes, that was certainly one of my examples. You could then go to a message sent out on Sunday, 18 May.

Mr Parsons—I have that one here too.

Senator WEBBER—That talked about what was happening on Friday 16 May and Monday 19 May.

Mr Parsons—Yes. That is right. I can see that—software changes for 16 May and 19 May. The key point to note here is that this system is a large system. There are many functions in

the system. These emails refer not only to correction of minor glitches but also to the introduction of new functionality. This is not unusual for a system of this size.

Senator WEBBER—Then there was last week, which was a bad week.

Mr Parsons—It was. What is unusual is my transparency with the Job Network and sharing with them the fixes. If you read the fixes themselves, some of them are quite obscure.

Mr Correll—Indeed. This system release has gone in with a fault level that I understand is well within the industry standard tolerances in what one would expect with major systems releases. As we have been trying to emphasise, you do not go into a process of major transition and a process of implementation of major systems without going through some level of tuning in putting those applications into play. That is exactly what has been happening here.

Senator WEBBER—It is all going to be under control by 1 July, as much as is possible?

Mr Correll—Yes. On 1 July, there will be more substantive elements of the system going in. They will require a short period of tuning as well. That is the very nature of major systems implementations like this.

Senator WEBBER—It is a bit different from what I was told in February, where you were 110 per cent confident that it was all going to be up and running and fine.

Mr Parsons—It was actually 120 per cent.

Senator WEBBER—It was 120 per cent?

Mr Parsons—That is correct.

Senator WEBBER—You were admirably optimistic. What defect reporting system were you using with the implementation of EA3000?

Mr Parsons—We are using a product called Test Director, which comes from Mercury Interactive.

Senator WEBBER—Does that reporting system provide you with information about the nature and severity of any or all defects?

Mr Parsons—That is a fundamental part of it.

Senator WEBBER—How many defects have been reported so far in the course of the project?

Mr Parsons—I had that information with me, but I left it back in the office over the dinner break. There have been two releases of the system. In the initial release, we had scheduled somewhere between 3,500 and 4,000 test scenarios. For the July implementation, we have 8,000 test scenarios planned. I do not have on hand the number of defects that are outstanding at present, but the testing progress for July is tracking through to schedule.

Senator WEBBER—So you wouldn't be able to tell me how many defects have been fixed since they have been reported?

Mr Parsons—Right now I could not tell you, no. But if you work through the email, you would be able to distinguish defects from enhancements and arrive at that figure.

Senator WEBBER—Perhaps you could take those questions on notice.

Dr Boxall—Perhaps we do not need to take them on notice if you have all the materials, Senator Webber.

Senator WEBBER—Well, how do I know that I have all of the material, Dr Boxall?

Dr Boxall—You have indicated to us that you have all of the emails. Therefore –

Senator WEBBER—No. I have not indicated to you at all that I have all of the emails. I have told you that I have some material from some people.

Dr Boxall—If you have some material which has been an unauthorised disclosure, do we need to take it on notice?

Senator WEBBER—I am more than happy for you to take those questions on notice. I have just indicated that.

Mr Parsons—I can answer. I actually found the page. Shall we talk about the April release?

Senator WEBBER—Yes.

Mr Parsons—It has 1,106 plus 276, which makes 1,382 function points. The number of defects reported was 65. If you do that division, you will find a defect ratio of 0.047. The metrics that I measure myself against are those that are published by the International Software Benchmarking and Standards Group. I think Mr Correll referred to that last session. The statistics they publish say that, for all projects, the average rate of defects is 0.047. For enhancement type projects—fiddling with something which is already there, and I would not describe what we are doing as an enhancement—the defect ratio is 0.054. Against those metrics, I think we are sitting within expectations.

Senator WEBBER—You may think I am labouring the point and it may be a bit painful. But you can perhaps understand why I have asked these questions about EA3000. I was told in February:

We have rigorous governance project management structures in place and extensive risk management strategies and planning under way. This is not the first major complex IT project that we have developed and implemented and we are confident that we have an ability to manage the risks to deliver the application successfully on time.

Dr Boxall—And I have to say that everything that has happened since that evidence was tendered is consistent with it. All the evidence that has been produced tonight is consistent with it. These relatively minor defects and emails and enhancements that Mr Parsons has been putting out are consistent with what happens with the introduction of a large project like this. Indeed, I am advised that the number of defects or problems is below the industry norm for such a project. Bear in mind that this project does not come into place until 1 July. We are setting it up. It is just like building anything; when you set something up, there are going to be relatively minor things along the way. The evidence being tendered tonight is that the department believes that we are still on track to deliver this on 1 July.

Senator WEBBER—Did any of the defects that have occurred appear during the testing process? Was there any indication during the testing process that they might?

Mr Parsons—Without exhaustively going through that, I would be surprised if they did. Otherwise we would have fixed them before we went in. Many of the areas relate specifically to system behaviour when under load. Although we do our performance and load testing, we do that using robotic scripts of transactions. The missing link in the whole thing is me being able to accurately forecast the nature and mix of the various transactions. I might test the system exhaustively over in one corner. When it actually gets into production, they may use it differently. To some extent, that means I have not done conclusive performance testing. You cannot do conclusive performance testing without a crystal ball.

Senator WEBBER—Can you take me through some of the problems there have been generally with time-outs?

Mr Parsons—Time-outs can happen at many layers. The system itself comprises a layer of servers which look after the encryption and decryption of information being passed through. That is the first strata. The next strata is the web layer, which essentially presents the information ready to go out to screens. The layer below that is typically the layer that has caused us grief. That is the one that does all of the business rule enforcement. The layer below that is the data. There is capacity for time-out anywhere within those layers and between the layers. When the system first went in, our modelling suggested three servers in the business layer. We ran with the default number of connections between the layers being two. I refer in my emails to checkouts, to use a supermarket analogy. We increased the number of connections between those layers from two cautiously upwards until we are currently running at 24. That was the cause of a lot of the time-outs early on in the experience.

Senator WEBBER—But you have identified where most of those problems are?

Mr Parsons—Yes. We still have one lingering time-out issue, which is about half of those error screens that I reported. We believe we now have a fix for that, but it involves a change to the framework. I am just trading very cautiously, given the CEO's preference for stability.

Senator WEBBER—Fair enough. As I understand it, there are cases where a job seeker has been referred to an organisation and the staff at that organisation are completing a vocational profile. It then turns out that they have not actually been referred. I notice that the departmental advice is to get the job seeker to contact Centrelink and arrange for them to be transferred to that organisation. How is it possible that a job seeker can be booked into a vocational profile interview without having been referred?

Mr Parsons—It can happen in a number of ways. If the job seeker is an existing intensive assistance client and is in the office, then the Job Network member can do a vocational profile for them. If the job seeker walks into the office of the Job Network member and has the vocational profile keyed, that too can be done.

Senator WEBBER—I return briefly to the time-outs. Are they having any impact on outcomes?

Mr Parsons—I do not believe so. As Mr Correll said, we have 110,000 vocational profiles in the system. We have a solid stream now of registrations coming through from Centrelink. There was an issue with time-outs between us and Centrelink with the start of the market. That has largely been remedied. In fact, the system has been available outside normal hours for them to catch up on any backlog.

Mr Correll—In addition, the outcomes being achieved by Job Network in the area of intensive assistance, for example, this year to date are 24 per cent higher than they were the same time last year. Last year they were 20 per cent higher than the year before that. We are seeing a continuing strong performance being achieved. This is why I want to emphasise that the results are being achieved in an extremely difficult and complex time in moving from one employment services contract to another. We are moving from one service delivery model to a significantly changed model at a time when we are rolling out a large number of kiosks. For us still have a strong flow going through in registrations from Centrelink, for us still to be having a very strong number of vocational profiles coming on the system very much on target, we are confident in the way we are moving forward. As Dr Boxall indicated, we stand strongly by our previous comments in relation to the system and its full readiness for 1 July. We believe we are moving through a difficult period successfully at the present stage. We are in good shape to get to 1 July.

Senator WEBBER—So overall outcomes during the transitional period are going okay? You referred to intensive assistance.

Mr Correll—As at the end of April, our year to date performance this financial year showed interim outcomes 24 per cent higher than the same time in the last financial year. We believe that is an exceptional result.

Senator WEBBER—There was no drop-off through April? How was April? Was it a good month?

Mr Correll—In April, I do not have the figures to hand. At the end of April, the figures were showing the 24 per cent overall increase.

Senator WEBBER—But it is not April-specific, though.

Mr Pratt—The April figure for this year compared to last year is virtually identical. It is within a few hundred.

Mr Correll—That is in the context of a massive transition.

Senator WEBBER—I accept that. When we last talked about these issues, you told me we could expect some refining after the application of the new software was released. Are the problems we have been discussing tonight part of that refining process?

Mr Correll—Absolutely. This is exactly what I was pointing to. The way we would measure our success in this area, as Mr Parsons has indicated, is that it is the defect rate by function point. We compare ourselves with industry standards. We are tracking soundly in this area at the present stage. There is no denying that, moving through a process line, this has difficulties and frustrations for people using systems in the field. There is also a period of time where users become familiar with the system. That is always going to occur. That is what we have been going through over the last few weeks.

Senator GEORGE CAMPBELL—Is this proprietary software? Has it been specifically developed for the department?

Mr Parsons—Yes, it is.

Senator GEORGE CAMPBELL—It is not off-the-shelf stuff?

Mr Parsons—As much as we could, we have used off-the-shelf packages. We use a charting package to facilitate the drawing of graphs in the alerting tool that we spoke of. We use Crystal reports, a standard package for the desktop, to render the resume. But the rest of it, by definition, is custom built.

Senator GEORGE CAMPBELL—Who is doing the blending of those shelf packages with the proprietary work? Are you?

Mr Parsons—Yes.

Mr Correll—Most of this software is very much tailor-made to this business of the Job Network. For example, the introduction of the diary facility is very much a tailor-made facility. It is a tool that allows job seekers to get far more quickly into service than has ever been achievable before. Using this tool, it means a job seeker can effectively be booked into an appointment in the Job Network member site at the time of their interview in a Centrelink office. It means people can walk out of the door of that Centrelink office directly to a Job Network member for service. That is one of the major features that we are trying to achieve. So the technology here, which is very advanced and sophisticated – there is no other form of referrals using this form of technology – is delivering far enhanced services to job seekers.

Senator GEORGE CAMPBELL—I do not think anyone is questioning your objective, Mr Correll. I am trying to establish why you are building custom-made tools for yourself or why you are buying an off-the-rack one. Mr Parsons has just told me you are probably building the house but getting somebody else to lay the pavers. I understand that process. If that is the case, you must have a set of criteria which you have developed in terms of the delivery of the program and what it is intended to deliver. Is that criteria publicly available?

Mr Parsons—I beg your pardon.

Senator GEORGE CAMPBELL—Can the criteria, the set of standard benchmarks that you have set for the system that have been developed presumably in the department, be made available to the committee?

Mr Parsons—It could. What we have done with this project is we have chosen to use one of the agile software development methodologies. Again when the project started, we looked at best practice in the industry. We noted there was a very strong contender from the United States, a package from Rational software. There was also an Australian equivalent, perhaps not quite as feature rich, but it certainly had all the core elements. In fact, that package is one we ended up purchasing and running with. That package is called Process MeNtOR. Process MeNtOR is guiding us through a means of specifying the system using used case methodology.

Senator GEORGE CAMPBELL—But if the specifications which you have set for the system are made available, it might help resolve some of these questions people have over what your expectations are out of the system come 1 July.

