



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION  
LEGISLATION COMMITTEE

ESTIMATES

**(Additional Estimates)**

WEDNESDAY, 18 FEBRUARY 2004

CANBERRA

BY AUTHORITY OF THE SENATE



## **INTERNET**

The Proof and Official Hansard transcripts of Senate committee hearings, some House of Representatives committee hearings and some joint committee hearings are available on the Internet. Some House of Representatives committees and some joint committees make available only Official Hansard transcripts.

The Internet address is: **<http://www.aph.gov.au/hansard>**

To search the parliamentary database, go to:  
**<http://parlinfoweb.aph.gov.au>**



---

**SENATE**

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

**Wednesday, 18 February 2004**

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

**Senators in attendance:** Senator Tierney (*Chair*), Senators Barnett, Carr, Crossing, Harradine, Johnston and Stott Despoja

**Committee met at 9.06 a.m.**

**EDUCATION, SCIENCE AND TRAINING PORTFOLIO**

**In Attendance**

Senator Vanstone, Minister for Immigration and Multicultural and Indigenous Affairs

**Department of Education, Science and Training**

**Australian National Training Authority (ANTA)**

Ms Janina Gawler, Chief Executive Officer

Mr Adrian Stephens, Director

Ms Kareena Arthy, Director, Research, Planning and Reporting

**Australian Nuclear Science and Technology Organisation (ANSTO)**

Dr Ron Cameron, Acting Executive Director

Mr Ian Cullen, Director, Corporate

Mr Ken Horlock, Replacement Research Reactor Project

Mr Ken Suter, Chief Financial Officer

**Commonwealth Scientific and Industrial Research Organisation (CSIRO)**

Dr Geoff Garrett, Chief Executive

Dr Ron Sandland, Deputy Chief Executive

Mr Mehrdad Baghai, Executive Director, CSIRO Business Development and Commercialisation

Mr Mike Whelan, Chief Finance Officer and Executive Director, Corporate Operations

Dr Bill Taylor, Commercial Manager (R&D), CSIRO Plant Industry

**Australian Research Council (ARC)**

Prof Vicki Sara, Chief Executive Officer

Mr Greg Harper, Deputy Chief Executive Officer

Mr Len Marsden, Executive Director, Corporate

**Australian Institute of Marine Science (AIMS)**

Mr Peter Willers, Acting Director

Mr Victor Bayer, Chief Finance Officer

Ms Susan English, Policy Liaison Officer

**Questacon**

Mr Grahame Cook, Deputy Secretary

---

Prof Graham Durant, Director

**Cross Portfolio**

Dr Jeff Harmer, Secretary

Dr Wendy Jarvie, Deputy Secretary

Mr Grahame Cook, Deputy Secretary

Ms Lisa Paul, Deputy Secretary

Mr Ewen McDonald, Group Manager, Corporate Strategy Group

Ms Chris Silk, Acting Branch Manager, People Management Branch, Corporate Strategy Group

Ms Margaret Pearce, Branch Manager, Parliamentary and Communications Branch, Corporate Strategy Group

Ms Susan Smith, Branch Manager, Business Performance Improvement Branch, Corporate Strategy Group

Mr Craig Storen, Chief Finance Officer, Finance Branch

Mr Tony Kwan, Chief Information Officer, Information Services Group

Mr George Kriz, Chief Lawyer, Procurement, Assurance and Legal Group

Mr Richard Bridge, Chief Audit Officer, Audit and Investigations Group

**Strategic Analysis and Evaluation Group**

Dr Jeff Harmer, Secretary

Dr Wendy Jarvie, Deputy Secretary

Mr Grahame Cook, Deputy Secretary

Ms Lisa Paul, Deputy Secretary

Ms Jessie Borthwick, Group Manager, Strategic Analysis and Evaluation Group

Ms Oon Ying Chin, Acting Branch Manager, Economic Analysis, Growth and Evaluation Branch, Strategic Analysis and Evaluation Group

Mr Terry Murphy, Director, Economic Analysis and Growth Section, Strategic Analysis and Evaluation Group

Ms Anne Baly, Branch Manager, Skills Analysis and Research Strategy Branch, Strategic Analysis and Evaluation Group

Mr Paul Balnaves, Acting Branch Manager, Transitions and Attainment Branch, Strategic Analysis and Evaluation Group

**Science Group**

Dr Jeff Harmer, Secretary

Mr Grahame Cook, Deputy Secretary

Mr Colin Walters, Group Manager, Science Group

Mr Rod Manns, Branch Manager, Science Programmes, Science Group

Mr Steve Irwin, Branch Manager, Science and Technology Policy, Science Group

Ms Sara Cowan, Branch Manager, International Relations and Collaboration, Science Group

Dr Caroline Perkins, Director Radioactive Waste Management, Science Group

**Higher Education Group**

Dr Jeff Harmer, Secretary

Dr Wendy Jarvie, Deputy Secretary

Mr Bill Burmester, Group Manager, Higher Education Group

Ms Lois Sparkes, Branch Manager, Quality, Equity and Collaboration Branch, Higher Education Group

Dr Carol Nicoll, Branch Manager, Funding Branch, Higher Education Group

Ms Maria Fernandez, Branch Manager, Student Support Branch, Higher Education Group

**Innovation and Research Systems Group**

Dr Jeff Harmer, Secretary

Mr Grahame Cook, Deputy Secretary

Dr Evan Arthur, Acting Group Manager, Innovation and Research Systems Group

Mr Ian Lucas, Acting Branch Manager, Innovation and Research Branch, Innovation and Research Systems Group

Ms Leanne Harvey, Branch Manager, Research Systems Branch, Innovation and Research Systems Group

**VET Group**

Dr Jeff Harmer, Secretary

Ms Lisa Paul, Deputy Secretary

Ms Aurora Andruska, Group Manager, Vocational Education and Training Group

Ms Mary Johnston, Branch Manager, Industry Training Branch, Vocational Education and Training Group

Ms Rebecca Cross, Branch Manager, Quality and Access Branch, Vocational Education and Training Group

Mr Ben Johnson, Branch Manager, New Apprenticeships Branch, Vocational Education and Training Group

**Indigenous and Transitions Group**

Dr Jeff Harmer, Secretary

Dr Wendy Jarvie, Deputy Secretary

Mr Tony Greer, Group Manager, Indigenous and Transitions Group

Mr Shane Williams, Branch Manager, Indigenous Education Policy Branch, Indigenous and Transitions Group

Mr Shane Hoffman, Branch Manager, Indigenous Business Management Branch, Indigenous and Transitions Group

Ms Shelagh Whittleston, Branch Manager, Transitions Branch, Indigenous and Transitions Group

**Schools Group**

Dr Jeff Harmer, Secretary

Ms Lisa Paul, Deputy Secretary

Mr Chris Evans, Group Manager, Schools Group

Ms Catherine Wall, Branch Manager, Funding and Coordination Branch, Schools Group

Ms Di Weddell, Branch Manager, Performance and Targeted Programmes Branch, Schools Group

Ms Trish Mercer, Branch Manager, Quality Schools Branch, Schools Group

Mr Arthur Townsend, Branch Manager, People Management Branch

**AEI Group**

Dr Jeff Harmer, Secretary

Dr Wendy Jarvie, Deputy Secretary

Ms Fiona Buffinton, Group Manager, AEI Group

Mr Iain Watt, Acting Branch Manager, Export Facilitation Branch, AEI Group

Mr Anthony Zanderigo, Director, Market Development Unit, Export Facilitation Branch,  
AEI Group

Ms Linda Laker, Director, Industry Regulation Unit, AEI Group

Mr William Thorn, Branch Manager, International Cooperation Branch, AEI Group

Ms Karen Holas, Director, Industry Regulation Compliance Unit, AEI Group

Ms Bettina Cooke, Director, APEC, North and South Asia Unit, AEI Group

**CHAIR**—I declare open this hearing of the Employment, Workplace Relations and Education Legislation Committee. I welcome Senator the Hon. Amanda Vanstone, the Minister representing the Minister for Education, Science and Training, and the secretary, Dr Jeff Harmer, and officers of the Department of Education, Science and Training and agencies, as well as observers, to this public hearing. The committee has agreed that we will commence today with the Education, Science and Training portfolio. The committee examined the budget expenditure of this portfolio at its hearings in June 2003 and at its supplementary hearings in November 2003. Today we will be considering proposed additional expenditure for the year ending June 2004, which the Senate referred to the committee on 11 February 2004. The committee has resolved that answers to questions on notice are to be lodged with the committee by Friday, 2 April and that it will report to the Senate before or on 24 March 2004.

I remind officers that, in its order of continuing effect, the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise. I also remind officers that they should not be asked to give opinions on matters of policy and that they will be given reasonable opportunity to refer questions asked of them to superior officers or to the minister. I remind participants that oral evidence and documents in estimates proceedings are part of the public record. Minister, do you wish to make an opening statement?

**Senator Vanstone**—Thank you, Mr Chairman. I only wish to say that it is a pleasure to be here and that I look forward to spending some time with you. I have no further remarks.

**Senator CARR**—Before we start, there have been a number of difficulties in getting this committee and other committees to align their proceedings. After lunch, I have to be at another committee hearing, so Senator Crossin will taking the ANTA and VET programs and Indigenous matters and that should conclude by 3.30 p.m. I am indicating at this point that I may have to ask officers who have not been able to conclude their evidence prior to lunch to come back at a later hour.

**CHAIR**—After 3.30 p.m.?

**Senator CARR**—Yes.

**CHAIR**—Thank you, Senator Carr. We will now move to cross-portfolio questions.

**Senator CARR**—Good morning. I would like to begin by asking why we have so many answers to questions outstanding. Dr Harmer, can you tell me why we have had so much difficulty in getting answers to questions from this department?



**Dr Harmer**—I apologise that we have not been able to answer all of the questions, but we took 363 questions at Senate estimates on 5 November, which is the highest number that we have taken in the last seven or eight years. We have done our best. I think we had almost 70 per cent of the answers to the questions from the department provided to the committee on the due date and, as of yesterday, I think we had only relatively few—six or seven—questions from the department to answer. Some of those are answers which cannot be provided until we receive reports of data from other agencies. Some of them are not available. I have had a detailed look, as I always do, because I take very seriously meeting the Senate estimates committee's requirements for prompt answers. We will do our best to get them as quickly as possible. We have been working quite hard on getting any answers.

**Senator CARR**—Some of the answers I have requested go back to February last year, so it is not just an issue of overwork from last November. There are two questions here that I see from the additional estimates round in February 2003. There are two questions from June 2003. There are, as you say, a significant number of questions from November 2003. It goes back a fair while.

**Dr Harmer**—It does. Going back to the two outstanding questions from February, we have provided an interim response to both. One of them, according to my information, is subject to the publication of a report, which we expect to be in mid to late 2004. We are not able to answer that question until the report is available. The other one is from the Australian National Training Authority, and I am afraid I have not got the detail of that.

**Senator CARR**—All I was seeking there was a list of advisory committees, task forces and any other reference groups established within the portfolio since March 1996. I would have thought that was a straight computer data entry, stroke of a key type of question, and I presume your records are reasonably good.

**Dr Harmer**—I do not think there is a problem with the department's component of that but, being a portfolio which has a number of agencies, there are a couple of agencies that have not responded.

**Senator CARR**—It is unusual for them to ignore you, though, isn't it?

**Dr Harmer**—Indeed, yes. I do not think they are ignoring me; I think there may be some other problems.

**Senator CARR**—Forgotten about it?

**Dr Harmer**—Maybe their systems are not as good as the department's.

**Senator CARR**—Yes, maybe. I would like the answer—that is all.

**Dr Harmer**—Sure, and I will do my best to get it to you as soon as I can.

**Senator CARR**—As for the others, going through the next list, for November, 'Still awaiting response' is a common theme running through the sheet of paper I have. I presume it is the same one that you have provided to the committee.

**Dr Harmer**—Yes.

**Senator CARR**—These are answers to questions from government senators as well as opposition senators. It does seem that we have a problem here with ANTA in particular but

also with ARC. ‘What would it cost to bring our research infrastructure up to international standards?’ Given that the government is currently embarking on a major budgetary exercise, Backing Australia’s Ability 2, you would think that would be information readily available. Nine inquiries have been run by your department and reported to the government on these issues—all reported since November last year. I am just surprised that we cannot have basic information about the cost of infrastructure.

**Dr Harmer**—I cannot answer for the ARC, but I imagine it is not an easy exercise to give an estimate of what it would cost, given the complexity and various components of infrastructure for research, to bring us up to international standards.

**Senator CARR**—The Australian Vice-Chancellors Committee do not seem to think it is too hard a task to put a bid in, so they must have an idea of what it costs. Presumably, you could make an assessment of that. The Chief Scientist has undertaken a major review, published in November last year. This was one of those reports that we got hold of and published before the government, so I know it is there, I have seen it—I have actually seen the official copy—and it strikes me that the information is available, the work has been done and the only problem is that the information has not been communicated to this committee with regard to the cost of bringing our research infrastructure up to international standards.

**Dr Harmer**—All I can say is that we will do our best to get you the answer.

**Senator CARR**—I keep going through the list. I see ‘Awaiting final responses’ in regard to research training scheme and regional protection fund. A good deal of that program would presumably have been expended by now. I am waiting for an answer there. There is a question requesting Abstudy statistics for 2001-02. Again, it seems to me that these are straightforward, simple requests. I find it difficult to believe that you have so much trouble answering these sorts of questions.

**Dr Harmer**—On the Abstudy one, my information is that we should be able to provide you with the answer to that one late this month or early March, because we are waiting on information from Centrelink. So in some of these we are doing our best, but we are constrained by the availability of some of the data. I can assure you that we take our responsibilities to answer the questions very seriously and we will be getting them to you when we can.

**Senator CARR**—Turning to another issue, I received a letter from—

**Senator Vanstone**—I think the departments do try their best—70 per cent is pretty good, but clearly not good enough. If there was a much higher percentage at other times, for questions overall put on notice, that makes it harder. No disrespect to my Reps colleagues, but it is true that Reps ministers’ offices do not perhaps have the same focus on estimates as Senate ministers’ offices. The secretary has given you an undertaking to do what he can, and I am sure that he will. If he does not, no doubt you will remind him about that at the next estimates. We all have that to look forward to.

I would make the point, for the benefit of any aspiring PhD students that have nothing to do but read estimates *Hansards*, that I am yet to find a study that has been done into two things in relation to questions asked as opposed to the answering of questions: the level of questions asked which were readily available in public documents for senators over the period

of the year in any event and the use made of the questions that are asked. As I am sure you will understand from the time when your party was in government, a huge amount of work by the Public Service is put into preparing these. It must be soul destroying to do it year after year for people who then do not use them.

**Senator CARR**—I think you will be surprised to hear that my record of using estimates answers is quite a significant one.

**Senator Vanstone**—I was not being accusatory to you. There is an element of paranoia there that I have touched on that I did not mean to.

**Senator CARR**—There is a history in this committee about ministers and secretaries of departments complaining that I ask too many questions.

**Senator VANSTONE**—You ask what you like.

**Senator CARR**—I take some pride in the number of questions I ask.

**Senator VANSTONE**—Yes, I understand that.

**Senator CARR**—And I will continue to ask them.

**Senator VANSTONE**—Now that you mention it, some publicity about the indulgence you are regarded as using by some comes to mind, but it was not in my mind when I made those remarks.

**Senator CARR**—I am pleased to hear it. Furthermore, I advise you that it may not be too many months away and we may be sitting on opposite sides of the table, so I look forward to requoting those words to you.

**Senator VANSTONE**—I am sure you do look forward to it. In regard to the answers to questions that have been given, Dr Harmer, who does the vetting of them?

**Dr Harmer**—The clearing?

**Senator Vanstone**—The final sign-off.

**Dr Harmer**—It depends on the nature of the question. If it is purely of an administrative nature, then it is quite likely that the clearance procedure will be within the department. If they are matters of some sensitivity that require consultation with the minister's office, we do that as well. That has been standard practice.

**Senator CARR**—Standard practice is that all questions go to the minister's office?

**Dr Harmer**—No.

**Senator CARR**—Not all of them; just the ones that you think are politically sensitive?

**Dr Harmer**—There are times when the minister has to give approval for the release of certain information. This has been the standard practice.

**Senator CARR**—Is there an officer in the department who is responsible for editing the questions?

**Dr Harmer**—There will be a range of officers responsible for making amendments to the first draft. Like virtually everything else in the department, it goes through a series of

considerations by increasingly senior officers. It would depend on the nature of the question who it was that finally cleared it.

**Senator CARR**—At what level are they finally cleared at? Do you clear them?

**Dr Harmer**—Many of them I do, but not all.

**Senator CARR**—So is it to do with degree of sensitivity?

**Dr Harmer**—Not necessarily sensitivity, but sensitivity would be one of the issues that I would consider in whether or not I would clear them.

**Senator CARR**—That is fair enough.

**Dr Harmer**—Complexity is another one.

**Senator CARR**—What percentage would go to the minister's office?

**Dr Harmer**—I am sorry; I do not have that in front of me at all.

**Senator CARR**—Is it a lot?

**Dr Harmer**—A minority, I would think.

**Senator Vanstone**—Senator, the secretary has told you he does not know. It is not part of some guessing game.

**Senator CARR**—He did not know the percentage, Minister. I was asking what sorts of proportions go to the minister's office.

**Dr Harmer**—A minority, but I do not have the figures.

**Senator CARR**—I get answers back which have the tracking changes still left on them. How often does that occur? I received back questions which had on them all the tracking changes and the names of the officers that did the changes. Is that common?

**Senator Vanstone**—That is like the tracking changes on Mr Latham's speech.

**Dr Harmer**—We are hoping it will not occur again.

**Senator CARR**—I am sure you are! I am absolutely certain you are. In fact, you have now changed the format of answers coming to me so that it does not happen again. Would that be right?

**Dr Harmer**—We have discovered—as have a number of others—that with the software we used it was not very helpful to have, as you probably discovered yourself, a whole stack of historical changes. There are some privacy issues there because it is possible to identify the author and when et cetera, and that is not part of the Senate—

**Senator CARR**—Could I disabuse you of one thing? It is extremely helpful for me to see the things that you do not want to see public. I refer here specifically to these CSIRO questions, which I take it you signed off on.

**Dr Harmer**—I do not recall whether I did. Let me just say that changes are made—and they show up on the Microsoft Word document as tracking changes—not just because there is something that the author or the clearer does not want you to see. They are made because there are errors or judgments about the way the question should be answered. Certainly in the case of this portfolio it is not a matter of hiding information. We do our best to be open.

**Senator CARR**—I will take this up with CSIRO officers directly, but I put it to you that this is censorship.

**Dr Harmer**—I could not agree with that.

**Senator CARR**—Pure and simple, you are trying to hide information from the parliament. I can demonstrate this case by the particular documents I referred to. For instance, surely it is relevant to the question I asked with regard to competitive tendering that the board of CSIRO chose to reprimand the chief executive officer over the appointment of a personal friend without tender to what amounted to \$700,000 worth of public contracts. Surely that is a matter of relevance.

**Dr Harmer**—I cannot answer that. I do not know the nature of the question.

**Senator CARR**—Did you see this question?

**Senator Vanstone**—It is a bit like leasing a building to yourself when you are in government and making 36 million bucks for the Labor Party. It is possibly a bit like that. It might be quite a good analogy, actually.

**Senator CARR**—That is a judgment you make. I am making a judgment with regard to this portfolio, the secretary to the department and questions of this parliament answered by this department. I put it to you, Dr Harmer, that there are in fact processes in the department to censor information and that this is a perfect case of that.

**Dr Harmer**—I cannot accept that there are processes in the department to censor information. There are certainly processes in the department to clear the responses. We take our role in providing answers to questions very seriously. I think you would agree that it is a matter of judgment as to what is the final answer. If you went back to just about any document that the department produces, you would see the first version, the second version and the third version. That is a normal process of editing, correcting and making more accurate. I do not think it is fair to label that normal process, which has been going on in organisations and departments for many years, as censorship.

**Senator CARR**—It is a matter I will take up with other officers. I am sure you will be interested in those responses. Can I ask you about the letter you sent to me yesterday concerning the appearance before this committee of the Chief Scientist. In that letter you state that it was not a decision the department had taken to prohibit the Chief Scientist from appearing but a decision of the minister. Have I understood you correctly?

**Dr Harmer**—That is correct. The letter you are referring to I think is the letter in which I responded to Mr Carter, the secretary of the committee, regarding his request to make Dr Robin Batterham, the Chief Scientist, available to the committee hearings.

**Senator CARR**—I met with Dr Batterham during the week, and he made it perfectly clear that he wanted to come. I take it that you did not ask him not to come, that it was a political decision.

**Dr Harmer**—It is not a decision for me. When I got a letter from Mr Carter, I consulted—as I am required to do—with the minister, who is, in a sense, the employer of the Chief Scientist. He is not a public servant; he does not work for me in the portfolio. He is a consultant to the government across a range of portfolios. I asked the minister. The minister's

view was, as I have expressed in the letter, that he was neither a public servant nor part of the department. He has a remit to promote linkages and to provide independent policy advice to government across a number of portfolios. He has no government decision-making authority and no role on budgetary matters or line management with the department, therefore Minister McGauran considered it not appropriate that he attend.

**CHAIR**—I am sure a lot of people like to appear before estimates committees, but surely it is not appropriate for him to appear before the committee given his relationship with the government and given what you have outlined his role to be?

**Dr Harmer**—I leave it to the minister's judgment, and the minister's judgment clearly is that you are right. He would agree with you.

**CHAIR**—I am responding to the points you have outlined in this letter.

**Senator CARR**—Does the Chief Scientist have an office within your department?

**Dr Harmer**—Yes, he does have a space.

**Senator CARR**—What sort of space—a cubbyhole, a pigeonhole?

**Dr Harmer**—It is an office that is available to the Chief Scientist when he is in Canberra and we use it as a conference room when he is not.

**Senator CARR**—Does he have any officers within the department directly servicing that office?

**Dr Harmer**—He does have, and I will need to rely on Mr Cook, who has more information. When the science function was transferred from the industry portfolio to the education portfolio we took over the science function, which included the Chief Scientist and his office. The resources that were servicing that office came to us from the department. Mr Walters may have the detail of that.

**Senator CARR**—Mr Walters, are you able to assist me with this?

**Mr Walters**—Yes, he has a small team to assist him in his duties. From memory, it is about five or six people.

**Senator CARR**—It is five or six people?

**Mr Walters**—I will let you have the precise number when we get to the science group.

**Senator CARR**—Yes, if you can. What is the level of support that he has received? What are the classifications of the five or six people?

**Mr Walters**—He receives some assistance from me as the group manager, obviously, when he requires it and from Mr Manns as the head of the relevant branch. But full time in assisting the Chief Scientist there is a section head, an EL2 level officer, and there are four or five support staff.

**Senator CARR**—What would the cost of the office be?

**Mr Walters**—I will have to take that on notice.

**Senator CARR**—We have got five salaries plus a proportion of yours and other senior officers—that should give us a ballpark figure, shouldn't it?

**Mr Walters**—I will try and give you that later on.

**Dr Harmer**—We can provide you with that information.

**Senator CARR**—Thank you. I take it he has a permanent office—so this is not just a space then, is it? We are accommodating five or six people.

**Dr Harmer**—I thought you were talking about the Chief Scientist's personal office.

**Senator CARR**—I did not want to know how big his chair was; I just want to know precisely what sorts of resources the department is putting towards this officer whom the government is trying to stop from appearing before this committee. You are saying that at least five or six people directly service him. I take it we would have a budget line for it, wouldn't we?

**Dr Harmer**—I assume that we would. Mr Walters or Mr Cook can correct me, but I assume that the resources that we have servicing the Chief Scientist are basically those that were transferred to us from the industry department.

**Senator CARR**—Do we have a copy of the letter?

**Mr Walters**—That is correct, Senator. It is worth making the point that, in addition to supporting the Chief Scientist, those staff also support the Prime Minister's Science Engineering and Innovation Council and produce papers and make all the arrangements for that particular operation. They are not just the personal staff.

**Senator CARR**—I am going to come to that. He obviously has PMSEIC. He has responsibilities for a number of reviews that have been undertaken—

**Mr Walters**—He has participated in a number of reviews and therefore they have assisted him in making his own input into those reviews.

**Senator CARR**—He also chaired one, didn't he? He chaired the mapping exercise. That was a \$1 million review, from memory, wasn't it?

**Mr Walters**—You are talking about the cost of the mapping exercise. We would have to take that on notice.

**Senator CARR**—I will come to the detail of those questions in a moment. You say that he has no government decision-making authority, no role on budgetary matters or in the management within the department. Who manages these five or six people?

**Mr Walters**—They are within my group.

**Senator CARR**—They are within your group, but they are not answerable to the Chief Scientist?

**Mr Walters**—They are there to assist the Chief Scientist. If the Chief Scientist has any issues over the management of the staff then he would obviously talk to me or to the secretary.

**Senator CARR**—Otherwise he would normally talk directly to his own secretary and ask them perhaps to assist him. He wouldn't have to go and ask you first, would he?

**Dr Harmer**—It would depend on the issue. This is a relatively normal practice when the government has someone like a Chief Scientist where they provide a secretariat within the

department. The secretariat staff are usually part of the department and responsible in line terms to the department and they are servicing either an individual or a committee. It is a fairly normal process.

**Senator CARR**—But it is not true to say that he has no matters of responsibility within the department, is it?

**Mr Walters**—In terms of those staff and the budget appropriations then they report through the branch manager to me. So if there are issues about the pastoral care of the staff, their career development and so on those are matters which we deal with in the department; they are not the responsibility of the Chief Scientist.

**Dr Harmer**—The Chief Scientist is not part of the management team. He does not attend management meetings. He is not part of the decision making or the management within the department, which is what the final dot point refers to.

**Senator CARR**—How much does he get paid?

**Dr Harmer**—I am afraid I do not know.

**Mr Walters**—I am not sure how much information has been released or we should release on that issue. Perhaps I can take that on notice.

**Senator CARR**—Why is that?

**Mr Walters**—Simply because I am not sure. The contract is with the minister.

**Dr Harmer**—We will take that on notice. We will do our best to be helpful. From time to time questions get asked where it is very wise for us to check, particularly when there is—

**Senator CARR**—You say it is a contract. I am entitled to know the value of the contract.

**Dr Harmer**—Indeed. If that is the case, we will provide it to you.

**Mr Walters**—The salary is set by the Remuneration Tribunal, and it is public knowledge. We will give it to you later on.

**Senator CARR**—Thank you. How long has it been set by the Remuneration Tribunal?

**Mr Walters**—I do not know the answer to that.

**Senator CARR**—It is not a recent development, is it?

**Mr Walters**—Obviously not, because the Chief Scientist has been in post for several years now.

**Dr Harmer**—It has certainly not happened in the almost 12 months I have been in the portfolio.

**Senator CARR**—Prior to 1996 it was a full-time position, wasn't it?

**Mr Walters**—I have only been doing this for a few months so I am not sure of the history. We would have to check.

**Senator CARR**—Was there any prohibition ever placed on the Chief Scientist appearing before Senate estimates?

**Dr Harmer**—I am not aware of any previous request.



**Senator CARR**—Is Mr Cook able to assist me? When was the ban on the Chief Scientist appearing at Senate estimates first imposed?

**Mr Cook**—My memory is that the first time the issue came up was possibly at either the last Senate estimates hearings or the hearings before where we gave you some advice from the department at the time.

**Senator CARR**—Where I requested it. So that was the first time. How long have we had a Chief Scientist in this country?

**Mr Cook**—I do not know the answer to that.

**Dr Harmer**—We will get you that answer.

**Senator CARR**—It was an initiative of the previous government, was it not?

**Mr Cook**—There has been a Chief Scientist for quite some time.

**Senator CARR**—At least a couple of decades.

**Mr Cook**—I am not sure about a couple of decades, but certainly it goes back quite awhile.

**Senator CARR**—To my knowledge it goes back at least 15 years, and you are much better informed than I am. It just seems to me that we now have for the first time this officer being prohibited from appearing, despite his desire to appear. He is keen to put a view, as you well know. I suspect that is the reason he has been censored.

**Dr Harmer**—I do not think it is accurate to classify Minister McGauran's decision that it was not appropriate for the Chief Scientist to appear as 'censored'. I am not aware of how many times in the past the Chief Scientist has been asked to appear and in fact did appear. It may be that this was the first time the Senate has asked the Chief Scientist to appear.

**Senator CARR**—I have only been doing this job for two years, so it did take me a few months to get around to asking him. I am sorry about that. But the fact remains that I have asked.