Mr Parsons—I am not sure whether these would be in a form that a non-computer person would actually understand. These are quite voluminous detailed process diagrams and requirements that the business analysts pass to the programmers.

Senator GEORGE CAMPBELL—I understand, Mr Parsons. Believe me, I have had to struggle to read some of them in my time. However, you do get a grasp of what it is all about at the end of the day.

Mr Parsons—Would you like a sample? The whole lot is quite large.

Senator GEORGE CAMPBELL—You would have specific specifications. You must have some general specifications in terms of your expectation of the system so that in terms of the questions Senator Webber is asking, at least if we see those specifications, we can take that into account and that has been addressed. There are always pictures when you are putting computer systems into place. IBM will always tell you it will work perfectly from day one. They never do and they never will—that is the reality of it—because you are dealing with the human interface with the machine. But it would certainly help if we had those general specifications to understand some of the issues that are being discussed here tonight.

Dr Boxall—We could take it on notice to see what we could give you that would assist in that regard.

Senator WEBBER—Perhaps just an overall summary.

Mr Parsons—Rather than do that, if you wanted to see it, we have a work in progress website. This was again something which came out of the NESAs IT reference group that I have been using as a sounding board or a stakeholder through the process. As we flesh out the requirements of individual processes and parts of the application, we publish a functional prototype. Sometimes it is a PowerPoint presentation. Other times it is Word documents et cetera. It is on a generally accessible work in progress website. You would be able to get to it. There is no restriction on that site, because at the time we were developing those prototypes the outcomes of the tender were not known. Therefore, prospective tenderers needed to have access to those prototypes as well.

Senator GEORGE CAMPBELL—That website address would certainly be useful. It would also be useful to have the general specifications so that we can at least understand what it is we are comparing in looking at what has been achieved with the outcomes again and what you sought to achieve.

Senator WEBBER—A run-through the website would be good. Once we have this system up and running, do you think there may be any potential markets for the software overseas? You will become a world expert by the time you finish this, Mr Parsons.

Mr Correll—We are already in a position where the kiosk units are used extensively in the UK employment service. They are the Australian kiosks. They are used there because those kiosks have been marketed in the UK on the basis of running the Australian software on them. It is Jobsearch software. We are aware that there is strong interest from a number of overseas countries in the developments occurring, particularly in the area of matching for job seekers and the communication technologies being used for job seekers as well. This has undoubted long-term export potential.

Dr Boxall—We might also mention that the department has reviewed its policy with respect to intellectual property. We will be looking at valuing our intellectual property effective from 1 July. We will be looking at these sorts of developments, which have required

a huge investment of Commonwealth money in the department. In the event that outside parties are interested in it, we will take that into account.

Senator WEBBER—Excellent. Mr Correll, can you tell me what you mean by an ‘anchored placement’?

Mr Correll—An anchored placement represents a placement made within our computer system. It is basically a job placement mode within our computer system.

Senator WEBBER—How are we going with anchored placements?

Mr Correll—Until the end of April, anchored placements were holding very strongly. During May we have seen some drop-off in the anchored placement levels.

Senator WEBBER—April was a good month for them, was it?

Mr Correll—I think there was a slight decline in April. Certainly from recollection, anchored placements dropped only a little in April. They dropped a small amount in April.

Senator WEBBER—Was that the first time they have dropped?

Mr Correll—I believe so, yes.

Senator WEBBER—What do you think might have caused that drop?

Mr Correll—I would expect that the fact we are now moving through a transition period where we have some providers exiting the market, some providers coming in and site changes going on would have contributed to that.

Senator WEBBER—Would that be the only contributing factor? April had an awful lot of public holidays in it.

Mr Correll—That would be another factor.

Senator WEBBER—I am trying to be helpful.

Mr Correll—I appreciate it.

Senator WEBBER—Dr Boxall may not believe me, but I am trying to be helpful.

Dr Boxall—I do believe you, Senator Webber.

Mr Correll—That is true. There would have been fewer working days in April. You would have expected to it drop off a bit. In reality, April has probably held in there pretty well.

Senator WEBBER—But it is true to say April this year was the first decline since the commencement of—

Mr Correll—For about three years, as I understand it.

Senator WEBBER—Is the 1 July implementation date set in concrete?

Mr Correll—Yes.

Senator WEBBER—Which is why Mr Parsons is having such a stressful life. How is the review of the star rating system going?

Mr Correll—Very well. We have been in the process of consultations with the industry in the development of the star rating system for the next employment services contract under the active participation model. One of those working groups that we referred to in our response to

a question at the previous hearing—question No. 32403—related to the performance management working group that has been specifically focusing on this star rating system for the next contract.

Senator WEBBER—Is that finished?

Mr Correll—It is getting close to that point. It is towards the eleventh hour in terms of finalising the settings for that in a final paper that is going out to the industry on the way it would operate.

Senator WEBBER—Once that review is finished, the results will be published?

Mr Correll—Yes. The system will be highly transparent. We will be putting that system into place then. It will take some time then for data to start accumulating before the star ratings can effectively be published in the first contract. But we will then, once the arrangements have been settled with the industry, be building this new star rating system.

Senator WEBBER—And providers can rest assured that some of the system downtime and errors have been factored into consideration when determining their star ratings?

Mr Correll—The star ratings will be based on employment service contract 3. Employment service contract 3 has not commenced yet.

Senator WEBBER—All of a sudden we are going to have a lot of new people when the new players enter the market. Poor Mr Parsons is then going to have to train them on how to use the system as well. Therefore, any technical difficulties like that which they experience will be taken into account when developing their star ratings.

Mr Correll—I guess that is hypothetical. The other thing to note is that the star ratings are a relative system. They are not absolute. It is relative to how other Job Network members are performing. On that basis, if there are any issues affecting one provider for transition, they will affect all providers.

Senator WEBBER—Have you found that the provider network has been happy with the star rating concept? I know that, in the sites I have visited, they are all very competitive about who has how many stars, which is a good thing.

Mr Correll—Indeed. We believe the star rating system has had a very important impact in promoting improved outcome performance within the Job Network. During the course of last year, we had a major independent review of the star rating system to validate its effectiveness. That review was undertaken by Access Economics, and the rating from Access Economics was that it was basically a leading edge performance management tool. They recommended three elements of finetuning of that tool, which were subsequently undertaken. So that work was done. I think that has given a high level of assurance to the industry of the quality of that star ratings system. Indeed, in looking at patents, one area we will certainly be looking to patent is our star rating system.

Senator WEBBER—Very good. Who can claim credit for the development of the star rating system? As I said, I have not had any negative feedback about it.

Mr Correll—I think the department would like to claim credit for that.

Senator WEBBER—All of you? No one person should be singled out for this honour? Dr Boxall, you mentioned before that the department was reviewing its intellectual property approach given the development of this new software and a few other things. How is that going? How is intellectual property going to be valued?

Ms Golightly—Under our intellectual property policy and the Australian accounting standards, any software is counted as an intangible asset. That represents the intellectual property, obviously, in that software. We value it in accordance with those accounting standards. It is actually reported in our balance sheet each year, be it ESC3 software or any other software that we build or buy internally. It is against the intangible item in the balance sheet.

Senator WEBBER—I can see how intellectual property would be an intangible item.

Ms Golightly—That is the correct definition under the accounting standards.

Senator WEBBER—Absolutely.

Ms Golightly—That policy is actually distributed to everybody in the department through our intranet service. There is a notice posted on that. The policy is there for everybody to read and be familiar with.

Senator WEBBER—Who determines the value of that? Is that an internal decision or is it external?

Ms Golightly—There are quite detailed accounting standards that we have to abide by in determining the value. That is audited each year.

Senator WEBBER—Determining the intellectual property value of the work of Mr Parsons and his team would be quite a specialist area, surely?

Ms Golightly—There is quite a lot of work and literature available on how any organisation, private or public, is to value their software. We follow those standards. That is certified by the Australian National Audit Office every year.

Senator GEORGE CAMPBELL—They would be indicative values, obviously.

Ms Golightly—The standards are quite complex. I suppose the simplest way of describing them is that, for certain parts of the development cycle, you track the amount of effort involved and that gives you the cost of that software.

Senator GEORGE CAMPBELL—I understand that, but in the real world the value of the IP may be substantially more than—

Ms Golightly—It may be, but in the accounting standards I am not allowed to recognise it.

Senator GEORGE CAMPBELL—That is the reality of the process. Is that a standard that you say has been developed by the ANAO or Finance?

Ms Golightly—No. It is the Australian accounting standards that every public sector body at the Commonwealth level and private companies must abide by, by law.

Senator GEORGE CAMPBELL—On that issue, Dr Boxall, it has not been something that the Commonwealth has done a lot of in its history. Is this something that has been

brought to the fore within all departments? Are all departments now being required—it is probably an unanswerable question, but you have been at Finance—to do this?

Dr Boxall—Yes. In response to that question there are two issues. One is that my department met on this issue on 2 May and had a discussion about developing our own intellectual property policy. That is the one that Ms Golightly said has been posted on the intranet. As it so happened, by coincidence, the Auditor-General put out a document on 4 May, two days after we met. We did not know he was going to do that. He is going to do—

Ms Golightly—They are doing an audit of intellectual property and are commencing with a survey of all agencies. Then, following the survey, they will do a more in-depth audit in selected agencies. I should note that, in relation to software, all agencies have been required to value that software in accordance with the accounting standards for many years now. The move in relation to intellectual property more broadly is encapsulated by what Dr Boxall has just said.

Dr Boxall—I think your observation is correct, Senator Campbell. It is just receiving a renewed focus at the moment.

Senator GEORGE CAMPBELL—Are all the departments taking seriously the fact that there is a potentially marketable commodity sitting there within their resources?

Dr Boxall—Obviously in my new job I cannot answer for all departments, but I think it is fair to say that people are focusing more on it. You are quite right: it is not just a matter of software; it is a matter of other intellectual property. It is not a matter of what it is valued at; it is what it might be sold at in the event some outside party wants to purchase it.

Senator GEORGE CAMPBELL—Potentially, it is a source of income for departments.

Dr Boxall—It is, for both the departments and the Commonwealth.

Senator WEBBER—I would like to thank you all.

CHAIR—Are there any further questions on the workplace relations portfolio? If not, I thank the officers for appearing.

Proceedings suspended from 8.32 p.m. to 9.02 p.m.

EDUCATION, SCIENCE AND TRAINING PORTFOLIO**In Attendance**

Senator Alston, Minister for Communications, Information Technology and the Arts

Indigenous Group

Dr Jeff Harmer, Secretary

Dr Wendy Jarvie, Deputy Secretary

Mr Shane Williams, Group Manager, Indigenous Group

Mr Shane Hoffman, Branch Manager, Business Management Branch, Indigenous Group

Ms Julia Forrest, Director, ABSTUDY Policy and Projects, Indigenous Group

Ms Kate Brodie, Director, Strategic Directions Team, Indigenous Group

Mr David Tyrrell, Director, Contracts and Finance Team, Indigenous Group

Mr Tony Greer, Group Manager, Schools Group

Mr Bill Burmester, Group Manager, Higher Education Group

CHAIR—On 13 May 2003, the Senate referred to this committee the particulars of proposed expenditure for the year ended 30 June 2004 for the Education, Science and Technology portfolio. The committee has to report to the Senate by 19 June 2003. It has also fixed Monday, 21 July 2003 as the date for the submission by the department of written answers to questions on notice. I remind officers that all information provided to the committee, either in the course of the hearing or in response to questions on notice, is automatically made public. I again welcome Senator Richard Alston, Minister representing the Minister for Education, Science and Training, Dr Harmer, Dr Wendy Jarvie, officers of the department and all observers to this public hearing. In our schedule, we now move to issues relevant to output 1.2.