**Senator Vanstone**—Two years? You have not been doing these estimates for two years.

**Senator CARR**—Since I have been shadow minister for science.

**Senator Vanstone**—Sorry, that fact escaped me.

**Senator CARR**—My recollection is that this is the first time we have had a formal statement from the department, relaying the minister's decision to gag this officer.

**CHAIR**—Dr Harmer, would you check whether the Chief Scientist has ever appeared before a Senate committee? In my time here, I cannot recall the Chief Scientist ever appearing.

**Dr Harmer**—I certainly shall check that, but I am not aware that the Chief Scientist has appeared before. Therefore this is the first time—

**CHAIR**—And probably because of the reasons outlined in your letter, given his role in relation to this committee.

**Dr Harmer**—Yes, quite likely.

**Senator CARR**—I do not think so, because the arrangements that have been made have been made by this government. They worked the position in the previous government. He is a full-time officer.

**CHAIR**—I cannot recall your government asking the Chief Scientist to appear.

**Senator CARR**—This government is making it part-time, and that is where the issue of the conflict of interest arises, Mr Cook. Have you addressed the allegations of a conflict of interest that have been raised in the chamber concerning the Chief Scientist?

**Mr Cook**—We are conscious of perceptions about conflict of interest. We have procedures in place, as does the Chief Scientist, to ensure that there is no actual conflict of interest. I do not believe there has ever been any substance to the perceptions of people that he has a conflict of interest.

**Senator CARR**—Do you realise there is a move to have a Senate inquiry into these issues? You will get the opportunity presumably, if the Senate chamber agrees, to go through that chapter and verse. I will not pursue it in detail here, but you are aware that serious claims have been made.

**Mr Cook**—I am aware of the issue of the Senate inquiry.

**Senator CARR**—No, the allegations of a conflict of interest.

**Mr Cook**—Yes, I have read the media reports.

**Senator CARR**—You presumably have read the *Hansard*. Being a diligent officer, you would have seen that senators have made these claims under privilege.

**Mr Cook**—Yes, I am aware of that.

**Senator CARR**—I am keen to see that the Chief Scientist gets a hearing. What I find despicable about the government's position is that it is actually denying him the opportunity to put his case. We will do our very best to provide him with that opportunity. So it is a futile gesture. I would ask you, Dr Harmer, to approach the minister to reconsider his position, because it is absolutely futile to try to prevent this man from putting his view on the same terms and conditions as his accusers.

**Dr Harmer**—My letter provides you with the reasons that Minister McGauran has given as to why he does not think it appropriate for the Chief Scientist, in his current role, to appear.

**Senator CARR**—That is fine; I understand that. It is a political decision. It is not your decision, and it is not the Chief Scientist's decision. It is quite clear that it is the minister who has made the decision.

**CHAIR**—Dr Harmer, given what you have said in the letter, is it possible for him to appear? He is not actually a member of your department or of one of the agencies that report directly to you.

**Dr Harmer**—It would be quite unusual, I believe, for the Chief Scientist in his current role, as a part-time adviser to whole of government, to appear at Senate estimates. That is probably Minister McGauran's thinking—he is not a public servant; he works as an adviser to government and he does not make budgetary or management decisions within the portfolio. Perhaps it is not appropriate for him to appear at a Senate estimates committee.

**CHAIR**—And it is the Senate estimates committee we are considering, we will remind Senator Carr.

**Senator CARR**—That is fine. He will get the opportunity to appear at a references committee.

**Senator STOTT DESPOJA**—Although it is the prerogative of the minister to say whether it is appropriate, I would like to clarify that Senate estimates, like any Senate committee, has the power to invite anyone to appear before it. So we are entitled to request the Chief Scientist to appear as a witness. If the minister denies that, that is another issue. I would suggest, Senator Carr, that we can talk about that later.

**Senator CARR**—Since we are discussing this, it may well be within the province of the government to deny him an invitation to appear before this committee, given that the government has a majority on this committee. But a references committee is another matter entirely. The futility of the government's position is such that, before a references committee, a whole range of issues would be canvassed about that office which in fact would be much broader than those considered by this committee. It is a choice that the government has made for political reasons. We are entitled to seek answers to the allegations that have been made. I am not prejudging them and, frankly, I think the Chief Scientist is very keen to put a view, and I am anxious to hear it.

**Senator STOTT DESPOJA**—I was going to suggest that we reiterate the invitation for the Chief Scientist to appear. We invite the Chief Scientist to appear, and we ask the minister as well as the minister representing him here today. I would find that particularly helpful, given that there has been no motion for, or decision on, a references committee. I think this would be a much more practical way to pursue some of those questions without necessarily having to have another committee. So I would like to reiterate that request to the minister, Chair.

**Senator CARR**—I would like to pursue that. Because this is a matter that will have to be considered at the next full session of the Senate, an answer to the request that both Senator Stott Despoja and I have made would be appreciated today, or before these proceedings conclude.

**CHAIR**—I think the request will be put to the minister, and it is up to the minister to respond.

**Senator CARR**—I would like to turn to the matter of Mr Spring's contract. This is a question I have raised with you before, Dr Harmer; it is question No. E336. I understand that Mr Spring is being paid \$227,273 for his services to the department. Is that right?

**Dr Harmer**—I think the figure you have quoted is the total contract price for the exercise. My information has the remuneration for Mr Spring as a nine-monthly payment of \$85,500 with GST included.

**Senator CARR**—That is \$85,500 for nine months. How many days per week is that?

**Dr Harmer**—From memory, I think he has been working three days per week, but Dr Jarvie will have better information.

**Senator CARR**—Receiving \$85,000 for three days a week over nine months is not bad.

**Dr Harmer**—It works out to be just under \$800 a day, I think, which is a very modest cost for an expert.

**Senator CARR**—You say that the total cost of the contract is \$227,000. What are the additional costs associated with this position?

**Dr Jarvie**—The remuneration for Mr Spring is \$9,500 per month, with \$792 for GST, and that is based on a three-day week. As Dr Harmer said, to date the remuneration is \$85,500. However, in addition to that, we do pay for his travel and accommodation costs when he works for us. We have had travel and accommodation costs up until 13 February of \$19,990. We have also had some reimbursement of allowances of about \$6,000.

**Senator CARR**—I would like to go through those figures. Did you say \$19,000?

**Dr Jarvie**—The figure was \$19,990.

**Senator CARR**—That is almost \$20,000 for TA. There was \$6,000 for other reimbursements. What was that for?

**Dr Jarvie**—Mr Spring has been doing a range of work for us, the major part being a review of Australia's future using education technology. That has involved Mr Spring doing consultations around Australia, and so the costs of his per diem associated with those consultations is included in those travel and accommodation costs and the reimbursement of allowances that I quoted to you.

**Senator CARR**—So it is \$25,000 altogether.

**Dr Jarvie**—Yes. Travel, accommodation, and reimbursement of allowances.

**Senator CARR**—So it is almost \$26,000—

**Dr Harmer**—If it is helpful to you, we can give you a detailed breakdown of the various components of it.

**Senator CARR**—Thank you. That would be very helpful. In the amended contract that you provided—and I appreciate that—it says that Mr Spring is to perform a range of additional tasks. That is right, isn't it?

**Dr Jarvie**—I am trying to find the relevant part. Is that the last section of the schedule?

**Senator CARR**—It is A(1)(3) of the contract.

**Dr Jarvie**—External evaluation of other specific programs and projects as required.

**Senator CARR**—What are they?

**Dr Jarvie**—We have not asked him to do anything under that heading up till now.

**Dr Harmer**—But, Senator, given Mr Spring's expertise across a range of education issues and given that we had him contracted for a couple of specific tasks, we thought it would be wise to have him available if we needed him and his expertise because, as you will see from the contract price, a person of his expertise at \$800 a day is a pretty cheap consultant, frankly. It would be wise of us and financially prudent of us to make him available for other tasks if his expertise is wanted.

**Senator CARR**—He started as a management consultant in the department. It was a sweetheart deal done with the minister. He was slotted into the department with Dr Shergold, and now he has moved on to this other project, as I understand, in this contract. The first task was a project expected to culminate in a major report. What is the name of that report, by the way?

**Dr Jarvie**—The review is called Australia's future using education technologies. We call it AFUET.

**Senator CARR**—He would be calling it a bit better than that, I would have thought. So it is educational technologies, and for that he has received \$227,000.

**Dr Jarvie**—No, he has not received it. To date he has only received \$85,500, plus his travel and accommodation costs.

**Senator CARR**—Plus \$26,000.

**Dr Jarvie**—Yes. However, that has encompassed not simply the review. He has also done other work under other parts of the contract.

**Senator CARR**—That is my point. What other work precisely has he done?

**Dr Jarvie**—He has done a range of work. A particular area he has been involved in his working with us on evaluation and monitoring strategy for the COAG trial site in Murdi Paaki in western New South Wales. He has been working with the state government and the community rep on developing an evaluation framework. He attends our Murdi Paaki steering committees within the department and the like.

**Senator CARR**—Thank you for that. Prior to this contract being signed, Mr Spring was employed in the department as a management consultant. My recollection is that that contract involved a figure of about \$145,000. Is that correct?

**Dr Jarvie**—I do not have that figure.

**Dr Harmer**—I need to check that, Senator.

**Senator CARR**—The figure I have been given is \$144,507. Is that about right?

**Mr McDonald**—Yes, that figure would be roughly correct.

**Senator CARR**—What did he do for that particular contract?

**Mr McDonald**—He was employed under a fixed term contract as an employee in the department for I think nine months, initially. He was a management consultant at that time. I think there were some answers at that time that Dr Shergold gave as to what he was required to do during that time.

**Senator CARR**—So you cannot refresh my memory then?

**Mr McDonald**—I cannot recall.

**Senator CARR**—So when did that contract end?

**Mr McDonald**—From my recollection the contract ended around April 2003.

**Dr Harmer**—I remember this quite clearly. It occurred just after I arrived in the department. I only had discussions with Mr Spring. I believed that he could provide very

useful assistance to us in a range of areas where he had expertise—Indigenous education and ICT. He was moving to Sydney and it was a convenient time to continue access to his skills but do it on a three-days a week basis, and we negotiated a new contract.

**Senator CARR**—So it was basically a roll-over of contracts.

**Dr Harmer**—No, it is quite a different contract.

**Senator CARR**—It was a new contract.

**Dr Jarvie**—It is a very different contract.

**Senator CARR**—Was it your decision, Dr Harmer?

**Dr Harmer**—It was certainly my decision to re-engage him. There was a break—I am not sure how long, but it was not a continuation.

**Dr Jarvie**—About three months, I believe.

**Dr Harmer**—Mr Spring ceased his previous contract and signed a new contract—

**Dr Jarvie**—He commenced his new contract on 12 May.

**Senator CARR**—So he left in April and got another job in May?

**Mr McDonald**—I think he left on 2 April, from my recollection.

**Dr Harmer**—He left just after I arrived. It would have been early April.

**Senator CARR**—So he left on 2 April and got another contract on 12 May. Is that right?

**Dr Harmer**—Yes.

**Mr McDonald**—Yes.

**Senator CARR**—Was there any competitive tender process involved there?

**Dr Harmer**—There was not. For the particular exercise that we wanted assistance with Mr Spring was already available, we knew his work and we knew his background. I had also checked his reputation with colleagues in the states.

**Senator CARR**—He has been sacked in every state that he has worked in. He has got a great reputation!

**Dr Harmer**—Many of the people I spoke with in the bureaucracy in the states regarded him very highly. At the rate we are paying him, at less than \$800 a day for the sort of work he is doing, I would be very surprised whether—

**Senator CARR**—How does that fit with the guidelines for the competitive tendering of contracts?

**Mr Kriz**—It is quite consistent with the guidelines, in the sense that the guidelines permit exemptions to be given in certain circumstances, including those where somebody has pre-eminent expertise in particular areas.

**Senator CARR**—So you do not have to tender for those, is that right? Is pre-eminent expertise your exemption?

**Mr Kriz**—We have to basically spend Commonwealth funds to achieve value for money. In circumstances where the judgment is made by the appropriate delegate that value for

money equation would be better satisfied by not going to a tender exercise than that is appropriate. But it has to be a justified position and I think the secretary has explained his position in terms of why Mr Spring has been engaged as a consultant by the department.

**Senator CARR**—Mr Kriz, did you give the authorisation for the exemption?

**Mr Kriz**—No.

**Senator CARR**—Who did?

**Mr Kriz**—I am not aware of who did.

**Senator CARR**—It does require an exemption though, doesn't it?

**Mr Kriz**—I think at that time it did.

**Dr Harmer**—I would need to check, but it is probably a decision I made. What we would pay for the sort of work that Mr Spring is doing for us if we went to the open market, just looking at what we paid for consultants to the department in 2003—

**Senator CARR**—You had no-one in the department that could have done this?

**Dr Harmer**—you could probably double the rate that we are paying him, I suspect. We would be lucky to get it at that.

**Senator CARR**—But you had no-one in the department that could have done this?

**Dr Harmer**—At the time, as you acknowledged last Senate estimates or the one before, the department has a lot of things on its plate. Our permanent resources are pretty stretched doing all the work, so from time to time we do need to access additional resources.

**Senator CARR**—Was there any involvement by the minister in this matter?

**Dr Harmer**—Absolutely not.

**Senator CARR**—None at all?

**Dr Harmer**—None at all.

**Senator CARR**—Thank you for that, Mr Harmer. I look forward to the further detail that you are going to provide on that.

**Dr Harmer**—We will provide you with the breakdown.

**Senator CARR**—In regard to the recent raft of reviews that the department has conducted—at previous estimates I raised with you the question of the number—how many reviews did the department conduct on research matters over the last year?

**Dr Harmer**—Are you referring to reviews such as the collaboration review, the research infrastructure review, mapping?

**Senator CARR**—Yes: mapping exercise, collaboration, evaluation and knowledge, infrastructure. There are nine that I can see. How many are there altogether?

**Mr Cook**—If you have nine, I suspect you have all of them. The ones specifically relating to research that I can recall off the top of my head were the evaluation of the 1999 knowledge and innovation reforms; there was one dealing with collaboration between universities and public sector research agencies; there was another one dealing with research infrastructure;

and around the same time we were doing the mapping of Australia's science and innovation system. They are the key ones which spring to mind.

**Senator CARR**—There is biotechnology: would you not regard that as a key one?

**Mr Cook**—This is the review of the biotechnology strategy?

**Senator CARR**—Yes.

**Mr Cook**—We were contributors to that but it was handled through the Department of Industry, Tourism and Resources.

**Senator CARR**—So that is an industry portfolio—

**Mr Cook**—There is a multi-portfolio arrangement.

**Senator CARR**—That is right, it is an interdepartmental committee, but you are not coordinating the work of all the nine reviews?

**Mr Cook**—Not the biotechnology strategy ones.

**Senator CARR**—The Allen Consulting Group contract for the ARC, return on investment?

**Mr Cook**—That was done through the ARC, not by us.

**Senator CARR**—You had no involvement at all with that?

**Mr Cook**—No, other than knowing that it was happening and we saw the report when it was produced.

**Senator CARR**—National research priorities, is that one of yours?

**Mr Cook**—Yes, Senator.

**Senator CARR**—The evaluation of the BAA, is that one of yours?

**Mr Cook**—Yes. We coordinated that one. It was a multi-portfolio—

**Senator CARR**—Sure. All of these have inputs from other departments, do they not?

**Mr Cook**—Yes.

**Senator CARR**—There would be none that would be exclusively yours.

**Mr Cook**—No, but some of them are more whole-of-government than others.

**Senator CARR**—Yes. So the ARC was undertaken by them and the biotech by industry; the other seven were conducted by you.

**Mr Cook**—That is right.

**Senator CARR**—What is the total cost of them?

**Mr Cook**—I would have to get that information for you.

**Senator CARR**—I am surprised you are not prepared for this, Mr Cook. I would have thought you could have predicted that I would ask you that question.

**Mr Cook**—Previously, Senator, we have provided you with costs for some of them.

**Senator CARR**—You have, but believe me, you will be given an opportunity to update me on that information. I am looking for an aggregate cost of the reviews.



**Mr Cook**—Sorry, Senator; I will have to take that on notice.

**Senator CARR**—Can you get that today?

**Dr Harmer**—We will attempt to get that to you. It should not be very difficult for us to get the costs. In saying that, I am often surprised by just how difficult it is. We will do our best.

**Senator CARR**—They have all been completed, have they not?

**Mr Cook**—Yes.

**Senator CARR**—All the reports have been given to government?

**Dr Harmer**—Yes.

**Senator CARR**—They all had reporting time lines of October or November last year. That is right, is it not?

**Mr Cook**—Some went through to December, but they were all completed.

**Senator CARR**—Some were a little late, but they all had reporting time lines of October or November last year and all reports have now been received by government. Is that right?

**Dr Harmer**—I am optimistic that we can get you the information quickly.

**Senator CARR**—That will be final cost, will it not, because they are all completed?

**Mr Cook**—Yes, Senator.

**Senator CARR**—There would not be outstanding bills, would there?

**Mr Cook**—There should not be.

**Senator CARR**—That is good because in the answer you gave me for the mapping one, the last one I had, you said that the estimated cost for the science and innovation mapping project—which is now published—was \$931,000. Is that right? What was the final figure on that?

**Mr Cook**—I am not sure whether it was the final figure, but my memory is that it was of that magnitude.

**Senator CARR**—So you do not have that information with you as well?

**Mr Cook**—No, not unless my colleagues have it—I do not think we do. We will try to get that back to you as quickly as we can.

**Senator CARR**—Can you do that this morning? It is pretty important.

**Dr Harmer**—We will try to get it to you before the end of the sittings. When we give information, we want to make sure it is accurate.

**Senator CARR**—I appreciate that. There are at least three reports—collaboration, knowledge and innovation, infrastructure—where the reports have not been released, Mr Cook. When will they be released?

**Mr Cook**—I cannot give you a firm time on that. They are before the ministers and they are also part of consideration by government about future policy directions. We will really have to wait and see when the ministers are prepared to release them.

**Senator CARR**—I read on the front page of the Higher Education supplement that someone has got a hold of them all—or access to them, presumably. The key recommendations are outlined in the paper today. I take it, Mr Cook, you have not provided this information.

**Mr Cook**—No, I have not.

**Senator CARR**—It has got a definite government look about it though, hasn't it? It is an official leak.

**Dr Harmer**—We could not comment on that, but a large number of people had access to those reports. In many of those, there were a large number of people on the steering committee or whatever.

**Senator CARR**—So there are plenty of people who have got them, but we are not going to give them to the parliament. Is that the deal?

**Dr Harmer**—It is the case with a lot of work done by government as background to formulation of policy that a number of people work on it, it goes to government for consideration and usually the reports are released. I suspect the minister is giving consideration to when that would be.

**Senator CARR**—Which minister is this, by the way? Is it Minister Nelson?

**Mr Cook**—Yes.

**Senator CARR**—These are reports to Minister Nelson?

**Mr Cook**—Yes.

**Senator CARR**—So presumably he would be pretty interested in this article in the paper as well, wouldn't he?

**Dr Harmer**—I have not seen the newspaper article.

**Senator CARR**—You have not read the paper today?

**Dr Harmer**—I have not seen that particular article.

**Senator CARR**—You must be understaffed. I am surprised. 'Research agency shake-up' is the headline.

**CHAIR**—Senator, return to your questions instead of editorial comment.

**Senator CARR**—No, I am just commiserating with the secretary.

**CHAIR**—All right, but we are moving on.

**Senator CARR**—I know, with my circumstances, if something like this had come up and someone in my office had not passed onto me this important information, I would be disappointed—

**CHAIR**—Come on, you are wasting time.

**Senator CARR**—and I am sure you would be disappointed.

**Dr Harmer**—If it had been a normal day, I would certainly have seen it because the press clippings appear on my computer screen when I get to work at 7.30.

**Senator CARR**—Do you get a hard copy still, Dr Harmer?

**Dr Harmer**—I do not actually. I get a hard copy of part of it, but I use the electronic copy.

**Senator CARR**—How many officers in the department get hard copies of the press clippings?

**Dr Harmer**—Pretty few these days; I do not know exactly.

**Senator CARR**—Can you tell us that? You know it is one of my hardy perennials.

**Mr Cook**—I think I can safely say that no-one in the department gets a full set of clips in hard copy as a matter of course. They are circulated electronically.

**Senator CARR**—But there are hard copies circulating in different divisions, aren't there?

**Mr Cook**—In my case, my personal assistant will print out key articles she thinks I should see.

**Senator CARR**—So Media Monitors do not provide you with copies?

**Dr Harmer**—I do not believe I get a full set of press clippings; I get some.

**Senator CARR**—So you get partial.

**Dr Harmer**—Yes, and my assistant does print some of the electronic ones and I print some as well.

**Senator CARR**—And does the minister get hard copies?

**Mr McDonald**—In relation to question E11204, in that answer it says the news service from Media Monitors has replaced the hard copy clips with an electronic copy, apart from two sets which are delivered to the minister's offices and two sets to the department. In addition, the department prints out on a daily basis one set and delivers it to the estimates committee secretariat as far as possible on that day. The later copy is provided so that committee members and their staff can access the clips.

**Senator CARR**—Dr Harmer, has there been any review of that decision to not provide the opposition with the clips?

**Dr Harmer**—I might be wrong about this, but I understood, because I was concerned that you were unable to access the clippings from the library, we have been pretty diligent in making sure the Parliamentary Library gets a full set of the clippings so that they are available to the committee members by 11 o'clock each morning. That is something I committed to do and I think we have been doing it pretty consistently.

**Senator CARR**—That is fine, but bear in mind we have marked clearly what the policy is and what comes around goes around. I think it is only fair that people understand that.

**CHAIR**—They are available in the library. Your staff can go get them or the library will help you get them.

**Senator CARR**—Yes, that is true. I am sure we will revisit this conversation in due course. With regard to the research announcement today of the collaboration between the ARC and the NHMRC, would you be able to provide us with details as to what that is, Mr Cook?

**Mr Cook**—No. The ARC and NHMRC have had a small committee in place for some time looking at closer collaboration, but I am not aware of the detail of where that has got to. Professor Sara will be able to help you.

**Senator CARR**—The department is not part of that review?

**Mr Cook**—No.

**Senator CARR**—It is not part of the announcement today?

**Mr Cook**—No.

**Senator CARR**—Has the department established any administrative arrangements to service a new overarching research committee?

**Mr Cook**—If you are referring to the media article today on that issue, there has been no government decision made to establish such a council.

**Senator CARR**—I understand there has been no government decision. It goes to the ERC next Wednesday, doesn't it?

**Mr Cook**—I cannot comment on things going forward in the budget process currently.

**Senator CARR**—Have you established an administrative arrangement to service an overarching research committee?

**Dr Harmer**—I do not believe we have.

**Mr Cook**—No.

**Senator CARR**—So you have made no administrative arrangements within the department to service the research agencies?

**Mr Cook**—No. We have made a structural change within the department to bring our research system related groups of people together into a new group, but that is for the purpose of enhancing our capacity to deal with system-wide research issues.

**Dr Harmer**—The structural change has nothing to do with servicing a committee.

**Senator CARR**—I appreciate the clarification on that. So it is a new departmental group to service system-wide agencies. Is that how you described it?

**Mr Cook**—Yes, to research system-wide issues.

**Senator CARR**—So it could be a research coordination unit. Would it be fair to describe in those terms?

**Mr Cook**—No, I would not describe it in those terms. It is an amalgamation of existing functions that are already being done within the department. It is designed to assist us in better coordinating within the department our various policy and program work in those areas.

**Senator CARR**—So it is just the department of education?

**Dr Harmer**—It is a structural change within. As Mr Cook said, in part it is to respond to workload pressures, to balance out the work in the divisions and to put like with like. The new group, centred on one of the branches that was within the higher education division, is now being combined with some of the areas around research.

**Mr Cook**—A small part of the former research analysis evaluation group, which reported on system-wide issues such as the annual innovation report and a task force of people who had been looking at, amongst other things, the reviews you mentioned earlier.

**Senator CARR**—This innovation reporting group services out of departmental agencies as well, doesn't it?

**Mr Cook**—It reports on a whole-of-government basis.

**Senator CARR**—So it is a whole-of-government function?

**Mr Cook**—Yes.

**Senator CARR**—The new agency will have a whole-of-government function as well?

**Mr Cook**—As I said, there has been no decision made—

**Senator CARR**—I did not ask you about the decision; I am asking about the administrative changes that you have already undertaken.

**Senator Vanstone**—To be fair, the officer was in the middle of answering a question and you interrupted. Civility is not a sign of weakness. If you ask a question, however long and rambling it might be, I think it is fair enough for you to let the officers respond before you interrupt them.

**Senator CARR**—I have heard the answer.

**Senator Vanstone**—I am sorry, but the record will show the officer was three words into a sentence. You concluded that he was going to give you the same answer he had given you before, so you interrupted him.

**Mr Cook**—To go back to the new group, it does include those whole-of-government functions that I have referred to. It includes a group of people who are working on the reviews that we mentioned earlier, and it is simply knitting together those areas within the department which were working on issues which have a considerable area of overlap and common dimensions to them.

**Dr Harmer**—I just have just had pointed out to me the article in the *Australian* 'Higher education' supplement. The decision to create this group had absolutely nothing to do with any speculation about anything to do with the ARC or the NHMRC. I can confirm, because I made it, that the decision was taken by me and my management team towards the end of last year not at all to deal with any prospective new council or committee or whatever.

**Senator CARR**—I do not want to draw you on that matter because you are not going to be able to help on the question of what is in the cabinet submission. I am not asking you that. I just want to be clear, though: you established this new group at the end of last year following the receipt of the nine research reports. I take it, Mr Cook, you have access to all of these reports, even if you coordinated only seven of the nine?

**Mr Cook**—Yes, I would have access to them.

**Senator CARR**—You have had access to them and you have had access to their findings in all cases?

**Mr Cook**—Yes. I could not pretend to be across the detail of them all.

**Senator CARR**—Obviously, there will be some issues you will be able to help me with and some you will not. Dr Harmer, your decision to establish this new group was presumably informed by these reports?

**Dr Harmer**—It was more informed by trying to balance out the workload in the department, by making sure we handled the conveying of the reports and the bringing of them together and by helping government with policy decisions that might arise from the reports rather than anything else. It does not reflect anything about likely recommendations or conclusions in the report about structures. Frankly, if I were looking to establish a group for that reason, it would not have been very clever for me as secretary to have done it already because it would be the sort of thing that I would bid for extra resources for. I can assure you that it bore no relationship to conclusions or likely recommendations in reports about future structures.

**Senator CARR**—This new group was formed within existing resources?

**Dr Harmer**—Indeed.

**Senator CARR**—There is no additional call on the budget to perform these functions?

**Mr Cook**—No.

**Dr Harmer**—That is correct.

**Senator CARR**—I hope I am not curling your pitch here, because I presume you would be seeking extra money to do this work as well.

**Dr Harmer**—If we get any expanded functions, we will be.

**Senator CARR**—How many officers are now in the new group?

**Mr Cook**—I would have to get the precise number for you. I do not think the group manager is in the room, but we will get that to you quickly.

**Senator CARR**—Thank you. Are there any new officers in the group? Is it the same number? Is it just a straight transfer of those functions that were being performed?

**Dr Harmer**—The new structure does imply some additional SES resources.

**Senator CARR**—SES resources?

**Dr Harmer**—Yes.

**Senator CARR**—Could I get the details, please, of the change in the personnel as a result of the new arrangements?

**Dr Harmer**—Yes.

**Senator CARR**—Is the innovation statement, which the minister published last November, the sort of work this group does?

**Mr Cook**—That is one of the things they do, yes.

**Senator CARR**—They will presumably be intimately involved in the production of the new innovation statement.

**Mr Cook**—Yes.

**Dr Harmer**—Yes.

**Senator CARR**—Dr Harmer, what would be the cost of maintaining the programs currently undertaken and outlined in that innovation statement of November last year across the forward estimates? We know that the programs run out.

**Dr Harmer**—I do not have that figure with me.

**Senator CARR**—Mr Cook, do you have that figure with you?

**Mr Cook**—Not with me, but I can get that to you very quickly.

**Senator CARR**—Thank you. I am interested to know, in terms of the innovation statement, if you can give me a line-by-line breakdown. I take it, Mr Cook, you are familiar with the AVCC's published report *Advancing Australia's abilities: foundations for the future of research in Australia*?

**Mr Cook**—Yes, I have seen it.

**Senator CARR**—Have you done an analysis of it?

**Mr Cook**—Some of my staff have done a more detailed analysis, but I am not across all the details.

**Senator CARR**—You cannot tell me about the accuracy of their claims with regard to the forward predictions on estimates?

**Mr Cook**—Not the detail.

**Senator CARR**—In the break, would you be able to get that information for me? I wouldn't mind asking questions about that. They go across the whole portfolio, so that is not something I can do specifically within that division.