Department of Education, Science and Training

Senator CROSSIN—Good evening. Can you start by telling me whether there has been a restructure of your branch, Mr Williams? Do you now have responsibility for the Indigenous tertiary measures that have been announced in the new package?

Mr Williams—The Indigenous Group was established in March of last year with a responsibility for what they call cross-portfolio activities across the department across the groups of schools, higher education and VET. So our group takes on responsibility for providing advice relating to Indigenous issues in each of those sectors.

Senator CROSSIN—So we are right to go with issues right across the board this evening; is that correct?

Mr Williams—Yes.

Senator CROSSIN—I am going to start with some issues relating to IESIP. Before I do, could you help me with an item that is on page 35 of the PBS. I notice that the IESIP funding and the NIELNS funding both have a life of only June 2004, as I understand it. Is that correct?

Mr Williams—Not to my knowledge.

Dr Jarvie—Could you explain what page you are referring to? At page 35 of the PBS I am looking at a strategic priority.

Senator CROSSIN—Yes, that is right.

Dr Jarvie—Improved learning outcomes for Indigenous students?

Senator CROSSIN—Yes, that is right.

Dr Jarvie—No, there is ongoing funding for both those programs.

Mr Hoffman—The IESIP and NIELNS are based on a quadrennial funding arrangement for the years 2001-04, so the funding continues until the end of 2004.

Senator CROSSIN—That is what I just said, I thought—that there is a commitment to their funding until 2004. There is nothing in this PBS that indicates at all that the IESIP funds or the NIELNS program will continue beyond June 2004; is that right?

Dr Jarvie—On page 131 of the PBS, appendix 1 indicates the forward estimates for the programs. Under output 1.2, you can see the funding related to the Indigenous Education (Targeted Assistance) Act, under which IESIP was funded, going across into the out years, and you see the forward estimates there. That gives an indication of the ongoing funding.

Senator CROSSIN—I see. Just going back to page 35, can you explain to me what that strategic priority means when it states:

Develop a futures oriented strategy for the 2005-08 quadrennium based on evidence gathered through Indigenous program reviews and reporting processes.

What is intended to happen within your department?

Mr Williams—The strategy in this context is used as a process for identifying the data that we can gain from this quadrennium and from other past data to provide some longitudinal evidence in terms of achievements against the priorities identified as it relates to literacy and numeracy et cetera. Our fundamental intention is to prepare documentation for the next quadrennium that positions Indigenous children and young people in this current century's agenda. So when we talk about 'futures oriented', we are talking about the impact of technology, the issues of poverty, the issues of location, the issues of remoteness and how we need to think a little bit 'smarter' in terms of how we utilise the Commonwealth resources to leverage the best education and training outcomes for Indigenous students.

Senator CROSSIN—Is that basically a strategy to either rewrite or review the Commonwealth-state agreements in relation to IESIP funds?

Mr Williams—It would be more of a strategy that identifies what this government's key priorities would be for the next quadrennium and a focus on how we mobilise effort to work collaboratively with states and territories to put in place the enablers for states and territories to leverage the best outcomes against those objectives.

Senator CROSSIN—On page 131, which Dr Jarvie pointed me to, does the total for the targeted assistance act include the money for the NIELNS project, because I understand that also has a life until only June 2004; or is that a specific program in itself?

Mr Hoffman—NIELNS is part of IESIP, or part of what is funded under the targeted assistance act, and the strategy lasts until the end of 2004. There may well be an extension of the NIELN Strategy, the National Indigenous English Literacy and Numeracy Strategy,

beyond that into the next quadrennium, or the government may decide to develop a new strategy.

Senator CROSSIN—Based on these figures, it would seem as if—

Mr Hoffman—The total amount is included in those figures, including the NIELNS.

Senator CROSSIN—The NIELNS total amount seems to have been carried through to the 2004-05 and 2005-06 years; is that correct?

Mr Hoffman—In the forward estimates; that is right.

Senator CROSSIN—Could you give me a breakdown in those forward estimates of the different programs, to the best that you can, under those amounts, bearing in mind that at this stage there is no actual confirmation that the NIELNS program will continue beyond June 2004. Is it possible to do that with those forward estimates?

Dr Jarvie—I think we would have to take on notice what the government's strategy will be for the next quadrennium.

Senator CROSSIN—It is certainly possible to do it for the next 12 months, anyway.

Mr Greer—We can disaggregate.

Dr Jarvie—As Mr Greer has pointed out, we can disaggregate it in two ways: one is the Indigenous Education Strategic Initiatives Program. We have some estimates for that. And then there is the IESIP away from base. They are the two ways we can split it at the moment. We can provide those to you, but I do not think we can break it down any more than that at this point. Would you like us to pass those through to you?

Senator CROSSIN—Yes, that would be fine. I want to spend a bit of time looking at some of the IESIP funding. Before I do, can you clarify for me the issue of the money that was provided through the Northern Territory government in an arrangement or an agreement they had, probably going back a couple of years, in relation to Jabiru Area School. There was \$300,000 from the department of education and \$300,000 from the environment department, making a total of \$600,000. I understand that that funding had a life until June of this year; is that correct?

Senator CROSSIN—Are there plans to renew or continue that agreement and that funding in relation to Jabiru Area School?

Mr Hoffman—It was always intended that, at the expiration of the three years of funding that was provided by ourselves and the Department of the Environment and Heritage, the Northern Territory government would fund the continuing recurrent costs and capital costs.

Senator CROSSIN—Was that specified in the agreement with the Northern Territory when it was signed three years ago?

Mr Hoffman—I do not believe that it was actually specified in the agreement, but that was certainly our understanding.

Senator CROSSIN—Mind you, it was an agreement, of course, with the previous Northern Territory government, wasn't it?

Mr Hoffman—I should say that the agreement with the Northern Territory government is between the Department of the Environment and Heritage and the Northern Territory—

Senator CROSSIN—That is right. And you just transferred your money across?

Mr Hoffman—That is right. We transferred our funds. We have a memorandum of understanding with the Department of the Environment and Heritage. They have a funding arrangement with the Northern Territory Department of Education.

Senator CROSSIN—But your understanding at the time was that the continuation or otherwise of this program was in the hands of the Northern Territory government at the expiration of the three years? Is that right?

Mr Hoffman—That is correct.

Mr Williams—Senator, that is the general emphasis behind the Commonwealth resources that we do provide, particularly with systems. It is there to supplement or give a boost to activity, but the responsibility sits with that particular provider. There is an assumption that our seed funding will drift off over a period of time to enable them to take further ownership of that responsibility.

Senator CROSSIN—Thanks for that. Can I just take you to the IESIP funding and the issue of the transition project assistance. You provided me with a table that was attached to a question I asked back in February. The table is attached to questions E291, E329 and E727/03 and it was about the IESIP funding variations. It actually had an attachment with it that is quite lengthy—the answer is about 10 pages long.

Mr Hoffman—Questions 291 and 329 were answered together and there were attachments to that. Then there was a subsequent answer to question 727 which referred to our earlier answers to E291, 329 and 726.

Dr Jarvie—What is your question please?

Senator CROSSIN—I want to ask about some of the figures on the tables.

Dr Jarvie—There is table attached to question 729: is that the first table you wish to ask questions about?

Senator CROSSIN—Yes, that looks like it. What I specifically want to know is in relation to the transitional project assistance moneys. I understand that that money has been decreasing over time to those states or territories or providers who were entitled to that money, so that by the time we get to June 2004 the transitional project assistance money will have ceased: is that right?

Mr Hoffman—We fund systems on a calendar year basis. By the time we get to the end of calendar year 2004, we will have ceased funding TPA to the major providers—to the state and territory governments.

Senator CROSSIN—So technically the transition project moneys will no longer exist beyond December 2004; is that correct?

Mr Hoffman—For systems, that is correct.

Senator CROSSIN—What I want to actually explore in relation to the tables you have provided me here is whether or not this is money that is disappearing from the system altogether, whether it is being picked up by the NIELNS project or by IESIP or whether in fact this is money that is being appropriated in other areas. In answer E291 you say:

This program, which ceased at the end of 2000, was called the transitional project assistance. It was transformed into a component under the National Indigenous English Literacy and Numeracy Strategy.

Dr Harmer—I might get Mr Greer to answer the question.

Mr Greer—The money itself has not disappeared; the money itself remains within IESIP. The nature of those funds changes. As the answer to question 726 indicated, previously the TPA was there as a per capita transition or a buffer to transition. That moves from a per capita nature to a project nature, but it remains within the totality of the IESIP bucket.

Senator CROSSIN—Well, did it remain within IESIP or was it in fact moved into the NIELNS program?

Mr Greer—That clarifies a question you asked earlier. NIELNS is an element of IESIP.

Senator CROSSIN—Yes, okay. What element of IESIP is that money now moving into, if the program assistance is ceasing?

Mr Greer—No, IESIP has two elements, a per capita element and a project-based element. What the nature of the treatment here means is there has been a realignment between the per capita driven aspects of IESIP, which formerly included the TPA, from a per capita basis to a project basis. The funding at the end of the quadrennium remains within the discretionary project capacity of the IESIP forward estimates. So the money is not disappearing.

Senator CROSSIN—No, but I want to find out where it has gone. If, for example, you are decreasing the project assistance money, so that when this program was first introduced—back in 1997, I think, or 1998, when you moved to the—

Mr Greer—1997 is what 726 indicates.

Senator CROSSIN—All right. So, going back to 1997, the next year systems got the transitional project assistance and the following year they got 80 per cent of that, then 60 per cent of that and then 40 per cent of that.

Mr Greer—Yes.

Senator CROSSIN—I think they are currently getting around 30 per cent of the original amount—

Mr Hoffman—That started occurring in 2001: 2001 was 80 per cent, 2002 was 60 per cent, this year it is 40 per cent and next year it will be 20 per cent.

Senator CROSSIN—All right. So between that original amount of money in 2001 and now, 2003, where has that 60 per cent of those funds gone to under IESIP? Has it into different programs?

Mr Greer—They have stayed within the IESIP envelope, being used for transition assistance—but being used for transition assistance on projects that could be characterised as NIELNS related. So if you look, for instance, at that question 729 and those tables there is an aggregate there: the TP AEQ is TPA equivalent. So if you look at NIELNS for 2001 it had a

total of \$13 million of TPA equivalent NIELNS and \$9.57 million of new NIELNS initiatives, for a total of \$22.6 million of NIELNS projects. So, as I say, the money shifted from a per capita driven base to a project base, and most of that funding in the project base has been picked up and characterised as NIELNS initiatives.

Mr Williams—Simultaneously, there has been an increase in student numbers into systems and, accordingly, as those numbers go up we obviously translate those funds across to the student recurrent assistance component. So it is also in relation to project funds, as well as an increase in student numbers per capita.

Senator CROSSIN—All right. So what is the total amount of the transitional project assistance money that has been moved out of that area in 2001 and 2002 right across Australia?

Mr Greer—In 2001 and 2002—

Mr Williams—I am happy to take that one on notice. I do not have those details with me.

Mr Greer—Of the TPA that had been moved, \$25 million of that had been used for TPA equivalent NIELNS initiatives. That is indicated in the answer to your question 729 on page 2.

Senator CROSSIN—Okay, so is that \$25 million all of that money or are you saying that of that money \$25 million has been used in NIELNS initiatives, but there is another amount—

Mr Greer—There could be another amount that has been used on other discretionary IESIP projects. I do not have that here. What we are saying here is that, if you look at page 2 of the attachment to question 729, over the period 2001-04, \$44.978 million of that former TPA per capita funding has been used for TPA equivalent NIELNS initiatives. That is characterising the uses that those funds that have been kept with project providers could be used for; that is, they needed to be used demonstrably for one of the six initiatives under the NIELNS strategy.

Senator CROSSIN—Is it the case then that the TPA funds, if they have come off a systems reduction—so from the 80 per cent to the 60 per cent to the 40 per cent—have stayed within that system or have they just gone back into a national program allocation?

Mr Greer—To the extent that they tapered, they stayed within the systems or project providers but had to be used for NIELNS-like initiatives. That is my understanding of the answer.

Senator CROSSIN—Well then, you might want to write down these figures, because all you said before just does not add up, basically. If I look at the NIELNS bucket of money that has been given to the Northern Territory: in 2001 it was \$1.5 million; in 2002 it was \$3.2 million; and in 2003 it is only \$1.76 million. So there has been a reduction from 2002 to 2003. But, if that is the case, in 2003 your 40 per cent reduction under the TPA was \$855,000. I do not understand why the NIELNS money has decreased while at the same time, at the other end of the seesaw, the TPA funds are supposed to be going into the NIELNS—unless, of course, the NIELNS would have decreased even further without the TPA money going in there.

Mr Greer—No, total NIELNS funding for the Northern Territory over the period 2001-04 against the project plans that were approved totals \$25.414 million. Of that, \$20.58 million in relation to the territory was in respect of TPA equivalent funding and \$4.831 million was in

respect of new NIELNS initiatives—out of the \$30 million of specific funding that was set aside for new NIELNS initiatives. So in a sense, if you go back to page 2 of the response to question 726, what that is saying is: of the \$44.978 million over the four years, \$20.582 million for TPA equivalent NIELNS projects went to the Northern Territory and, of the \$30.524 million for new NIELNS initiatives, \$4.831million went to the Northern Territory. So, of the \$75.5 million of total NIELNS investment over the quadrennium—

Senator CROSSIN—But, Mr Greer, those figures you quoted to me are not the figures I have on the attachment to the answer you provided to me.

Mr Greer—If you look at question 729/03, it has an attachment A. The figures are on the second page of attachment A—I am happy to give you these.

Dr Harmer—Could we give you this table, just to make sure that we both have the same table?

Senator CROSSIN—If you would like to, yes. I am actually working on page 10 of the attachment to this answer, where you have the Northern Territory Department of Education. Under the TPA equivalent, you actually have four programs which have zero next to them.

Mr Greer—Yes.

Senator CROSSIN—There is \$4.275 million for—

Mr Greer—Yes, but if you look at page 10 that is the total of NIELNS allocations to the Northern Territory over the 2001-04 quadrennium. That goes into the non-government sector and it goes into the government sector. In the government sector there are three tranches. One tranche went to the Batchelor Institute, which was for TPA equivalents and it was \$5.855 million; the tranche for the Northern Territory Correctional Services was \$1.061 million; and the tranche for the Northern Territory Department of Education was \$4.275 million. In the government sector we reach a subtotal there of \$11.191 million, combined with the \$9.391 million that went into the Institute of Aboriginal Development in the VET sector in the Northern Territory for that. So essentially we are saying that when you look at the territory as a whole some \$25.4 million of NIELNS funding out of \$75.5 million went to the territory over that quadrennium.

Senator CROSSIN—But wasn't the TPA provided to a system—

Mr Greer—No, TPA was provided to a range of providers. If you look at page 10, you will see that TPA was provided to the Institute of Aboriginal Development, the Batchelor Institute, the Northern Territory Correctional Services and the Northern Territory Department of Education.

Mr Hoffman—I also draw your attention to an additional \$3 million to the Northern Territory, if you look at item 13, from state grants funds, and on the previous page items 1 to 8 are various independent providers—

Senator CROSSIN—I understand about that, but what I am getting at is the TPA assistance that you have indicated in these columns here. As I understood it, your IESIP agreements with IAD, Batchelor and NT Correctional Services are quite distinct from the agreement you have with the Northern Territory government? Is that correct?

Mr Greer—Yes.

Senator CROSSIN—There are actually four separate providers here, are there not?

Mr Greer—In?

Senator CROSSIN—In terms of IESIP funding in the Northern Territory.

Mr Greer—In IESIP funding in the Northern Territory, as Mr Hoffman indicated, funding is directed in the non-government sector to pre-schools, in the VET sector and in the government sector to Batchelor, NT Correctional Services and the NT—

Senator CROSSIN—But you actually do have a separate and discrete agreement with Northern Territory Correctional Services and with the Batchelor Institute? Is that correct?

Mr Greer—Yes.

Senator CROSSIN—The figures that I read out to you about the decrease of NIELNS relate to the education department and the systems sector—not to Northern Territory Correctional Services, Batchelor and IAD. So the figures that I am actually referring to are really just that last section—

Mr Greer—Just section 12?

Senator CROSSIN—Yes, that is correct. I think the difficulty is that the columns you have given me, even Australia-wide, aggregate the figures across a four-year period and not a year by year period.

Mr Greer—The funding was provided as a quadrennium package for each of those providers, and that was what was reflected in the Indigenous education agreements. If you would like that to be disaggregated year by year, we could certainly do that.

Senator CROSSIN—But if you look at section 12 in this column and the \$4.275 million that is provided—

Mr Greer—Yes, and that is over the four years, Senator, but what I do not know there is what the cash flow of that over the four years is. I think your premise is that the cash flow of that over the four years is scaling down—is that right?

Senator CROSSIN—What I am trying to get a handle on is the fact that it comes out of one program and moves to another program, but at the end of the day the same amount should be there. Is that what you are telling me?

Mr Greer—Yes. We are saying there has been no diminution of funding from the IESIP program because of the treatment of TPA equivalents. There was no saving taken out of the IESIP program. Any funding that was freed up from a per capita basis through the phasing out or the tailoring out process was reused within the program on either NIELNS-type initiatives or other Indigenous education projects.

Senator CROSSIN—All right. There has been no underspend then in these areas? Is that correct?

Mr Greer—Not to my knowledge. I am not sure—

Mr Hoffman—You mean no underspending by the provider, by the Northern Territory Department of Education?

Senator CROSSIN—I am just trying to look across the board now Australia wide. Has there been an underspend? Is there a saving at all in the four-year period? Are you anticipating that all of these funds will be expended by June 2004?

Mr Hoffman—Actually by June 2005, yes. The quadrennium finishes at the end of 2004, but we have six months in which to complete all of the expenditures for the quadrennium. The money that has been tapering off from the TPA equivalent does not automatically flow into new NIELNS but it stays within the IESIP bucket of money. As student numbers have increased in almost all providers, there has been an extra requirement for SRA funding to the systems. SRA is per capita, so the more students who are enrolled in, say, remote Northern Territory schools the more money the Northern Territory gets for SRA funding. That is decided on a year by year basis.

Senator CROSSIN—Do you have on you here a year-by-year underspend for each state and territory, or are there no underspends?

Mr Hoffman—It has not been our experience that there are underspends, except the Northern Territory Department of Education has underspent some of its SRA and English as a second language moneys over a number of years but has requested approval to use those funds for other projects.

Mr Williams—When the providers actually enter into the agreement process, they articulate strategies against a set of strategic objectives. Those objectives, as you see here from one to five with the Northern Territory, identify where they are going to engage in concentrated effort over that quadrennium. I think that where there have been underspends they have come back and had conversations with the department to sustain that within the objectives of that particular strategy. So the underspends continue to value add to improving learning outcomes for Indigenous students.

Senator CROSSIN—So by and large at which point in time during a year do systems actually get their IESIP funding? Do you pay it on a calendar year basis rather than on a financial year basis?

Mr Hoffman—That is correct.

Senator CROSSIN—Would they have all of their 2003 funds now?

Mr Hoffman—I am just getting some advice. There are two payments each year, one in January and one in July. The July payment is made when we get an accurate count from the school census for the previous year. So when we make the January payment we do not necessarily know what the school census count was for the preceding year. I am talking about SRA, which is on a per capita basis. So in July there is then a further payment. We also require from providers by 31 March each year a progress report detailing their progress against the agreed targets for the previous year and also certified financial statements. Generally with state governments those are certified by the Auditor-General in the state.

Senator CROSSIN—Has each state and territory reported against that this year on time?

Mr Williams—No, we are in the process of working with our state and territory officers to get those reports from some of the providers, be they minor or major. It is due, understandably—

Senator CROSSIN—Have all the state education systems reported?

Mr Williams—Not at this point.

Senator CROSSIN—Who has not?

Mr Williams—I would have to get that information back to you. I can say that Northern Territory has reported on time.

Senator CROSSIN—It has only taken five years, I think. I am just interested in who the others are. I am not going to let them off the hook, you see.

Dr Harmer—We will try and get that information for you. We will be back tomorrow, and we can probably try to get them to you some time tomorrow.

Senator CROSSIN—If you take that on notice, that will be fine. It does not need to be tomorrow. Would there be a situation where any of the systems or any of the providers would at this point in time have all of their 2003 allocation—or do you not pay the second tranche until July?

Mr Hoffman—We do not pay it until July.

Senator CROSSIN—So each state and territory government and each of the major providers would still have moneys outstanding for this year? Is that correct?

Mr Hoffman—That is correct.

Senator CROSSIN—I think that is actually all I have on the IESIP stuff. I am a bit conscious of the time, so I am going to move on fast. Can you provide me with an updated table. This information is probably quite old, but some time ago you provided me with a breakdown of the annual amounts under IESIP and IEDA and the total of those two together. My table actually runs out at 2003-04. They were accrual estimates—or would I find that table on page 131? Is that it?

Dr Jarvie—What you see on page 131 is for Australia as a whole. It has IEDA separately from Indigenous education targeted assistance.

Mr Greer—Those figures are as follows: for 2004-05 it is \$67.625 million; for 2005-06 it is \$68.976 million; and for 2006-07 it is \$70.355 million.

Senator CROSSIN—That is fine. And we still have all states and territories only paying 10 per cent on-costs in relation to IESIP agreements, is that correct?

Mr Hoffman—That is the requirement in the Indigenous education agreements which we have with the major providers, including state and territory governments: their auditor must certify that at least 90 per cent of their allocation is spent on strategic initiative projects or strategic initiatives.

Senator CROSSIN—The IESIP pro formas for the core performance indicators for attendance, have they actually changed or been revised since 2000? You can take that on notice, if you like.

Dr Jarvie—We will take it on notice.

Senator CROSSIN—You gave me some performance indicators and I just wondered if they were still relevant—whether the indicators actually last the four-year period of the agreement or whether they have been revised since 2000?

Mr Williams—Are they the indicators that all states and territories—

Mr Greer—The indicators may have changed from 2000, because the current funding quadrennium runs from 2001 through to 2005. But we will take that on notice and, if there are any changes, we will highlight them to you.

Senator CROSSIN—Thank you. We raised the issue of the IEDA funding earlier this year and, without going into the background of this, at the time I think the minister gave an undertaking to have the department look at avenues for additional funding for these programs—because, as I understand it, some of the states and territories actually promoted the IEDA funds to the point where demand was greater than supply. Can you give me an update on what happened—in terms of whether or not additional funds were found for this six-month period and where they were found?