**Dr Harmer**—If we have already done the work comprehensively we may be able to give you the answer, but if we have not then we will not be able to.

**Senator CARR**—These claims are outlined quite explicitly in this report. They are making a bid for \$7 billion over the forward estimates. I take it you have seen that.

**Mr Cook**—Yes, I can recall that number.

**Senator CARR**—After the break I will ask you to confirm that that is your reading of it.

**Mr Cook**—I would have to confirm that.

**Senator CARR**—Also, could you confirm the flat line figure on current assumptions across the forward estimates for Backing Australia's Ability?

**Dr Harmer**—The flat line figure from which year?

**Senator CARR**—As from now, over the forward estimates. So that is out over four years. Can you also give it to me over seven years? I presume you have done that analysis as well. That is what the analysis here contains.

**Mr Cook**—Just to be clear, the BAA funding profile is such that it is increasing over the next two years—it continues to increase. Do you mean what it would cost to be flat lined from the top of the—

**Senator CARR**—Yes. The cost of funding maintenance at the end of the two-year period. That is the figure you are working off, isn't it?

**Dr Harmer**—It would help us if you could specify precisely the question you want answered, because I suspect—

**Senator CARR**—What I want to know is that, if we are to maintain programs—

**Senator Vanstone**—That is another example. Dr Harmer starts to say that it would help if you could tell us precisely what you want and then the words 'because I suspect' are cut-off by the senator interrupting. It is just another example. The secretary is too polite to—

**Senator CARR**—And you are clearly not.

**Senator Vanstone**—It is my job, actually, to be here to try and keep some civility. I remind you that civil servants are people and are not here for you to be rude, to interrupt or to beat them around.

**Senator CARR**—I do not think I am rude to them.

**Senator Vanstone**—You are if you keep interrupting them, Senator.

**Senator CARR**—Dr Harmer, I am seeking information on what it would cost to maintain the programs at the levels they will be at until they finish in two years. What is the cost across the forward estimates to maintain them?

**Dr Harmer**—At the end of two years, 6 or 7?

**Senator CARR**—That is the figure, isn't it? They are the figures you have at the moment.

**Mr Cook**—Yes, those figures are in the forward estimates.

**Senator CARR**—They are in the forward estimates but they are not the full forward estimates, are they?

**Mr Cook**—No, because the program started—

**Senator CARR**—There is a cliff, isn't there?

**Mr Cook**—Yes.

**Senator CARR**—That is what they refer to as the 'funding cliff'.

**Mr Cook**—Yes, that is what some people call them.

**Senator CARR**—It is not an uncommon term. I would be interested to know your estimate of what it would cost to maintain the programs—the forward estimates. So it is a four-year time line and a seven-year time line, which is the other figure that is used in the analysis to date.

**Mr Cook**—We can probably do that calculation for you, but it would be simply done on nominal dollars because we would not have to do it over that period of time I do not think we would have all the appropriate indexation numbers. We will do a simple arithmetic projection.

**Dr Harmer**—If we have the information available, we will give it to you.

**Senator CARR**—You can make this assumption calculated on current settings—that is, the indexation figure varies, doesn't it, but there is a figure currently established?



**Mr Cook**—Each of the programs is indexed by its own particular index. That is why it is complicated.

**Senator CARR**—I am presuming the same indexation arrangements. Is that fair enough to do?

**Mr Cook**—Yes, we will see what we can do for you.

**Senator CARR**—That is what I mean by the flat line assumption. I appreciate that the government may wish to change the indexation arrangements but that will be a matter for the cabinet, and I am not asking about that at this time. If I could get that after the break, I would appreciate it.

**Mr Cook**—In very broad terms a BAA peaks at about \$1 billion, so it is basically \$1 billion per year after.

**Senator CARR**—So a \$7 billion figure that the AVCC is arguing for, over a seven-year period, is roughly the status quo.

**Mr Cook**—That would be my assumption but I would need to check.

**Senator CARR**—Knowing the vice-chancellors, they will not be satisfied.

**Dr Harmer**—Indeed. I do not think we could expect that they necessarily underestimated; they are more likely to have overestimated.

**Senator CARR**—That is what I want to hear from you. You are the people with the expertise on this. If you could provide me with that, I would appreciate it. In terms of these reviews themselves, what date was the research collaboration review given to the minister?

**Mr Cook**—I would have to double-check the exact date, but it basically came in on time.

**Dr Harmer**—We can give you the date when it was made available to us.

**Senator CARR**—This is the one that was headed up by Mr McGauchie, isn't it?

**Mr Cook**—Yes.

**Senator CARR**—How many people were involved from the department in servicing that review?

**Mr Cook**—I would have to get that detail for you.

**Senator CARR**—Presumably there was a secretariat. I take it there were no other officers involved in the production of the report.

**Mr Cook**—There was a secretariat which included some people from other departments and agencies.

**Senator CARR**—Can I get that in the breakdown of the costs for each of these reviews if that is readily available?

**Mr Cook**—We will do our best.

**Senator CARR**—I ask the same question for all the reviews. Basically I would be interested to know when the reports were given to the minister, what support was provided by the department in its production—

**Dr Harmer**—I think you have asked the question—which we have agreed to get an answer for you as soon as we can—what is the cost of each of those reviews which were run or supported by Education, Science and Training?

**Senator CARR**—I have, but you were looking for precision. You know that once I start getting precise it invariably means more information is requested. How do you want to play this?

**Dr Harmer**—It will help us to help you if we know exactly what you want. We understand that you want the full costs of the reviews.

**Senator CARR**—Okay, but I want additional information as well. I want to know the costs, who was involved with them, what date they went to the minister's office and when you did your revisions—did you have any revisions on those?

**Dr Harmer**—I am unlikely to want to give you the names of the individuals. We will give you the numbers of officers.

**Senator CARR**—I am not seeking the names of the individuals other than for those that are on the panels, and they are publicly available. I am not seeking that information. I am seeking the cost, the involvement of the department in the production of the reviews and the dates on which they went to the minister's office for all the reviews.

**Mr Cook**—Yes.

**Senator CARR**—So we can check to see whether or not they were late.

**Dr Harmer**—We will do our best to answer that, but I think, without knowing the detail, the reviews came in pretty much on time.

**Senator CARR**—You said some were late. What about the December one?

**Mr Cook**—Yes, I think one went a week or two over but nothing significant.

**Senator CARR**—I ask the same for the National Research Infrastructure Taskforce. Mr Sargent headed that one up. That was an interdepartmental committee. I would like similar information for all of those committees. I will come back with more details when we see if that answer can be done after the break. Mr Cook, you mentioned the indexation arrangements have changed. I presume you will want to take this question on notice. I am seeking a table which outlines the rationale for the use of each of the indices.

**Mr Cook**—That might take some time.

**Senator CARR**—Yes, I expect that. That is not for today. I will be interested to see how you go about answering the question: what is the rationale for the use of each of the indices that are currently employed?

**Mr Cook**—Very briefly, my understanding is that across the various portfolios the indices are negotiated between the line department and the department of finance.

**Senator CARR**—I know that is the standard rationale but I am interested to know why there are different ones operating.

**Mr Cook**—The answer to that depends on whether the program is capital intensive or labour intensive. The indices are a combination of things to reflect that.

**Senator CARR**—So you will be able to see whether you can provide a breakdown on those.

**Mr Cook**—I am pretty sure that we can find out for you what the indexation formula is.

**Senator CARR**—Thank you for that, Mr Cook. Dr Harmer, I see on pages 26 and 27 of the additional PBS there is a reallocation of the small grants program. What is the small grants program?

**Mr Storen**—The small grants program is an element of the Higher Education Funding Act within the section that has the research funding. We could probably get higher education to provide you with more detail of the program itself. The reallocation is basically attributing where the costs of the small grants program are in outcome 2 rather than outcome 3.

**Senator CARR**—You will need to explain that to me in a little more detail. Why has it been reallocated from 3 to 2?

**Dr Harmer**—I stand to be corrected by Mr Storen, but I think it is a reallocation because of our definition of the objective of program 2 and program 3. It is not a change of any money.

**Mr Storen**—No, it is not a change of any quantum available to the department. In looking at the individual elements within outcome 3 available to higher education we have identified that some do not sit very nicely against the description of outcome 3. Small grants is one program that fits better against outcome 2.

**Dr Harmer**—It is a matter of the intent of the program. We believe that it fits better, given what it does, under outcome 2 rather than outcome 3.

**Senator CARR**—Rather than go through these smaller issues, I have possible questions that flow from the questions that you have taken on notice today. Mr Chairman, I propose that we recall cross-portfolio when we have those answers rather than go through these minor matters. I will put the rest of the questions on notice.

**Dr Harmer**—You asked quite a few questions. We will do our best to get the answers to you when we can. Some may take longer. Some we may not be able to get for you today.

**Senator CARR**—I appreciate that, but you will be able to get some of them, particularly about the research you have used, the cost and so on.

**Dr Harmer**—I am confident we can give you some.

**Senator CARR**—I am sure that is the case. It may well be that we cannot recall the officers on this matter until 3.30. Is that all right?

**CHAIR**—It is cross-portfolio.

**Dr Harmer**—It would be helpful for me, because we are very busy, if I could allow some of the officers to go back to the department and come back.

**CHAIR**—In that case we will move to the Australian Research Council.

[10.30 a.m.]

### **Australian Research Council**

**CHAIR**—We are now considering issues relating to the Australian Research Council.

**Senator CARR**—Good morning, Professor Sara. This is your last estimates.

**Prof. Sara**—Yes, Senator.

**Senator CARR**—I am sure you will be pleased with that prospect.

**CHAIR**—A sad day.

**Senator CARR**—I wish you well. Why did you decide not to seek another term?

**Prof. Sara**—It was a personal decision. I have been leading the ARC for seven years and part of the organisation for 10 years. I believe that, in those seven years that I have led the organisation, I have brought change to the ARC and it now is, I think, a well-functioning organisation. My contribution probably would not be very great from now onwards.

**Senator CARR**—I appreciate that you have had a very lengthy period there and have been instrumental in a number of major changes to research administration in this country. I am sure everyone would acknowledge your contribution. However, I am left wondering whether or not a person who has obviously contributed so much and has so much more to contribute would be finding it necessary to leave at this juncture when there are such momentous changes about to be announced. Have you not considered that it would be appropriate for you to be part of that?

**Prof. Sara**—I hope that, whatever role I have in the future, I will still have a voice in research. It may be a voice that the government does not listen to, but I certainly will still have views on research.

**Senator CARR**—I see in the paper this morning that there are quite substantial changes currently before government.

**Prof. Sara**—I really am not aware of those changes. I am obviously aware of this morning's paper, and I was contacted yesterday by the reporter. I am not aware of a plan to build a national research council, although I have personal views about that.

**Senator CARR**—Could you enlighten the committee with your personal views about that?

**Prof. Sara**—I am quite relaxed about providing the committee with my personal views, and they are, as I said to the reporter from the *Australian*, that I believe research has changed a lot. It requires an interdisciplinary approach to solve problems—it may be national issues or global issues—and it requires enhanced coordination of the research effort. It is a moot point if the development of a national research council would be able to develop that, but enhanced coordination will be essential for the future of Australian research if we are going to be internationally competitive.

**Senator CARR**—In your view, does improved research coordination stop at just improved collaboration between the NHMRC and the ARC?

**Prof. Sara**—No, Senator. It means sharing resources and sharing skills across the various research organisations between the universities and the publicly funded research organisations. The ARC and the NHMRC are merely funding agencies.

**Senator CARR**—Would you see the need to improve coordination with DSTO, for instance?

**Prof. Sara**—I believe that there are many areas where DSTO is successfully working with the universities and PFRAs and I think that is to the advantage of Australia. I believe there could be further areas of cooperation between all the PFRAs and the universities.

**Senator CARR**—Would that extend to the rural R&D boards?

**Prof. Sara**—The rural R&D boards are collaborating with universities and PFRAs. As I am sure you are aware, the ARC and the rural R&D boards are also investment partners in establishing major centres of excellence—in plant functional genomics, for example.

**Senator CARR**—Would the ARC have a figure on the cost of administration of research across the whole of government? Have you done any study on that?

**Prof. Sara**—Not for administration. We certainly have the figure for the ARC, and that is publicly available.

**Senator CARR**—To refresh my memory, what is that?

**Prof. Sara**—That is \$12.4 million a year.

**Senator CARR**—And it is a similar sort of figure for the NHMRC?

**Prof. Sara**—No, their cost of administration is a lot higher than ours.

**Senator CARR**—How much is that?

**Prof. Sara**—We can certainly get that for you, but I cannot—

**Senator CARR**—What is the factor? How much more was it?

**Prof. Sara**—I am sorry, we would have to provide that to you.

**Senator CARR**—I just want to know how you compare with the others. It would be interesting to get a whole-of-government comparison of the amount of funds administered and the administrative costs. You know my concern on this issue. You say you are more efficient, but we would like to see what it costs across the whole of government. That would be an interesting comparison to make.

**Prof. Sara**—The ARC has made and is making major investments in electronic systems in order to have a much more efficient system. We have been quite leading edge in developing those systems.

**Senator CARR**—When I read this article, though, it suggests to me that there are two options currently before the government. Obviously, you do not want to comment on that, but in a personal capacity you could indicate to me whether or not you think a merger of the NHMRC and the ARC would be appropriate.

**Prof. Sara**—Again, I am very happy to give the committee my personal views. The ARC obviously has not considered it. My personal view is that a merger is not appropriate. I

believe that there does need to be a re-examination of the organisational structure of the research system. If I looked at the system I would not simply merge the two funding councils; I would look at the various levels of advice and of funding that is occurring across government.

**Senator CARR**—So you would see a much broader level of reorganisation required than just those two?

**Prof. Sara**—If the objective of a national research council was to enhance collaboration, which I personally believe is critical for the future of research in Australia, then I believe that you really need to specify the objectives you are after and look at the various actions that would be required. I do not believe it is as simple as merging two funding councils.

**Senator CARR**—It may well be that functions are able to be coordinated more carefully. Would you agree?

**Prof. Sara**—I believe there are many levels of coordination between the two councils. As you know, Ministers Abbott and Nelson issued a press release last night detailing the plans of increased cooperation between the ARC and the NHMRC. Part of that is looking at ways we can learn from administrative and financial systems in the management of grants.