Mr Hoffman—There were no additional funds provided to the IEDA program; however, there was a redistribution of funds within the program between states, to the extent that the Northern Territory received an additional allocation of \$651,000 to maintain, particularly, tuition during school hours at the semester two 2002 levels for the rest of this year. They will continue to receive sufficient funding to maintain that level of activity.

Senator CROSSIN—What was the amount of IEDA funding that the Northern Territory started off with at the start of this funding round for the IEDA moneys?

Mr Hoffman—The allocation at the beginning of the year—

Senator CROSSIN—Which would be the beginning of the financial year, wouldn't it?

Mr Hoffman—Yes, it would be the beginning of the financial year.

Senator CROSSIN—July of last year.

Mr Hoffman—I can get that information for you.

Senator CROSSIN—I am assuming that in the Northern Territory they expended those funds within a seven-month period rather than a 12-month period—is that correct?

Mr Hoffman—Not all of the funds but a significant proportion of them.

Senator CROSSIN—So you do not know what that amount was that they started with in July last year?

Mr Hoffman—I can tell you that it was in the order of about \$9 million, but I cannot tell you the exact figure. But I can get the figure for you this evening.

Mr Williams—Senator, the most encouraging thing about those resources is that the Commonwealth was actually identifying where need was and providing that supplementary assistance. So it is encouraging to see. It is actually a very good news story to see those resources utilised to improve literacy and numeracy outcomes, because it is revealed within the reports that have come through from the Northern Territory that there has been some improvement in the levels of student literacy and numeracy outcomes. So we are pleased to

see that those resources were utilised. Yes, they were, as you said, used in a very efficient manner and somewhat expended. But we have looked within budget and we have allocated accordingly to sustain effort, which is important.

Senator CROSSIN—All right. I have a letter from the minister to me. It is dated 31 March 2003. In it he indicates that ‘additional funding in the order of \$1.6 million was provided to the Northern Territory to maintain this level of activity for the 2003 school year’. Mr Hoffman, that amount of \$651,000, is that only for a six-month period rather than the total year?

Mr Hoffman—That amount of \$651,000 is for the remainder of this financial year.

Senator CROSSIN—And the \$1.6 million the minister refers to—does that mean that is an additional \$650,000 that is there for the six-month period at the end of this calendar year—from July to December—is that right?

Mr Hoffman—I would have to have a look at the letter to be able to say whether that is what it means. But certainly there is a guarantee that the level of ATAS activity in the Northern Territory will not be diminished this calendar year.

Senator CROSSIN—No, I understand that. What I am asking though is this: if they were given around \$9 million at the start of the last financial year and they expended that in a seven-month period and the minister is telling me the following:

I am pleased to inform you I have agreed to provide additional funds to maintain the ATAS activity, particularly the tuition during school hours in the Northern Territory, at the same level in 2003 as semester two, 2002. Additional funding in the order of \$1.6 million will be provided to the Northern Territory to maintain this level of activity for the 2003 school year.

Mr Hoffman—That is right. What you said is exactly correct.

Senator CROSSIN—Your figure of \$651,000—

Mr Hoffman—Is for this half of the school year.

Senator CROSSIN—Okay. Therefore, in this budget that has been handed down where you have put an allocation of IEDA funds for the 2003-04 year, given that the Northern Territory started off with around \$9 million last year and given that they have now had to have an additional \$1.6 million, from 1 July this year, has there been a recognition that their total amount of IEDA funds needed to increase by that \$1.6 million? So has their allocation for the next financial year lifted by that \$1.6 million, to take account of that high demand?

Mr Hoffman—The allocation of the \$66.298 million for IEDA for 2003-04 to our state offices has not yet been determined, but the minister’s commitment that the level of ATAS activity will be maintained in the Northern Territory will be met when the allocation is made. The \$9 million, by the way, was for all IEDA programs.

Senator CROSSIN—Okay, so it was for all of them. Can you, on notice, provide me with the amount of money the Northern Territory was provided with on 1 July last year for the financial year. Can you give me the total amount and that amount broken down by the three programs under the IEDA?

Mr Hoffman—Yes.

Senator CROSSIN—You have three weeks before you allocate the money, I guess—before we get to 30 June. But one would assume that, when there is a commitment that at least the Northern Territory will maintain this level of activity for the 2003 year, that means including the additional funding they have had to find, rather than going back to that original amount of July of last year. But, Mr Hoffman, if I understand you correctly, you are saying that decision has not been made yet? Is that right?

Mr Hoffman—The allocations have not been determined yet for the 2003-04 financial year.

Senator CROSSIN—Well could you take on notice for me a breakdown of that funding, and can I ask you to take on notice to provide to this committee that breakdown for the next financial year when it is done?

Mr Hoffman—Do you mean for 2003-04?

Senator CROSSIN—Yes. In fact, I would not mind actually a breakdown of the IEDA programs by state and territory for last year and the coming year.

Mr Hoffman—Okay.

Senator CROSSIN—Just on the NIELNS money, last year I asked for a breakdown of how the NIELNS money was going to be spent last year, and a table was provided to me. There were \$30 million of new initiatives, \$35 million of continuing projects and \$11.5 million worth of national projects. I have actually found those national projects outlined in your national report, I think, on pages 104 and 105. If I read them to you, you might have a rough idea of what they are. There is the books in homes pilot, the Indigenous Ambassadors program, the Dare to Lead program and the Scaffolding Literacy program. Is that correct?

Mr Hoffman—That is correct.

Senator CROSSIN—What I was after was a breakdown of the amount next to each of those national projects. I was interested to know, regarding the amount next to the Dare to Lead program, how much of the \$11.5 million has been allocated against the program.

Mr Hoffman—Yes.

Senator CROSSIN—The other thing is that your national report actually outlines that the performance data for the Indigenous Youth Partnership Initiative under ECEF would be available at the end of 2002. Do you have that data available yet?

Mr Greer—I understand that an evaluation of the ECEF IYPI exercise has either been completed or is well advanced. We do not have that evaluation report here, but I will take it on notice and make a copy of that available to you. I understand it was quite a positive evaluation. I am happy to make that available.

Senator CROSSIN—Is the Scaffolding Literacy program the project that is being done in conjunction with ANU?

Mr Hoffman—With the University of Canberra.

Senator CROSSIN—As I understand, it was trialled at three sites in the Northern Territory.

Mr Williams—I understand that trialled is the word—

Mr Hoffman—It was trialled at 22 sites across Australia.

Senator CROSSIN—‘Trialled’ is probably not the word, with all due respects to the originator of that work.

Mr Hoffman—It was trialled at 22 sites across Australia. I think 15 of those were in Western Australia. I would have to check the actual numbers in the Northern Territory.

Mr Williams—The issue with the literacy scaffolding project is that the Northern Territory education system has taken an interest in it and is wanting to engage in that more productively in their pedagogical practices, but simultaneously the way the project sits is that we need to get schools to take ownership—

Senator CROSSIN—That is right. Can you just remind me who the originator of this project is?

Mr Williams—Brian Gray.

Senator CROSSIN—That is it.

Mr Williams—And he did some work in Alice Springs.

Senator CROSSIN—All right. I think I might just move on from there very quickly. I think it would be fair to say the Dare to Lead project has initiated quite a lot of excitement and interest in the Northern Territory.

Mr Williams—Absolutely.

Senator CROSSIN—I think it is going to be quite good.

Mr Williams—The emphasis there is to build on the principle of leadership and, if we are going to truly get into the mind-sets of making accelerated improvements in Indigenous children and young people, then good leadership is an essential agenda in the context. I am glad to hear that.

Senator CROSSIN—And the same with scaffolding—people are talking about it as being quite successful. But I will have to stop there, because I am not supposed to compliment you during estimates. But I am doing it because there is no-one here and hopefully they are not watching.

Dr Harmer—It is quite all right. We appreciate your comments. Thank you.

Senator CROSSIN—It reminds me of those big acts where you have the lead-in act for 20 minutes. Perhaps that is why Kim Carr put me on tonight—so that you are all in a good mood for tomorrow. I want to spend some time now talking about Abstudy as it relates to school children and then I would like to move on to the initiatives in the higher education package. The review of Abstudy has been mentioned a few times, I think. My understanding is that the review of Abstudy was only a review about how Centrelink actually undertook the administration of that on your behalf—is that correct?

Dr Jarvie—We are undertaking a joint Centrelink-DEST service delivery project and that is under way at the moment. So that is what is under way right as we speak, and that was about delivery, not about policy. And we talked about that I think at the last Senate estimates.

Senator CROSSIN—Yes, we did.

Dr Jarvie—It is still under way.

Senator CROSSIN—Do you have any statistics at all on the number of Abstudy applications that are made by states and territories on a year to year basis?

Dr Jarvie—I do not think we have that with us. We can take that on notice. Do you mean applications, as opposed to actual recipients?

Mr Greer—If you mean recipients—

Senator CROSSIN—I probably mean both, actually. If you have recipients, I am happy to have that now. You might have to get a gold star for thinking about that and bringing that along.

Mr Greer—Yes. In 2000, there were 49,229 Abstudy recipients—that is in school, vocational education and higher education sectors. In 2001, there were 50,386. In 2002, I understand there were 51,492.

Senator CROSSIN—Is it possible to break those down by schools, VET and higher education?

Mr Greer—Certainly. In 2000, it was 26,177 in the schools—I can get you a copy of this, if you like.

Senator CROSSIN—Yes, that will be fine—otherwise just provide them to me on notice. I am after a breakdown of the number of Abstudy recipients, by sector. I am particularly interested in the school sector at the moment. I am wondering if there is on the horizon a plan to actually review some of the application of the Abstudy and the way in which it is applied to Indigenous students, particularly in remote areas. I know your review is actually talking about the service delivery of Abstudy, but surely in your consultations you must be hearing about some of the difficulties—for example, the length of the form to fill in. You must have heard that time and time again.

Dr Jarvie—We have. We have some common themes that have emerged, and forms and letters certainly were among the big issues raised.

Senator CROSSIN—So are there in fact any plans to actually look at simplifying the forms?

Dr Jarvie—We are looking at what we can put in place for the 2004 Abstudy season. We are talking to Centrelink now, just trying to work out what it is possible to do in the time frame we have.

Senator CROSSIN—Has it got to the point where only one or two pages would be enough?

Dr Jarvie—I would love it to be like that.

Senator CROSSIN—I certainly know a lot of people in remote areas that would love that as well.

Dr Jarvie—That is what we would like to aim for. Whether it is possible to do that in one go is what we are talking to Centrelink about. They have a broader simplification project going on, where they want to try to simplify quite a range of their forms, not just Abstudy.

Senator CROSSIN—I have a number of people in the territory who would actually like to take Centrelink people out to a remote community, sit them under a tree with a mother of four children who has English as a third language and give her the form and say, ‘Fill this out and I will be back in half an hour.’ The view put to me is that if Centrelink just did that once or twice the forms would be simplified overnight.

Dr Jarvie—Well I did look at the application form myself and I did wonder how people would actually ever get Abstudy. It is very long.

Senator CROSSIN—That is a big problem. I think the view is that your figures would be a lot higher if the gateway was a bit easier.

Dr Jarvie—But, in fairness, the youth allowance form is of a similar length.

Senator CROSSIN—Yes. I do not want to preach to the converted here, but giving Indigenous parents the ability to fill out this form makes the difference between their child going or not going to secondary education—at the moment, particularly in the Northern Territory. So, if you do not fill the form out properly and your kid does not jump on a plane and end up in Darwin and go to St John’s College, they do not get secondary education for that semester.

Dr Jarvie—Yes, this issue was raised with us. We did consultations out with a lot of Abstudy clients, with Centrelink staff, in a number of places around Australia, and this was a message we got.

Senator CROSSIN—Similarly, can I ask if you have looked at the policy that is, I guess, around the traps kind of called the ‘no show’ policy? As of course you realise, under Abstudy children are actually allowed to hop on a plane once a term, basically, but if they for some reason or other do not turn up at the airstrip at 2 o’clock on a Tuesday afternoon—that is, if they are a no show—then they do not actually get taken in for 10 weeks. So, if they miss the plane, they miss school for 10 weeks. We have had a number of instances in the Northern Territory where a charter has been going out to a community where a child has missed the plane and there has been one seat available on that charter but, under the Abstudy policy, the child in question is not allowed to jump on that charter. If you miss the plane once, you miss school for 10 weeks; if a charter arrives in your community at week three and has a seat vacant on it, Centrelink will not allow you to jump on that plane to get into school for the last seven weeks of the term.

Dr Jarvie—I am not aware of that particular issue. I do know that as part of the consultations we have been undertaking we have been trying to identify best practice, and I know that in Cape York they have done some work in the area of getting kids to school and one of the ideas was to look at what best practice we have around the country and then to try to spread it around.

Senator CROSSIN—I wonder if you could take that on notice. The inflexibility of this policy and whether or not it can actually be reviewed, revisited or in some way relaxed has

been raised with me a number of times. If you could take that on notice and provide me with any feedback you get, it would be interesting.

Dr Jarvie—Yes, certainly.

Senator CROSSIN—Has there been any discussion with Centrelink about the willingness of their staff to actually visit the communities to assist parents completing this form?

Dr Jarvie—I will have to take that on notice. I know we have been talking about a range of initiatives. I do not have details with me here of the sorts of good practice Centrelink was going to be putting in. Certainly, one of the objectives was to enhance the delivery of this in remote areas, but at the moment what we have been trying to do is focus on some of the bigger things such as simplification of the Abstudy policy manual.

Senator CROSSIN—A lot of the boarding schools, of course, actually pay for their staff to go out to those communities at their own expense to complete those forms, basically. Therefore, either money needs to be provided to the schools for that air fare or somehow Centrelink needs to pick up that tab and send their own staff out—or provide money for that travel.

Dr Jarvie—We will just take that issue on notice.

Mr Greer—On that same line, I note that you asked a question along similar lines last year.

Senator CROSSIN—I probably keep asking the same questions every six months about Abstudy.

Mr Greer—You might find the answer to question 324/03 useful as well.

Senator CROSSIN—We will look that up. Can I also ask about the situation with the interim form for travel. You would be aware that under Abstudy some students actually make it into town and start school, and therefore they complete an interim form for travel, prior to actually having the 32 pages or whatever it is completed. The complex form is then completed and submitted to Centrelink. So, to go back and make myself clear, in order that a child can get on a plane and get into school an interim form is sometimes completed, with the expectation that Centrelink will get the complete form pretty soon afterwards. However, during that time, schools are actually picking up those boarders at their own expense and before those funds flow on to a school carrying such a student there can be a delay of some weeks or some months—between actually receiving the interim form and the real form being submitted. Is there anything being done to actually look at speeding up that payment, particularly where we are talking about students who attend year after year after year—so they are not new students?

Dr Jarvie—As has been identified, we are not actually responsible for the delivery of Abstudy. These are issues for Centrelink. But certainly some of these issues have come up when we have been doing this delivery review. It is their responsibility. So we have been working with—

Senator CROSSIN—But you actually contract Centrelink to do this on your behalf in a way, don't you?

Dr Jarvie—We are not contracting them; we have a business partnership arrangement, not an outsourcing arrangement. They have a responsibility to deliver this on the government's behalf.

Senator CROSSIN—Well I suppose the message I am trying to get through is that they are not doing such a flash job.

Dr Jarvie—The message we are getting is that they are certainly looking at improving their service to Indigenous clients and customers.

Senator CROSSIN—Let me put it this way: is there an expected best practice time or benchmarked time in which the processing of these payments would be expected? Are we talking about a week or 10 days or three months? What is a reasonable time that you would expect schools to have to wait for these payments?

Dr Jarvie—In our business partnership agreement I know we have a number of times for payments and certain indicators, but I am not sure which ones are there.

Mr Hoffman—Senator, it often depends on when Centrelink actually gets the completed application form. As you have already indicated, the application form is quite complex. So, in answer to the earlier question, the system does allow for the child to get on the plane and go to the school without having a completed form. But it depends on how long the parents take to actually get the form in to Centrelink. That determines how long it takes to make the payment to the school.

Senator CROSSIN—I am wondering if there is an optimum time between when Centrelink gets the form and when they make the payment.

Dr Jarvie—The benchmark is that the form is to be completed in 21 days.

Senator CROSSIN—Is the benchmark that the form should be completed within 21 days—or does that refer to payment from the receipt of the form?

Dr Jarvie—The payment is to be made within 21 days.

Senator CROSSIN—Okay.

Dr Jarvie—I am sorry, there are a number of benchmarks, I just do not have them here, but we can give you an indication of what they are.

Senator CROSSIN—All right. Can I ask if the department has done anything about actually reviewing the means testing arrangements for Abstudy?

Dr Jarvie—No.

Senator CROSSIN—Particularly for Indigenous secondary school students?

Dr Jarvie—No.

Senator CROSSIN—You would be aware that the means testing payment is actually the same in remote communities as it is in the heart of Sydney, for example, and that the cut-off is around the \$32,000 mark. Are you saying those sort of benchmarks—

Dr Jarvie—The changes—

Senator CROSSIN—Is the means testing aspect of Abstudy controlled by Centrelink or by the department?

Dr Jarvie—The policy has been set by the government and, as I understand, it was set a couple of years ago when Abstudy and the youth allowance were aligned. That alignment occurred, I think, in 2000. Since then the government has not changed its policy in that regard. So, no, it has remained the same.

Senator CROSSIN—So there has been no review of that or no work done within DEST to look at acknowledging allowances for people, particularly Indigenous people, who might live in remote communities where the cost of living much higher?

Dr Jarvie—No, we have not done any work on that. We are planning to look at some of the trends in terms of Abstudy students and participation in education, and we will look at some of these issues later in the year.

Senator CROSSIN—Is that research you are going to look at within your own department?

Dr Jarvie—At the previous Senate estimates, I think Mr Greer referred to the fact that we were going to review the impact of the changes to Abstudy and we were going to be starting it later this year. But we have not started it yet.

Senator CROSSIN—One of the other issues you might want to have a look at in reviewing the length of the form is also the impact that the new Privacy Act has had on that. That is, a school has a student who is continuing from one year to the next, and you know that you have to fill out this 32-page booklet every year—despite the fact your child might be going through from year 8 to year 11, you still have to fill out the same 32 pages every single year. Where copies of that form have not been kept or where Indigenous people might have provided that advice two years ago but do not remember it, like a date of birth, and they simply say to someone, ‘I do not know, ask Centrelink, they will have that information now,’ that is not able to be provided because of the new Privacy Act. So that in fact holds up the completion of the form again. It has been put to me that perhaps an allowance ought to be made. Page 13 on the notes for the Abstudy claim actually states that the information may be held by FACS or DEST but, of course, that does not help if you have someone associated with the school, like an assistant principal or a registrar, filling out the form because the Privacy Act prevents them from accessing that information.

Dr Jarvie—I hear what you are saying. We will certainly note that and look at it. By the way, I have had clarified that apparently continuing students do not need to actually fill in a new form. They do not have to do the 32 pages. They just have to confirm that all the information they had previously provided is correct and is the same.

Senator CROSSIN—My information is that something still has to be completed because—

Dr Jarvie—A confirmation would mean they would have to sign something indicating—

Senator CROSSIN—There must be, because to avoid that delay that I am talking about—where kids get on a plane, the form is completed and money does not come till six weeks later—schools are now sending teams of people out in October-November, before the

Christmas break, so that they have forms completed, ready to go, rather than try to chase people up in January. So there must be some sort of form that is needed by—

Dr Jarvie—That is something that we will need to confirm. We will clarify that.

Senator CROSSIN—In relation to this privacy issue, I was saying before that page 13 of the notes for Abstudy claim that information may be given to FACS or DEST, and that is the loop out of the Privacy Act. There has been a suggestion that perhaps it should also include something along the lines ‘and school principals or school registrars, where necessary’ to make it a bit easier.

Dr Jarvie—We will certainly look into that.

Senator CROSSIN—I will turn to higher education now. Just before I get on to some of the new initiatives announced in the budget, I am wondering if you can clarify for me some of the issues that were in the *Higher Education* report. I do not know if you have a copy with you, but it might make it easier if I just go through my questions.

Mr Hoffman—Senator, can I correct an earlier answer that I gave you in relation to whether the Northern Territory had received all of its IESIP payment for 2003?

Senator CROSSIN—Yes.

Mr Hoffman—I told you that they have not and that the next payment was due in July. In fact, once they became compliant—that is, when we received their financial acquittal and performance report—their second payment was generated. So they have received their payment.

Senator CROSSIN—Would that happen with other states and territories?

Mr Hoffman—The same process would happen.

Senator CROSSIN—Once other states and territories acquit their money, will they get—

Mr Hoffman—Once they are compliant with the Indigenous education agreement and we have the information to be able to calculate the SRA, then they would get their payment.

Senator CROSSIN—Rather than having to wait until July, is that right?

Mr Hoffman—Yes.

Senator CROSSIN—Thanks for that. On page 19 of the *Higher Education* report, table 2.5 outlines the equity groups in higher education. There are five equity groups that actually have an explanation about them—for example, the SES are those whose postcodes fall within A and B. All the equity groups have an explanation, but Indigenous students do not seem to have any sort of breakdown. Is an Indigenous student one who actually identifies as being Indigenous, no matter where they are, where they live or what their situation is?

Mr Williams—The Indigenous Group did not author this particular document. I can refer to my colleague here for a response.

Mr Burmester—The answer to your question is, yes, wherever an Indigenous student comes from, they qualify or are identified in—

Senator CROSSIN—So it is a self-nominating process as an Indigenous student?

Mr Burmester—Yes.

Senator CROSSIN—This equity group does not look at Indigenous students by SES, socioeconomic status, locality or any other issue, it is just simply whether you identify as being one; is that right?

Mr Burmester—That is right.

Senator CROSSIN—On page 22, I think I actually asked you back in February about the number of Indigenous students in higher education in 2002 but you did not have the figure at the time. I understand that it is now 7,912. Is that correct?

Dr Jarvie—I do not have that figure. Using the old definition I have the number of all students enrolled as 7,534. This is the under the previous definition. We have had a break in the series.

Senator CROSSIN—Yes, I will get to that in a minute.

Dr Jarvie—That is the number you can compare with earlier years.

Senator CROSSIN—So in 2001 that figure was 7,342—

Dr Jarvie—That is right.

Senator CROSSIN—and under the old definition, the 2002 figure is 7,534.

Dr Jarvie—Yes, that is right. It is an increase of 2.6 per cent.

Senator CROSSIN—It is an increase of only 200 around the country.

Dr Jarvie—That is right. But it reverses the decline that there had been in the previous two years. There had been a decline of eight per cent in 2000 and a decline of 0.1 per cent in 2001, and this was now an increase of 2.6 per cent.