**Senator CARR**—Is there a copy of that press release available? I am not certain that has been sent to us.

**Prof. Sara**—I certainly have a copy here, which I would be happy to give you.

**Senator CARR**—Is it possible to table that?

**Prof. Sara**—Yes, certainly.

**Senator CARR**—Was that issued last night?

**Prof. Sara**—Yes, by both ministers.

**Senator CARR**—Do you know what time?

**Prof. Sara**—I believe it was in the afternoon, but there is no time here. I am sorry, I cannot give you the exact time.

**Senator CARR**—It is strange that such a major announcement would be held back—or was it just a special leak for the *Australian*?

**Prof. Sara**—I do not think it had anything to do with the *Australian*.

**Senator CARR**—It is just that the article in the paper this morning appears to have the ring of an official leak. You would not be able to help on that, would you?

**Prof. Sara**—I am afraid I could not.

**Senator CARR**—It appears that the *Australian* does not ring around too widely, but they rang you.

**Prof. Sara**—Yes. I am the head of one of the agencies.

**Senator CARR**—That is right. It even refers to other parties here, but they did not ring the other parties, so I presume they are just ascribing views to others. You are fortunate that they actually asked you for your view, so we are pleased about that.

**Prof. Sara**—And they asked the head of the NHMRC as well.

**Senator CARR**—Did they ask any other agencies?

**Prof. Sara**—To my knowledge, from the article, it appears to be only Alan Pettigrew and me as the heads of the NHMRC and ARC.

**Senator CARR**—As far as you are aware, this proposal does not extend to the other agencies, research agencies and other departments?

**Prof. Sara**—I am not aware of the details of the proposal. I was simply asked, as you have asked, what I think of a national research council. I think it has a lot of merits, but I think it has a lot of negative sides as well that need to be addressed.

**Senator CARR**—Can you tell me about those negative sides? We may want to support this, so I am interested in your views.

**Prof. Sara**—I would hope that both the government and the opposition would support any organisational structure that would get better research benefits for Australia.

**Senator CARR**—I understand that it costs about \$35 million a year to administer research in this country. Is that figure familiar to you?

**Prof. Sara**—I cannot comment on it.

**Senator CARR**—Yours is \$12 million. Would the other agencies in a whole-of-government approach produce that sort of figure?

**Prof. Sara**—I would have thought, quite honestly, that it would have been more than that because you have not only the funding agencies, which are not the majority of government expenditure on R&D, but also the administration of the activities of block funded research institutes.

**Senator CARR**—I was talking about direct government costs. The Ageing portfolio has direct funding arrangements of about \$11 million per annum. There are obviously national facilities programs. There are Agriculture and Fisheries programs of \$55 million a year and Environment and Heritage programs of \$1 million, Foreign Affairs has a \$13 million research project and other Commonwealth research agencies have over \$100 million. They are the grant moneys.

**Prof. Sara**—Yes.

**Senator CARR**—I would be interested in finding out what it costs you to administer your grant moneys and how that compares across the whole of government.

**Prof. Sara**—Yes.

**Senator CARR**—The Commonwealth is spending about \$5 billion a year.

**Prof. Sara**—It is \$5.4 billion.

**Senator CARR**—We can get a fair indication from that as to whether it is enough. One argument is that it might not be enough to just have a new council. Another argument might be that there will be a loss in administrative function by moving to this mechanism. I draw your attention to a statement published in the *Australian Financial Review* on 29 November 2003 which said:

The Australian Research Council is quietly reforming its peer review and granting policies, moving away from a strict focus on traditional discipline-based research.

Are you familiar with that?

**Prof. Sara**—I am familiar with the article, obviously.

**Senator CARR**—You are quoted in the article as proposing:

... a “council of experts” to vet \$404 million in federal grants to be made for university research in 2004.

Was a council of experts established?

**Prof. Sara**—It is a college of experts, and it really is a formalisation of the process of continual review, evaluation and improvement that is going on at the ARC. Within that college of experts are, of course, all the members of the expert advisory committees. Previously, they had been organised into six interdisciplinary clusters. We have now removed any barriers to being in one cluster rather than another and we flexibly put together members of that expert panel, from that large college of experts, to assess the grants. There has been no diminution in the expertise of that college; it merely reflects the reality of what is occurring, which is an address to interdisciplinary research.

**Proceedings suspended from 10.45 a.m. to 11.01 a.m.**

**Senator CARR**—I seek leave to table the letter concerning the Chief Scientist, from which I was quoting before.

**ACTING CHAIR (Senator Barnett)**—There being no objection, leave is granted.

**Senator CARR**—Professor Sara, I was asking before the break about the establishment of the so-called college of experts. In the article I referred to, you described it as a council. Is that name change a recent occurrence?

**Prof. Sara**—I am sorry if I misled you. They are a college. They are called a college of experts.

**Senator CARR**—Back in November, did you call it a council or was that a misprint?

**Prof. Sara**—It must have been a misprint. It is a college of experts. In the media release from the minister, it is also referred to as a college of experts. We have not referred to it as a council.

**Senator CARR**—The minister’s media release was on 21 November. Was that the only form of advice issued to universities on this matter?

**Prof. Sara**—I do not believe so. I will have to check this, but I do believe that I have had discussions with the DVCs and PVCs about this. Certainly the executive directors of the ARC have also had discussions with most of the individual universities. We then called for nominations in late November for members of the college.

**Senator CARR**—I will come back to the nominations in a moment. Can you tell me the date on which you briefed the universities?

**Prof. Sara**—No, I cannot, because there was not a formal occasion when it was done. Rather, it was a large number of informal discussions between me and the executive directors



of the ARC and the various universities. I have to again stress that the term ‘college of experts’ simply refers to changes that have been occurring in the organisation of peer review within the ARC over some time as a method of addressing interdisciplinary issues.

**Senator CARR**—The article of Saturday, 29 November quotes the Deputy Vice-Chancellor for Research at Monash University. There is another quote here from Frank Larkins, from Melbourne University. Both of these men are not insignificant figures in the research community. They both seem to be indicating that they were not briefed and, furthermore, that the ARC had not briefed the deputy vice-chancellors at the research meeting prior to this article. So, with regard to these statements, there clearly is a discrepancy between the information you are providing to the committee and the information that has been provided to the public.

**Prof. Sara**—I repeat: I believe that any discussion with the universities that the ARC has had has been on an informal basis during our interaction with individual universities. At that stage, which I think you said was 24 November, it may well have been so that there had been no discussion with the universities of Melbourne or Monash. But I repeat that the peer review system remains as it has been. It simply reflects the flexibility that we use to put together the most appropriate committee to look at, for example, infrastructure or biotechnology or interaction with the NHMRC—and the list is endless—where we look at interdisciplinary issues.

**Senator CARR**—Professor Sara, Melbourne and Monash universities are probably two of our leading research universities in the country. I am sure this claim will be disputed by others. If you were to look at the top eight research universities in the country you would have to say, using the percentage of grants gathered as one indicator, that Melbourne and Monash are very significant players indeed. Professor Frank Larkins, who is from Melbourne University, said:

“We need a lot more information on what this means ... The critical issue is the Australian research community being assured that there is a transparent process for determining the excellent research to be funded.”

It is a fairly substantial criticism. That university appears not to have been consulted, certainly up until 29 November, and I am interested to hear from you today as to whether you are able to assure me that that has occurred since this article appeared.

**Prof. Sara**—I believe it has, but I will come back to you to assure you. But I go back to the issue that the peer review process used by the ARC is world’s best practice, it is transparent, it is accountable and the review of grant is done by a college of experts. The expertise of those individuals has not changed. The term ‘college of experts’ simply formalises reference to our flexibility in building committees to address infrastructure or building committees to address federation fellows, for example. So there has been no change—and I will stress that—to the peer review process.

**Senator CARR**—What percentage of the ARC grants would you regard as being cross-disciplinary in nature?

**Prof. Sara**—We have looked at this over time and I believe the majority of grants from the ARC now really span more than one specific discipline area.

**Senator CARR**—You cannot be more precise than that?

**Prof. Sara**—I cannot remember precisely.

**Senator CARR**—Because multidisciplinary is a very broad concept, isn't it, in that sense? If it is more than one, it becomes multi.

**Prof. Sara**—Yes.

**Senator CARR**—So presumably you could probably find a way to justify every grant on that basis, couldn't you? It involves English and something else?

**Prof. Sara**—What we do in the ARC is look at the RFCD codes.

**Senator CARR**—So on that basis what is the percentage?

**Prof. Sara**—I cannot remember the figures.

**Senator CARR**—Could you provide them for me?

**Prof. Sara**—Of course I can.

**Senator CARR**—I would be interested to know whether or not the establishment of the council of experts is an overreaction and what the rationale is for the change. You are saying it is an incremental change that has occurred over time that no-one should be concerned about. Clearly the research community, on the published evidence, is concerned about it.

**Prof. Sara**—I have received no letters or emails of any concerns about it whatsoever because the peer review process is as it has been over the last number of years, since the introduction of the national competitive grants program.

**Senator CARR**—Who is involved in the membership of this college of experts?

**Prof. Sara**—I can provide you with a list we have here.

**Senator CARR**—Thank you very much, that would be much appreciated. Does that list involve businesspeople?

**Prof. Sara**—What it does involve and what it has always involved, since Knowledge and Innovation was released in 1999, is the introduction of research users. Currently we have, I believe, 10 research users within the college of experts.

**Senator CARR**—And who are these research users? Can you tell me that?

**Prof. Sara**—Certainly. The college of experts, formerly known as the expert advisory committees, is chosen through their meeting different selection criteria. The selection criteria are excellence in research, broad discipline expertise, professional and academic standing, organisational skills and relevant experience in industry or public sector organisation and experience dealing with coordination of research activity. As a research user, you must meet at least four of those criteria. They are then selected on their ability to recognise the breadth and excellence of research and participate in those committees.

**Senator CARR**—Can we have a look at these 10? Who are they?

**Prof. Sara**—Yes, we can provide that information.

**Senator CARR**—If you could. I may not know all these people, but what are the qualifications they bring to this particular task as research users?

---

**Prof. Sara**—Let me give you a couple of examples. We have John O’Sullivan from Cisco Systems. John, as you probably know, was one of the individuals who developed radiater, working from CSIRO. He represents a user in the IT and maths interdisciplinary grouping within the college. We have people from the Australian Museum and we have individuals, for example, from Intel. So we have individuals who are involved in research from an industry perspective, and there are 10 of those out of 72 members of the college.

**Senator CARR**—Thank you, 10 out of 72. Can we identify the 10 on the list of 72 that you have provided? Is it possible to do that?

**Prof. Sara**—Yes, that will be provided to you.

**Senator CARR**—Thank you very much. The press release I was referring to earlier that the ministers published last night apparently went out just after nine o’clock. I asked about the time before and I am informed that it was distributed just after nine o’clock at night, which is an unusual time to put out a press release of this magnitude to other media. It obviously went to the *Australian* well before that. So I am surprised that that occurred. I sought some information before about your resignation. When does your contract actually run out?

**Prof. Sara**—My contract expires on 30 June this year.

**Senator CARR**—Are you able to advise the committee on the processes that are being undertaken for a replacement? Is it a government decision or a council decision on a replacement for your decision?

**Prof. Sara**—The chair of the board has had discussions with the minister over the process for finding my replacement.

**Senator CARR**—Are you able to advise the committee what that process will be?

**Prof. Sara**—That will be a search, both national and international, for my replacement.

**Senator CARR**—Do you know when it is intended that the announcement will be made or the conclusions will be drawn from that search?

**Prof. Sara**—No, I cannot answer that, but I understand that that search will begin as soon as possible.

**Senator CARR**—On the US free trade agreement, the international collaboration, the linkage projects and discovery projects: on page 7 of your annual report you comment on the international collaboration with the United States. You say that that collaboration has now extended to 276 projects. Are you able to provide details on those projects?

**Prof. Sara**—Yes, we can do that.

**Senator CARR**—Do you think there is any change likely to occur in the manner of collaboration between the United States institutions and the Australian institutions through the ARC as a result of the FTA?

**Prof. Sara**—I do not believe that there will be any change between the collaboration because the type of research that we fund is very much bottom-up interaction between individual researchers, and that will continue.

**Senator CARR**—Are you aware of any implications for your funding arrangements that arise from the FTA?

**Prof. Sara**—I am not at this stage aware of any implications. We have looked at it and we are not aware of any implications.

**Senator CARR**—So you have undertaken an evaluation. Do you have a copy of the agreement?

**Prof. Sara**—Not here.

**Senator CARR**—I am just wondering how you have looked at it.

**Prof. Sara**—In earlier times when there was discussion we looked at whether there would be implications for interaction and US researchers and our conclusion was there probably would not.

**Senator CARR**—That evaluation was worked on the presumption of what was known at the time, but you have not had an opportunity to have a briefing with any agencies within the Commonwealth government as to the subsequent matters, given that this document has now been signed?

**Prof. Sara**—No, Senator, we have not had any further discussions about that.

**Senator CARR**—Have you sought any discussions?

**Prof. Sara**—We have not—not yet.

**Senator CARR**—Do you intend to?

**Prof. Sara**—Yes, we will do that.

**Senator CARR**—Can you take this question on notice: what implications are there for the FTA in regard to the support for researchers, both in this country and in the United States? Does this agreement have any implications for the capacity of researchers in the United States to apply for funding here? That is the first issue. The second issue goes to the question of the intellectual property provisions of the FTA. Have you had any assessment on that issue?

**Prof. Sara**—We have not.

**Senator CARR**—Can you provide me with information— obviously you will now be seeking briefings—on the implications for the intellectual property provisions of the FTA and how they might affect Australian researchers and research projects, and what is the United States involvement.

**Prof. Sara**—Yes.

**Senator CARR**—If there is other information you can provide on the implications for IP in regard to that agreement it would be appreciated. I now turn to Splash Media. I understand you are using the company known as Splash Media again. This is referred to in the annual report at pages 206 and 226.

**Prof. Sara**—We have not in recent times. We used Splash Media some years ago. In 2002-03 we did and that is reported in the annual report.

**Senator CARR**—That is the annual report for 2002-03. You paid them \$32,000; is that correct? That is the last available reporting date.

**Mr Marsden**—Yes, there are two amounts on the same page. There is the \$32,000 you are referring to and a further amount of \$11,264 lower down on that page.

**Senator CARR**—What was that for?

**Mr Marsden**—It was just more publicity services for the ARC.

**Senator CARR**—What publicity services precisely?

**Mr Marsden**—Can I take that on notice and provide it to you? It covered a broad area—good news stories and other things.