Senator CROSSIN—While we are on page 22, can you just explain to me then what is the actual new definition of ‘enrolment’? Sorry, if I can just go back: is the old definition the number of students who had commenced and completed?

Dr Jarvie—The new definition is that it is students undertaking study at some point between 1 September and then 31 August the following year. The previous definition had been simply as at the census date—

Mr Hoffman—Which was 31 March.

Senator CROSSIN—Now you are counting students who might actually be at a university between August and February, not necessarily—

Dr Jarvie—August and—

Mr Hoffman—Any time over the span of a year beginning 1 September to 31 August the following year. So it is any time over that year when an Indigenous student was enrolled. That would then pick up Indigenous students who commenced in the second semester who would not have been picked up under the earlier definition. It would also pick up Indigenous students enrolling at summer schools.

Senator CROSSIN—Yes, it picks up Indigenous students who might only do one unit and get out of the system again—is that right?

Dr Jarvie—Yes, or who only study one module and then leave but who then may come back later, of course.

Senator CROSSIN—For 2002, do you have a breakdown of the number of students who actually commenced in that year compared with the number of completions? I am assuming your enrolment figure does not give me the number of completions. Is that correct?

Dr Jarvie—I have commencing students. I do not have completions here in the table I have.

Senator CROSSIN—Can you take that on notice to provide me with the number—

Dr Jarvie—Sure. The number of commencing students also rose between 2001 and 2002.

Senator CROSSIN—That was?

Dr Jarvie—They rose from 3,566 to 3,661, a rise of 2.7 per cent.

Senator CROSSIN—Okay.

Mr Hoffman—When you say the number of completions, do you mean the number of successful completions—completions of a course—or do you mean completions as in finishing?

Senator CROSSIN—Surely you would not have it broken down further than that, would you? You would not have completions by course unit, surely.

Mr Hoffman—By course?

Senator CROSSIN—You do not collect that from universities, do you?

Mr Hoffman—We may have it by postgraduate degree courses.

Senator CROSSIN—That would be fine. I would not imagine you would keep it by unit. You would go mad.

Dr Jarvie—We will get you what we can.

Senator CROSSIN—All right, thanks. On page 20, is there a reason why figure 2.4 does not include Indigenous students?

Dr Harmer—Can you repeat the question?

Senator CROSSIN—Figure 2.4 shows a graph of all the equity groups of students but it does not graph Indigenous students.

Mr Burmester—I think that was so that we could get as many of the groups on the one graph as possible and make it look artistic for the publication. The data is available. I think—

Senator CROSSIN—Because, of course, your Indigenous students would actually show a decline in that period in the graph.

Mr Burmester—I think that is reading too much into the graph. The number of Indigenous students—

Senator CROSSIN—If you are graphing your figures accurately over the last six years, your own report says the numbers are in decline.

Mr Burmester—Yes, they show that decline but that is not why that has been omitted. The number of Indigenous students is, on the old figures, about 7,000. These figures are all above, or running along, the 20,000 mark. So I think it was just a scaling issue. There is no dispute about the figures. We have them here and we can table them tonight.

Senator CROSSIN—Perhaps if you could, without providing the graph, take on notice and provide me to me the figures that would be used in a graph that show the number of Indigenous students in higher education from 1996 to 2002. On page 72, can you just explain to me the basis for calculating the Indigenous Support Funding Program. I know the funds are distributed using the formula of 50 per cent, 35 per cent and 15 per cent, but what is the actual calculation for the basis of the ISF funding?

Dr Jarvie—There is a total allocation of around \$24 million for the Indigenous Support Fund for this year. That is a fixed amount, and then it is divided up according to that formula.

Mr Hoffman—There is a fixed amount for Batchelor. The formula does not apply to Batchelor.

Senator CROSSIN—No. Before you even get to that, I am trying to work this out. The ISF is actually based on a per capita number so the ISF is X amount of dollars per each Indigenous student. Is that correct?

Mr Hoffman—Not necessarily. We have a spreadsheet which has participation rate—which is the number of students—the progression success rate and the completion rate. The amount of money that is available after subtracting the amount for Batchelor is then calculated for each institution using that formula. However, there is a limit to plus or minus 15 per cent, so no institution can get more than 15 per cent less or 15 per cent more.

Senator CROSSIN—But how is that original amount of money determined? When are you talking about a bucket of funds for the ISF, for example—in this report for 2003 it is around \$24.2 million—how is that figure generated?

Dr Jarvie—It is a fixed amount; it is a starting point. The government has decided that that is the amount of money it is spending on Indigenous support and then it allocates it.

Senator CROSSIN—Has that fixed amount been the same since 1996?

Dr Jarvie—It has been indexed. I do not know about the changes before the last couple of years.

Mr Burmester—I am not sure when the amount in that pool of funding was set initially. I just do not have that information. I will take that one on notice. It has been indexed along with all other higher education amounts for a number of years and then, in the higher education statement that the minister issued in the budget, it was increased by \$10 million over the next four years.

Senator CROSSIN—If I get time, I am going to get to the new amount. I just wanted to know when the ISF funding originated—I thought it was 1996—and I want to know whether the increases each year have only been because of indexation from that point in time.

Dr Jarvie—I think we would have to take that on notice.

Mr Burmester—We would have to go back and look at each of the initiatives that have been announced since that time.

Senator CROSSIN—If you could do that, that would be useful. On page 76, with the Higher Education Equity Program what are the criteria for an enabling program? Does this program exclude Indigenous students or can Indigenous students actually access HEEP money?

Mr Williams—A lot of students across institutions access these enabling programs to acquire the prerequisites to articulate into undergraduate courses or higher award level courses.

Senator CROSSIN—So the equity programs do not exclude Indigenous students, is that correct?

Mr Williams—No, I do not think they would.

Senator CROSSIN—It does not exclude Indigenous students?

Mr Williams—No.

Senator CROSSIN—So if you are Indigenous you can access these programs?

Mr Burmester—Senator, I am just a bit confused there.

Mr Williams—I thought you were seeking definition of the notion of an enabling course and whether Indigenous students can access—

Senator CROSSIN—No. On page 76, you have the amount of money that institutions obtained under the Higher Education Equity Program. I am wanting to know if Indigenous students can access these programs or if they are excluded.

Mr Burmester—No, Senator. These funds allocated from HEEP, the Higher Education Equity Program, are separate from the Indigenous Support Funding Program. So the Indigenous students are supported through the Indigenous support program with about \$24 million a year and separate to that are equity funds based on the other equity groups. So we have separated the two groups, and they each get funded from their respective sources.

Senator CROSSIN—So the Higher Education Equity Program is for the other—

Mr Burmester—The other groups.

Senator CROSSIN—Groups of equity other than Indigenous, okay. They may well be Indigenous in some instances because you may well have disabled Indigenous people accessing funds under both—maybe or maybe not.

Mr Burmester—I have never thought of it that way. Within the equity groups, students are assigned to only one group if they have multiple equity characteristics. I would have to take it on notice to check whether the Indigenous students are excluded from other equity groups or whether they could qualify for both.

Senator CROSSIN—On page 76, concerning those enabling programs, I understand that these courses are classified by DEST as post-secondary. Is that correct?

Mr Williams—Are they classified as?

Senator CROSSIN—Are they post-secondary rather than tertiary programs?

Mr Williams—In most cases, yes. They are preparatory type courses as prerequisites to engage in an undergraduate degree.

Senator CROSSIN—If they are actually classified by your department as post-secondary, does that mean that therefore they are inconsistent with the definition of courses under Abstudy? What support assistance does an Indigenous person get if they are doing an enabling program?

Mr Williams—I understand they can still engage in an Abstudy award to do an enabling course. Enabling courses operate within VET institutions as well and Indigenous students have an opportunity to access those courses.

Senator CROSSIN—Just because they are classified as post-secondary does not make them inconsistent with any Abstudy guidelines or their policy manual?

Mr Hoffman—The Abstudy living allowance payment would be the same, whether they were doing an enabling course or a degree. However, I believe they are excluded from Abstudy away from base funding. I will just check. If at a university, students have the living allowance, away from base, bulk ATAS funding, and access to Indigenous Support Funding.

Mr Williams—So students that undertake enabling courses are entitled under Abstudy to living allowance entitlements, away from base entitlements, ATAS bulk funding as well as the Indigenous ISF funding—

Mr Hoffman—If it is at a university.

Mr Williams—Yes.

Senator CROSSIN—If it is at a university?

Mr Hoffman—Or a higher education institution such as Batchelor.

Dr Jarvie—Senator, we have some clarification on how the Indigenous Support Funding has changed since 1996, if you would like me to read it out. You asked a question on this earlier. In 1996, the total quantum of ISF increased by 33 per cent but it has subsequently remained at that level, being adjusted annually by the higher education cost adjustment factor. So the basic increase was in 1996 and then it remained the same except for indexation.

Senator CROSSIN—Has the Higher Education Equity Program been adjusted over the years by the same factor?

Dr Jarvie—Everything that is an operating grant is indexed by the same cost adjustment factor, yes. I do not know if there have been other changes to the equity program.

Mr Burmester—I would have to take that on notice, Senator.

Senator CROSSIN—Okay. Let me just go to the four main areas of the changes that were announced in the budget. An additional \$10.4 million, as I understand it, went to the Indigenous support fund, and I have the breakdown of that: \$1.7 million in 2004-05, \$3.4 million in 2005-06 and \$5.3 million after that. Is that correct?

Dr Jarvie—It is \$1.7 million in 2005—they are in calendar years.

Senator CROSSIN—Yes, all right. That represents an average yearly increase of around \$3.6 million over the next three years. That is correct, is it not?

Dr Jarvie—It is \$10.4 million divided by three, yes.

Senator CROSSIN—That is not how it has been allocated but it is roughly around \$3.6 million a year over the next three years.

Mr Hoffman—Beginning in 2005.

Senator CROSSIN—Has DEST done any analysis on the increase in students, and Indigenous students in particular, that would be expected, given the fact that there is an anticipated HECS increase of up to 30 per cent? Has there been an analysis of how many Indigenous students are likely to take up higher education courses with those anticipated HECS increases?

Mr Williams—The intent of the increase of the ISF is to increase levels of enrolments and participation. So the data as it sits today indicates there has been some achievement in terms of improving levels, particularly in the higher award level courses. But you are asking for projected figures in terms of what it could look like in the next three or four years—

Senator CROSSIN—You have not done any of that work?

Dr Jarvie—No, we have not done any specific projections.

Senator CROSSIN—Will that additional Indigenous support funding be linked to the number of students participating in the system?

Dr Jarvie—It is expected it will be distributed on the same formula that we are using currently. Yes, it will reflect participation progress and completion, the same way it does now.

Senator CROSSIN—Will the 30 per cent increase in the HECS debt to student fees overall actually usurp any additional benefit that might arise from this extra ISF funding?

Mr Burmester—The 30 per cent figure is the maximum amount that a university may choose to increase its course fees by in all disciplines—other than teaching and nursing, where they are not able to increase their charges at all. I think asking a question that broadly assumes that the 30 per cent is to apply across the board is misleading. We do not know what individual universities will do in regard to their fees and in which courses they might increase fees to some level.

Senator CROSSIN—But if we set that aside, there is an increase in the HECS debt, other than for teaching and nursing.

Mr Burmester—There may be; there may be a reduction in the HECS debt.

Senator CROSSIN—So no work has actually been done on the impact of a possible fee increase by universities if they take it up, vis à vis the number of Indigenous students enrolled?

Dr Jarvie—There has been no modelling, but the basic principle is that there is no cost to the student because it is income contingent. There is no up-front cost to a student who enrolls.

Senator CROSSIN—Given that you are exempting students who are undertaking nursing and teaching from the increase, was there any thought given to exempting Indigenous students from any possible increase in HECS in order to encourage maximum participation?

Mr Burmester—No. The changes to the higher education package are based around both the Commonwealth contribution, which is on a discipline basis, and the student contribution, which is set by universities and which is to be set on a discipline basis. That will apply to all students studying any particular discipline. Students undertaking enabling courses will not face a HECS charge. You do not know what each individual university is going to do, so you do not know the impact.

Mr Williams—The issue as well is that the Indigenous Support Funding Program comes with a tighter focus on universities to inject considerable effort into encouraging Indigenous students to participate across a broad range of disciplines, and I think it is from that angle that these initiatives are arguing that Indigenous students can cut it just as well as the rest in this agenda.

Senator CROSSIN—Is this the additional funds, not the base ISF fund? In order to get just the additional funds, and I would like you to clarify this for me, I understand that institutions have to include evidence of participation of Indigenous people in decision making processes in the institution or set up an Indigenous advisory committee. Is that correct?

Mr Williams—Yes.

Senator CROSSIN—Will they have to be able to meet these criteria to get any ISF funds or is it only these additional funds?

Dr Jarvie—My understanding is it would be for all the funds. This is a new basis for funding. Each university, to be eligible for ISF funding, first of all have to have a series of things in place—as you said, participation of Indigenous people in institutional decision making processes, an institutional Indigenous employment strategy and the like. That is the first hurdle, and then they get allocated.

Senator CROSSIN—So would an Indigenous advisory committee or Indigenous people on the council be one tick?

Dr Jarvie—Yes. These guidelines have to be worked out, but, yes, you have to have these things in place.

Senator CROSSIN—So the guidelines for this have not been worked out?

Mr Williams—No.

Senator CROSSIN—What is the timeline for universities to actually to be able to prove they have this in place in order to access the funds?

Mr Williams—The increases do not take effect until 2005. So we are working strategically within this period to engage in a process of consultation with stakeholders or within the sector to receive that advice.

Senator CROSSIN—But isn't some of the additional ISF funding available from 2004-05?

Dr Jarvie—No, calendar year 2005.

Senator CROSSIN—So what about where it has 2004-05?

Dr Jarvie—Are you looking at the budget measure?

Senator CROSSIN—I would have got that off a press release, I think.

Dr Jarvie—The operating grant is normally paid through HEFA on a calendar year basis, so we tend to talk about it in terms of a calendar year.

Senator CROSSIN—So universities would have 18 months to put this in place to actually access the ISF funds from 2005 onwards; is that right? Similarly, with the Indigenous employment strategy, they would need to have that in place?

Mr Williams—I believe many of the interesting elements of this—

Senator CROSSIN—One of the three or all of the three?

Mr Williams—All of it; definitely, this is a very strong accountability agenda here that we are running. We are very serious about ensuring that Indigenous students are given every opportunity. So these measures here are put in place to tighten that accountability agenda.

Senator CROSSIN—I am not going to quibble with any of that. I just wanted to clarify in my own mind whether it was—

Mr Williams—No, but it is all three.

Senator CROSSIN—It will be interesting to see. Do you have additional officers going into your department to help some of these recalcitrant universities come on board?

Mr Williams—We have made the most of things.

Dr Jarvie—There has been quite a lot of enthusiasm for the Indigenous initiatives.

Mr Williams—It really has been a very encouraging agenda.

Senator CROSSIN—Let us hope that is the case. I have just a quick question on the Higher Education Advisory Council. I am just wondering how that is going to be established, and I am particularly interested in whether or not all of the members of that council will be Indigenous. Is it envisaged that just a majority of them—

Mr Williams—Shall I say that we are still investigating the particular activities associated with establishing this council. The minister, of course, would have to sign off on the terms of reference of this committee and its composition. But we are engaging in a process of consultation with the sector and in particular groups like the Indigenous Higher Education Network who are actually in the field. They are doing the job and can provide us with that feedback in terms of how we can best give advice to the minister in making decisions. So composition has not been established at this point. It would need to be approved by the minister.

Senator CROSSIN—Has there been a recommendation or a preference from DEST that the council would be composed of Indigenous people?

Dr Jarvie—We have made no recommendation.

Senator CROSSIN—Would you be looking at having only Indigenous members of this council?

Mr Williams—We have no position.

Senator CROSSIN—You have such strong high jumps with your ISF funding that I am wondering if you are going to make this such a strong high jump as well.

Mr Williams—We have not put any position forward.

Senator CROSSIN—So you are still working out who would sit on this or what group—

Dr Jarvie—It is up to the minister's discretion as to whom he wants to sit on his advisory council. However, we are talking to the sector about how it would work.

Senator CROSSIN—Can I just take you to Indigenous staff scholarships. I understand there are five national scholarships to be awarded per year. Will these scholarships be counted as income for the purposes of youth allowance or Abstudy?

Mr Williams—Yes.

Senator CROSSIN—Yes, they will?

Dr Jarvie—Are you talking about the staff ones?

Senator CROSSIN—The five national scholarships.

Dr Jarvie—They are \$20,000 a year, so the means test would make people not eligible for the youth allowance.

Senator CROSSIN—I am assuming that staff would actually take leave without pay to access these scholarships. They would not be exempt for the purposes of youth allowance or Abstudy; the scholarships will be deemed as income?

Dr Jarvie—They are income.

Mr Burmester—These scholarships are slightly above the existing APA awards that go to other postgraduate students in terms of the stipend. It is a non-taxable stipend but it would count against social welfare payments. However, it is slightly more generous than the existing ones for other students, and most of those other students undertaking those sorts of studies get supplementary income through part-time tutoring and so on in the university. So we would expect the same sort of arrangements to apply to these staff. The intention clearly is to give them time to pursue their own academic interests. That is their purpose. This has been found to be a level that is suitable for other students.

Senator CROSSIN—I just want to ask you something about Indigenous employment and the link to the ISF funding. ISF funding will mean that universities will have to actually have an Indigenous employment strategy. Can I take you to page 71 of your own *Higher Education* report. I am wondering whether your report will reflect a change in next year's reporting. You actually talk about Indigenous education strategies and equity plans in your own report, but there does not seem to be any realisation that participation of Indigenous students can actually be linked to increasing Indigenous employment in universities.

If you look at page 71, in the six dot points under 'Indigenous Education Strategies' there is not one reference to actually increasing Indigenous employment in higher education institutions, and in the dot points under 'Equity Plans' there is no mention of Indigenous employment in higher education institutions. I am wondering if your own support for equity

objectives will reflect that in next year's annual report, given there has been such a heavy emphasis on Indigenous employment in this year's budget.

Dr Jarvie—That is a good point.

Senator CROSSIN—Can I take you back to the staff scholarships. You might want to take this on notice. I would be interested to know if you actually have a breakdown of Indigenous, academic, and general staff in higher education, because my understanding at the moment is that that sector actually comprises only 0.7 per cent of all staff. It is very low.

Dr Jarvie—You are right. We had 0.72 per cent in 2002.

Senator CROSSIN—My understanding is that, if we wanted to actually increase the representation of Indigenous people as staff in higher education and you were looking at an equity ratio, an additional 1,176 positions equivalent to an academic level B would have to be created.

Dr Jarvie—I will take your word for it, but the benchmark is 2.5 per cent.

Senator CROSSIN—It might be 2.5 per cent—sorry, that would be right. I actually have figures here that show that 0.72 per cent represents 1.5 per cent below the equity reference value for Indigenous Australians. Therefore, to bring it up to that, you would actually need an additional 1,176 positions. I am wondering where you see five national scholarships per year actually going towards making any sort of dent in the 1,176 places that would be needed?

Mr Williams—I think five was the starting point. Opportunities for growth may occur in later years but I think this is the starting point.

Dr Jarvie—One of the issues that was raised when we were doing the forums around Australia is that, yes, there is a definite need to build professional qualifications. But the problem is that so many of the staff who are working, particularly in the Indigenous support units and the like, are incredibly overworked with their mentoring and the range of activities that are expected. My understanding is that to put in any more scholarships at this point would in fact take too many Indigenous people out of their very important roles in the universities.

Senator CROSSIN—Can I ask then why the Indigenous staff scholarships do not even increase by one each year, so that there would be five in the first year, then six, seven and eight? Why is there not even a gradual increase? After four years you are actually only going to award 20 scholarships.

Mr Williams—I am unable to answer that at this point, but I think that is an issue that could be put forward to the Indigenous advisory council through its advice to the minister. We should not limit the focus on the scholarships as being the be-all and end-all for Indigenous students to increase their capacity within institutions, because the Indigenous employment strategy should simultaneously look to the mainstream measures to enable Indigenous students to acquire qualifications. So this is an injection of energy for five, admittedly, but with the employment strategy I would be looking very carefully to see how they can utilise other measures within the university, like any other academic, to build on their capacity.

Senator CROSSIN—Can I ask if there is an intention within DEST to actually assist universities to establish Indigenous employment strategies? How do you anticipate they are going to go about this?

Mr Williams—There are a range of strategies occurring. It seems to be a very common theme across Australia. If you look in both public sector and non public sector organisations, there are Indigenous employment strategies. Advice can be received from places such as the department of workplace relations—

Senator CROSSIN—So you would be looking at performance indicators and targets in those employment strategies?

Mr Williams—Definitely. That would have to underpin some level of longitudinal growth in terms of what their current base line figures are and what they seek to increase upon that over a period of three or four years. But I think the elements of any type of strategy would need to be contained there for us to be convinced that you are going to make a significant dent in improving levels of employment. I should say that the details have not been defined at this point and I am just talking in terms of program management.

Senator CROSSIN—That gives us plenty to come back to in November. I think we are doing well for time. I have about two questions left. I am not going to put any questions on notice, if you can answer these two. Looking at the Commonwealth learning scholarships program, which is the fourth initiative here, and the education costs scholarship, are any of these a response to the away from base Abstudy initiative? Will they affect the away from base ability?

Mr Williams—That is an interesting point. I do not think we have done an assessment from that angle. I think we have looked at the fact that it is a scholarship.

Dr Jarvie—I do not think so. It is a scholarship on top of other assistance. We will take that on notice.

Senator CROSSIN—Is there anything at all to ensure that at least a certain percentage of Indigenous students will be able to access both of these scholarships? Although you are actually saying it is going to target rural and regional and low socioeconomic and Indigenous, somewhere is there a view that at least 50 per cent of these will be for Indigenous, or will this be merit based?

Mr Williams—Those finer details need to be determined at the institutional level. There is a very strong focus, I should suggest, in a merit selection agenda, so that there are opportunities for Indigenous people to engage in this process, but institutions—

Senator CROSSIN—So institutions will get these scholarships like they got the merit based equity scholarships; is that correct?

Mr Williams—That is correct.

Dr Jarvie—They will get these scholarships to allocate. However, we will be writing guidelines for the basis on which they should allocate them. But at the moment that is as far as we have developed it. We have not developed guidelines, obviously.

Senator CROSSIN—So there is no notion that at least a third of these would be set aside for Indigenous as a minimum—

Dr Jarvie—At this stage we have not gone that far.

Senator CROSSIN—So there is no targeting in that way. I think that is it. I had some questions about postgraduate initiatives and, if they do not get asked in the next two days, I will put them on notice. Thank you very much.

Committee adjourned at 11.00 p.m.