**Senator CARR**—Yes. I believe they wrote seven press releases for you; would that be right?

**Mr Marsden**—I am not sure, Senator; I will have to take that on notice.

**Senator CARR**—Would you be able to provide that information today—it should not be too hard to check—how many press releases they issued in 2002-03.

**Mr Marsden**—Yes.

**Senator CARR**—It just seems to me that, for the better part of \$33,000—if it is true that they published seven press releases—those are pretty good rates.

**Prof. Sara**—I can add to that, Senator. I honestly cannot answer the question of how many press releases, or if there were any there, but Splash Media did a lot more work than simply writing press releases. They were involved in events such as the Federation Fellowships announcement and the award of the first Federation Fellowships, which was a major issue for the government at the time. Certainly the money paid to Splash Media was not simply related to press releases, I can say that.

**Senator CARR**—If they were government press releases why weren't the other parts of the department paying for them? Why was the ARC paying for them?

**Prof. Sara**—Because the ARC is independent from the department.

**Senator CARR**—But you have said it was important for the government.

**Prof. Sara**—It was important for the outcomes of Backing Australia's Ability. It was important for Australian research. These were announcements, I believe, about Federation Fellowships, but we will come back to you with the exact details.

**Senator CARR**—If you are an independent statutory authority you should be making press releases based on what is important for you, not what is important for the government.

**Prof. Sara**—We were making press releases and announcements important for Australian research.

**Senator CARR**—I have asked questions in the past about what appears to me to be a high turnover of media and communications personnel in your agency. I am told you have lost some more staff in this area. Is that true?

**Mr Marsden**—We had an officer at the EL2 level heading up the unit last year, but that was a non-ongoing contract.

**Senator CARR**—A non-ongoing contract. So you sacked them?

**Mr Marsden**—No, the contract finished and the person moved on. There was no extension of the contract.

**Senator CARR**—They did not seek an extension?

**Mr Marsden**—I was not involved in those discussions, but the ARC did not seek to extend it either. We only saw it as a short-term contract to assist us at that point in time.

**Senator CARR**—Perhaps you can help me to short circuit all of this. Can you provide me with a list of staff that have been employed in the communications area of the ARC since December 2002? I would be interested to know the commencement dates and the finishing dates of employees, and obviously the level of the officers. It strikes me that you are spending a fair bit of money in the communications area, and a high turnover of staff cannot help you with corporate knowledge of what has gone on before. Would you agree, Professor Sara, that it would be helpful to have a few people stick around for a while in this area?

**Prof. Sara**—I believe that if you look at the figures for staff turnover for the ARC you will see that we have had very little staff turnover in the last 12 months or more—18 months, possibly. Certainly, in this financial year we have had stability within the organisation. I believe we have a solution to the communications area as well. I am sure you would agree with the importance of community understanding of the value of research for the future.

**Senator CARR**—I certainly would. That is why I would be interested to know why it is that you find it so hard to keep communications officers.

**Prof. Sara**—What we have been doing in the past is using short-term contracts to try to fill gaps. We now have a better organisational situation to address that on a longer term basis.

**Senator CARR**—So you have appointed persons on long-term ongoing contracts, have you? Why aren't they permanent employees?

**Mr Marsden**—They are. The person now heading up the communications unit is an ongoing APS officer, and that was through a normal recruitment process through the Commonwealth *Gazette* and the press.

**Senator CARR**—You have mentioned fellowships. According to the annual report, last year you ordered 25 fellowships in the first round: six were awarded to returning Australians—that is 25 per cent—two went to foreign nationals and 67 per cent went to Australians already in Australia. It strikes me that if 67 per cent of fellowships are going to persons already employed in Australia they are not fulfilling the project's objective which is to attract people back to Australia. Would you agree?

**Prof. Sara**—I believed that there were opportunities for improvements in the system which have been brought about in the new funding rules that were released last year. I think we will see in the current round a different profile of applicant. We have made special efforts using, in many cases, state derived databases of overseas Australians to contact as many people as we can overseas to increase the interest in expatriate Australians.

**Senator CARR**—It seems to me that one in four is not exactly a brilliant strike rate in that particular matter. How much money have you spent on this program?

**Mr Harper**—It looks like about \$35 million to the end of June 2004, so that includes some prediction.

**Senator CARR**—How much was the total program?

**Mr Harper**—To the period concluding June 07, about \$137 million.

**Senator CARR**—So there is \$102 million yet to be expended.

**Mr Harper**—Yes, Senator.

**Senator CARR**—When will contracts be issued for any additional amounts of that \$102 million?

**Prof. Sara**—We have a round going on at this moment which closed in February for an additional 25. The current round closed on 6 February, and we would be looking at announcements some time around May.

**Senator CARR**—Of those 25, how much will be committed for those? They are about a million apiece, aren't they?

**Prof. Sara**—Over five years they are, yes. It is about \$250,000 per year, so it is roughly \$6 million per year.

**Senator CARR**—It is \$6 million per year—

**Prof. Sara**—For those extra 25. They are roughly \$250,000 a year.

**Senator CARR**—If I were to look at the end of next year, you would be telling this committee that you would have spent basically \$41 million. Is that right?

**Prof. Sara**—Right.

**Mr Harper**—Plus the ongoing payments to the pre-existing federation fellows.

**Senator CARR**—Can you give me your estimate of the expenditure at the end of this financial year and the end of the next financial year?

**Mr Harper**—At the end of this financial year, I think I gave that figure.

**Senator CARR**—Was it \$35 million?

**Mr Harper**—Something of that order. By June 05, we would expect it would be of the order of \$62 million.

**Senator CARR**—That is \$62 million of the \$137 million. Is that right?

**Mr Harper**—Correct, Senator.

**Senator CARR**—The remainder would presumably be for the forward estimate period.

**Mr Harper**—The way the scheme runs, there would be about 25 fellowships awarded in each of five years, so the number is increasing over time, over that five-year period.

**Senator CARR**—Sure, but you would have committed \$62 million—

**Mr Harper**—Committed and spent.

**Senator CARR**—by the end of the next financial year.

**Mr Harper**—Yes, Senator.

**Senator CARR**—Is there a bid in to increase these fellowships?

**Mr Harper**—Without answering yes or no, it is difficult for us to comment on matters which are being considered by the government in the budget context.

**Senator CARR**—I just want to be clear about this. To date, how many fellowships have been awarded in total?

**Prof. Sara**—Fifty have been awarded; 49 have been taken up.

**Senator CARR**—Forty-nine have been taken up, of which six persons have come from overseas.

**Prof. Sara**—No. According to the data I have here, 14 are returning Australians coming from overseas and three are foreign nationals coming to Australia.

**Senator CARR**—Could I have a list of those 14, please?

**Prof. Sara**—Of course.

**Senator CARR**—And the three foreign nationals, because they are all published. Last year four fellowships were awarded to CSIRO. Is that right?

**Prof. Sara**—I believe so.

**Senator CARR**—Is four right?

**Prof. Sara**—I do not have the exact list here in front of me, but we could certainly, if you give us one moment, check that. Yes, four is quite correct.

**Senator CARR**—One was returned. Is that right?

**Prof. Sara**—Yes, one was returned.

**Senator CARR**—Why was it returned?

**Prof. Sara**—There are a number of issues with that relating to commitments that were made. Firstly, commitments that were made by the various partners did not eventuate and, secondly, I believe there was a change in strategic direction at the organisation.

**Senator CARR**—At CSIRO?

**Prof. Sara**—At CSIRO.

**Senator CARR**—Nothing to do with the fact that CSIRO was required to put money in to support these places?

**Prof. Sara**—Not that I am aware of. Other partners in the collaboration were not prepared and CSIRO made a choice not to go ahead with it.

**Senator CARR**—Under these arrangements, the host institution is required to put some funds towards this project. Is that correct?

**Prof. Sara**—That is correct.



**Senator CARR**—If you are putting in \$1 million per place, what is the institution required to put in?

**Prof. Sara**—We ask for matching funding or an in-kind contribution as a minimum. That is not necessarily cash. It can be in kind in terms of the number of PhD students, postdoctoral fellows or laboratories. But we want to ensure that there is sufficient support for a federation fellow.

**Senator CARR**—I can understand that argument. You are saying, however, that the organisation is required to put \$1 million in towards each of the fellowships?

**Prof. Sara**—No, the organisation is required to put \$1 million worth of support into it.

**Senator CARR**—It is \$1 million, whether it is cash or in kind.

**Prof. Sara**—Yes.

**Senator CARR**—You are saying the reason CSIRO sent this fellowship back was not financial.

**Prof. Sara**—CSIRO made a decision not to support this fellowship based on a change in strategic direction and, I think, an overestimation of their commitments as well as the commitments of other partners in there.

**Senator CARR**—What sort of commitments are we talking about—financial commitments?

**Prof. Sara**—We are talking about financial cash and in-kind commitments to support the federation fellow.

**Senator CARR**—So they could not afford it?

**Prof. Sara**—They made a decision not to support it.

**Senator CARR**—I will ask them why they could not fund it. That is the essence of it, as you understand it.

**Prof. Sara**—Yes.

**Senator CARR**—My colleague is probably getting a little impatient. Either I can cease the floor for a while—but it could be forever with Senator Harradine—or we can bat on with a few of these other minor matters.

**Senator HARRADINE**—Professor Sara, can you remind the committee of the amount of money provided by the ARC for the establishment of the National Stem Cell Centre.

**Prof. Sara**—To date, a total of \$6.93 million has been provided to the NSCC from the ARC, and that includes GST.

**Senator HARRADINE**—Out of an amount of \$22.5 million from you and \$21.5 million from the Department of Industry, Tourism and Resources?

**Prof. Sara**—Yes.

**Senator HARRADINE**—What was the \$6.9 million spent on?

**Mr Harper**—The funds were provided to the National Stem Cell Centre pursuant to the deed of agreement between the Commonwealth and the NSCC. I am not sure that all those funds have been spent.

**Senator HARRADINE**—Do you mean the \$6.93 million?

**Mr Harper**—Yes. They have been provided by the Commonwealth to the National Stem Cell Centre. The National Stem Cell Centre may not have expended all those moneys itself.

**Senator HARRADINE**—Do we know how much they have spent of that and what on?

**Mr Harper**—We are expecting to receive a report on their operations until the end of December shortly.

**Senator HARRADINE**—But you have had previous reports on their operation. I refer, for example, to the statement made on the top of page 48 of the business plan, issued on 20 June 2003:

Funds are generally receivable quarterly in advance upon provision of necessary reports, which include financials, research and commercialisation updates, together with certain compliance statements. Funds are also dependent upon the satisfactory achievement of milestones, and the meeting of key performance indicators.

Are those milestones agreed as between the ARC and Biotechnology Australia?

**Mr Harper**—They are agreed between, from the Commonwealth side, Biotechnology Australia and the Australian Research Council.

**Senator HARRADINE**—What are those milestones? How much is spent and has been provided to the National Stem Cell Centre by Biotech Australia—so that we can get the overall picture?

**Mr Harper**—I obviously cannot speak with the authority of Biotech Australia, but my estimate would be that they would have spent of the order of \$7 million—in other words, an amount similar to that which the ARC has expended.

**Senator HARRADINE**—My problem is that in my questions last time to Biotech Australia I asked to receive some of those reports, and I received them but, as you can see, they were heavily marked—ludicrously marked—on the basis of alleged commercial-in-confidence. How can the parliament be assured that the money is being properly and efficiently expended, and for what purpose? I could not find anywhere when I received this information the purpose, the objectives or the milestones.

**Mr Harper**—There are processes pursuant to the funding deed which provide for periodic reporting by the National Stem Cell Centre of its progress in delivering results, its progress in expending the moneys which the Commonwealth and others have given to it and updating its business-planning processes. The NSCC is established as a company, and having the full details of its business plans exposed publicly has been judged to be detrimental to their commercial interests.

**Senator HARRADINE**—This is an organisation which, thus far, is solely funded by Commonwealth taxpayers' money.

**Mr Harper**—I am not sure that that is true, Senator. I believe that other organisations have funded the centre.

**Senator HARRADINE**—There are some other stakeholders, that is true, but I find it very difficult to see where they are at and what they have done. Could I ask a question directly about the derivation of stem cells from adult cells or from human embryos. How many stem cells derived from human embryos to their destruction is the National Stem Cell Centre likely to be seeking in this financial year?

**Mr Harper**—Are you asking me how many embryonic stem cells the National Stem Cell Centre proposes to handle this financial year?

**Senator HARRADINE**—Yes, how many stem cells will be derived by them from human embryos.

**Mr Harper**—My understanding is that they have not derived any cells from human embryos at this stage.

**Senator HARRADINE**—How many are they seeking to do?

**Prof. Sara**—We do not know. We are not certain that they actually are.

**Senator HARRADINE**—I think it is important, with respect, that the public know. Have applications been made by the National Stem Cell Centre for licensing by the licensing committee of the NHMRC?

**Mr Harper**—I am unsure. We will have to take that on notice.

**Senator HARRADINE**—But that particular aspect would be part of your milestone matter, would it not?

**Mr Harper**—Conceivably not. The milestones may well address issues that are more output focused than seeking a licence from the NHMRC.

**Senator HARRADINE**—Since this is the National Stem Cell Centre, I am trying to work out how much of the work is involving the use of adult stem cells and how much involves the use of stem cells derived from human embryos.

**Mr Harper**—The centre has research themes and focuses in both of those areas.

**Senator HARRADINE**—I realise that, but what priority is being accorded?

**Mr Harper**—The centre has been going through a process of prioritising its own activity in terms of the research excellence areas where Australia has expertise, therapeutic need and the centre's position vis-a-vis other researchers in that area. My understanding, pending receipt of the end-December report, which is due imminently, is that there are programs being supported in both embryonic and adult stem cell research probably at a first level of approximation in roughly equal proportion.

**Senator HARRADINE**—Could the committee have that information when it is available? Did you say it is likely to be available in the next month?

**Mr Harper**—It would be available to the Commonwealth. We would need to take advice as to what extent the information could be made publicly available.

**Senator HARRADINE**—But we are talking about a major question. I am not asking questions about anything that is not I believe the right of parliament to know, and not to rely on this commercial-in-confidence as a sole matter.

**Mr Harper**—I hear and I believe I understand you. I am just being careful from my side because I, from the Commonwealth side, am under a legal obligation not to disclose matters which should not be disclosed under the deed. It may well be that that information is disclosable, but I would seek advice before doing so.

**Senator CARR**—What deed would prevent you from providing information to parliament?

**Mr Harper**—The deed about which I was speaking is the funding deed between the Commonwealth and the National Stem Cell Centre. I do not believe that it necessarily does that.

**Senator HARRADINE**—So \$14 million has gone to this National Stem Cell Centre from the Commonwealth, plus another \$5 million for major national research facility funding?

**Mr Harper**—I am unsure how much money has been expended. That is a question that would be better directed to DEST.

**Senator HARRADINE**—Could I go to that report which was heavily audited—it is terribly blacked out. I turn to page 43 of that report, which is the business plan of June 2003. That deals with the establishment of a stem cell ethics committee and there has been an initial establishment grant from the centre institution. Could I have the details of that, please: how much was the grant, to whom was it granted and were there structures in place to recruit competent people to that?

**Mr Harper**—I believe that the grant was \$65,000, reviewable after the first year of the committee's operation.

**Senator HARRADINE**—That was for the formation of a stem cell ethics committee?

**Mr Harper**—I believe it is now styled 'independent ethics advisory committee'. Yes, Senator.

**Senator HARRADINE**—The report states:

The initial membership of the stem cell ethics committee will be established from nominations by the centre, participating organisations and associated institutes, and coordinated by Professor Bob Williamson of Murdoch.

Can you provide the committee with the institutions from whom nominations were sought?

**Mr Harper**—I will need to take that on notice. My understanding is that the committee is still in the process of establishment.

**Senator HARRADINE**—Can you provide me with details as to how this is proceeding structurally?

**Mr Harper**—Yes, but I will need to take it on notice.

**Senator HARRADINE**—This is rather an important matter. Do you know why Professor Bob Williamson is doing the coordinating? Is he an ethicist?

**Mr Harper**—I am not fully aware of his background, but I understand him to be interested in this area.

**Senator HARRADINE**—No doubt; he is very much supporting human cloning.

**Senator CARR**—There might be a point of departure with us, Senator Harradine. I am not sure he actually says that, does he?

**Senator HARRADINE**—Yes. Along with Alan Trounson he supported the cloning of 30 human embryos in Korea just recently. Can I ask the ARC how it was that he became the coordinator in developing a stem cell ethics committee?

**Mr Harper**—The document we are looking at is a redacted version of the business plan of the Stem Cell Centre which indicates that Professor Williamson would be coordinating that committee. We have received the business plan to that extent. If you are asking what it was that led the National Stem Cell Centre to conclude that Professor Williamson would be a good person to coordinate the ethics committee we would need to take that on notice and take advice from the Stem Cell Centre.

**Senator HARRADINE**—And provide information as to Professor Williamson and if there is any indication on his CV of his being an ethicist.

**Mr Harper**—We can ask that as well.

**Senator HARRADINE**—This report also states that the stem cell ethics committee will be composed of 12 to 16 ethicists with varying views et cetera. How many in total will comprise the membership of the ethics committee? You are going to have 12 to 16 ethicists and you are going to have people nominated by the institutions. I did ask you, did I not, to provide us with the names of the institutions?

**Mr Harper**—I think you have asked for the names of the institutions which would be nominating people for this committee. I had understood that the committee would be of the order of 12 to 16 people.

**Senator HARRADINE**—The initial membership of the stem cell ethics committee will be established from nominations from the centre—that is, the National Stem Cell Centre—participating organisations and associated institutes.

**Mr Harper**—Yes, Senator.

**Senator HARRADINE**—Are they going to nominate the ethicists?

**Mr Harper**—It is hard for me to answer that, but I would imagine that the answer would be yes. This is an ethics advisory committee, and it would be nominating people whom it thought could make a useful contribution to that committee. I understand that, while the committee is still in the formative stages and probably has not been established as such, there has been a conference held in September of 2003, entitled ‘A new look at ethics and stem cells’, that had a number of people speak at it. Subsequently there was a strategic planning workshop convened in the last couple of months that was looking to determine a strategic agenda for ethics and stem cell research in Australia to guide the independent ethics advisory committee’s activities over the next 12 months. Participants in that workshop could well be

invited to be committee members or ad hoc participants in committee deliberations as appropriate.

**Senator HARRADINE**—We want to have transparency, and I would like to know what the procedures are that have been adopted by the National Stem Cell Centre to recruit persons to the ethics committee.

**Mr Harper**—I would expect that we would be in a better position to answer that after the end of December progress report from the Stem Cell Centre is received.

**Senator HARRADINE**—Until when?

**Mr Harper**—We expect to receive a report in respect of their operations to the end of in December 2003 at the end of this month.

**Senator HARRADINE**—In what period of time do you expect to respond to me on the question as to the division between work on adult stem cells and work on stem cells derived from human embryos?

**Mr Harper**—As I indicated, I will need to receive that information from the Stem Cell Centre itself. It is to some extent a function of how rapidly they provide it. I would like to think it would be within the time frame of when we would be answering all committee questions from these hearings—a few weeks.

**Senator HARRADINE**—Why can't it be done quicker than that?

**Mr Harper**—I said within the next few weeks. It may be done quicker than that, Senator.

**Senator HARRADINE**—I have asked the question, and I expect the answer.

**Mr Harper**—We can seek to expedite a response.

**Senator HARRADINE**—You were aware, were you not, that I would be asking questions of the ARC as to where their money has gone?

**Mr Harper**—I expected that it was probable that you would ask questions of us about the National Stem Cell Centre.

**Senator HARRADINE**—But you do not seem to have anything there.

**Mr Harper**—I do not. The centre was established in May last year. We have received a report on its activities to the end of September, during which time it would have done little more than establish itself in that administrative sense. We are looking forward to receiving the end December report shortly.

**Senator HARRADINE**—Finally, could you please provide to the committee information on what has happened and how that \$14 million has been spent by the National Stem Cell Centre?

**Mr Harper**—Yes, Senator. I will just repeat my earlier advice that my expectation would be that the \$14 million has not all been spent at this stage by the National Stem Cell Centre.

**Senator HARRADINE**—So you have provided that when they have not been able to spend it.

**Mr Harper**—They have gone through a process where they have had to decide which programs and projects they will be supporting. They have completed parts of that process. I would expect that projects would be getting traction and momentum from about now and that the rate of expenditure would increase considerably and change in nature from a focus on administrative set-up costs to research expenditure.

**Senator HARRADINE**—Administrative set-up costs of \$14 million!

**Mr Harper**—No, Senator. The \$14 million is the amount which the Commonwealth has provided to the National Stem Cell Centre. I am saying that they have not expended all of that \$14 million. But what they have expended, if I can try to elaborate, would have been largely spent on the establishment and governance arrangements of the centre itself rather than on the undertaking of research. We would expect that research effort to be picking up now.

**Senator HARRADINE**—I refer to the report in *Science* on the cloning of human embryos in Korea. You are aware that this would be contrary to Australian legislation if it were done here. Tell me, what was one of the researchers from that institute doing working in the National Stem Cell Centre? Were you aware of that?

**Mr Harper**—Could you name the researcher, please?

**Senator HARRADINE**—No.

**Prof. Sara**—I am sorry, Senator, we are not aware. Unless you name the researcher, we cannot affirm or deny it.

**Senator HARRADINE**—I got it from a publicly available document, from memory. Has there been any contact between the National Stem Cell Centre in Australia and the team of scientists in Korea?

**Prof. Sara**—Senator, to our knowledge, none. We believe that the work in Korea was done between South Korean and US researchers and it was done at Seoul National University.

**Senator HARRADINE**—Are you aware that Dr Trounson peer-reviewed this work?

**Prof. Sara**—No, Senator, I am not, because I am not aware that the peers who review articles for *Science*'s names are given.

**Senator HARRADINE**—I might be on the wrong tram, but I will go to the article itself.

**Prof. Sara**—I am aware that Professor Trounson made a comment in the article concerning the work done in South Korea.

**Senator HARRADINE**—Here it is; footnote 30.

**Mr Harper**—We do not have that paper in front of us.

**Senator HARRADINE**—This is the *Science* report. Footnote 30 thanks A. Trounson of Monash University and a number of others for 'critical review of the manuscript'.

**Mr Harper**—We were unaware of that.

**Senator HARRADINE**—Is it any wonder that Dr Trounson applauded the actions by the Koreans? He is one of the principal officers of our National Stem Cell Centre and, as I said, the actions taken in Korea—if they were taken here—would result in severe penalties.

**Prof. Sara**—I think all scientists would agree that it was a breakthrough research outcome, even though the process used 242 human eggs extracted from 16 unpaid volunteers to achieve one single stem cell line.

**Senator HARRADINE**—I am asking a question which relates to the Australian legislation. I am asking: was there any contact by scientists with these people in Korea?

**Prof. Sara**—I think it is important that we restate that the research described in that article is not legally possible within Australia and we have no knowledge of any contact of Professor Trounson with the South Korean researchers.

**Senator HARRADINE**—I am sorry, I cannot pick it up, but I saw an article where one of Professor Trounson's colleagues had worked in the laboratory on this project.

**Prof. Sara**—I would also repeat that the National Stem Cell Centre research program has to comply with Australian law, regardless of whether research is performed in Australia or outside of Australia.

**Senator HARRADINE**—Yes, I can see that. Can you ask the Stem Cell Centre for specific details of expenditure on travel?

**Mr Harper**—Yes, we will do that.

**Senator HARRADINE**—I might say that, from memory, I do not know that it was said that a researcher from the National Stem Cell Centre went over there, but a researcher connected with Professor Trounson went over there. It may have been under another hat—I do not know. I do not want to be unfair.

**Prof. Sara**—I can assure you, Senator, that that research is not part of the research program of the National Stem Cell Centre.

**Senator HARRADINE**—I would still like to know whether there was any. Finally, the major national research facilities program—what precisely is going on at the institution?

**Prof. Sara**—You need to ask the DEST officers that question, as the ARC is not responsible for the MNRF program. The Department of Education, Science and Training is.

**Senator HARRADINE**—Despite the money going into the Stem Cell Centre?

**Prof. Sara**—The money is going to the facility.

**Senator HARRADINE**—There was an agreement, was there not?

**Mr Harper**—That is the case. The reason why there are two areas responsible is that there is a funding deed, where the Commonwealth is represented by the ARC and Biotechnology Australia—and that is the one which we have been mainly talking about here. There is another funding deed, where the Commonwealth via DEST administers a major national research facility grant. I believe the science group in DEST would be able to help you.

**Senator CARR**—Could you help me with information on the matter of the ARC's outsourcing of administrative functions? The annual report on page 8 refers to the arrangement you have made to take over or contract out various services that were previously provided to the ARC under a memorandum of understanding with DEST. Why was it necessary to do that?



**Mr Marsden**—There are a number of reasons for that. First of all, when DEST provided the services to the ARC under the original memorandum of understanding, it was to assist the ARC and give it time to establish itself. I do not believe that arrangement was ever intended to be permanent. The ARC has been using that time, since we first set up in 2001, to do market testing in a number of areas to see which is the best way to go forward. We have found that, in most cases, it is best for us to disengage from DEST services because we believe we can get better value for money not only in a dollar sense but also by being more tailored to our type of operation. We are quite small in the DEST scheme of things and I know it tends to get lost a little bit at times. So we are trying to get a more tailored service by doing that at less cost.

**Senator CARR**—Is it correct that you now have payroll services provided by the National Library?

**Mr Marsden**—That is correct.

**Senator CARR**—I am at a bit of a loss to understand why it is that DEST, which formerly undertook the functions that you undertake, could not provide services at an appropriate cost but the Library could.

**Mr Marsden**—The Library has a longer history in providing that sort of bureau service than the department does. As I understand it, the department only provided to the ARC in the initial couple of years when we were setting up. The Library provided a service since 1997 to the National Archives—the old department of administrative services collapsed or was withdrawn, as the case may be—and has been providing that service for a number of years. It does it quite efficiently. Also, I come from the communications portfolio myself. I was also involved in the 1998 review of the collecting institutions, so I knew the efficiency of the Library service through that review as well. The Library probably could provide a better and a cheaper service to us.

**Senator CARR**—Can you provide me with a list of services, previously provided under the MOU with DEST, which are now provided by other agencies and could you also provide me with the comparative cost?

**Mr Marsden**—Certainly.

**Senator CARR**—I take it that this is an issue that is entirely related to financial matters and it is not to do with your view that you should have as little to do with the department of education as possible?

**Mr Marsden**—No, it is due to two factors that I mentioned before. One is the cost factor and the other is trying to get the service tailored to a small organisation like ours.

**Senator CARR**—With regard to access to ARC funding from CSIRO and ANSTO, your annual report mentions four fellowships—and I mentioned them before; the three that you spoke of and one was sent back. Were there any other moneys that CSIRO or ANSTO were able to get access to?

**Prof. Sara**—Yes. The publicly funded research organisations have access to our training schemes as well as to federation fellowship schemes. They also can come in under all of our programs as partner investigators.

**Senator CARR**—How much money has been awarded to ANSTO or CSIRO under those programs?

**Prof. Sara**—I will take that on notice, but there has been some millions provided, particularly to CSIRO.

**Senator CARR**—How long have they been eligible to apply for grants under those programs?

**Prof. Sara**—They have been eligible to apply for training fellowships for maybe 10 years. The postdoctoral fellowships, for example, were to support the best training, albeit occurring in universities and organisations like CSIRO.

**Senator CARR**—How many training fellowships have been awarded to CSIRO or ANSTO?

**Prof. Sara**—I cannot answer that. I will take it on notice.

**Senator CARR**—Is AIMS eligible?

**Prof. Sara**—Yes.

**Senator CARR**—Has AIMS applied?

**Prof. Sara**—Again, I will take it on notice. There has also been a special scheme developed over the last two years between the ARC and CSIRO to jointly support postdoctoral fellowships to encourage collaboration between the universities and CSIRO. That is a special one.

**Senator CARR**—How many of those are there currently?

**Prof. Sara**—Ten.

**Senator CARR**—I strongly support that sort of collaboration.

**Prof. Sara**—I mention it because we have had discussions with AIMS and ANSTO along the same lines.

**Senator CARR**—You are thinking of extending it to them?

**Prof. Sara**—Yes.

**Senator CARR**—You were just a participant in the McGauchie review, were you not? You were on the steering committee, were you?

**Prof. Sara**—No, not for that review. The ARC had representatives on mapping of the knowledge and innovation review and the infrastructure review but not on collaboration.

**Senator CARR**—You commissioned the report from Allen Consulting with regard to return on investment?

**Prof. Sara**—Yes. That is part of our strategic plan objectives and part of our accountability to government.

**Senator CARR**—That report was published, was it not, in October last year?

**Prof. Sara**—Yes.

**Senator CARR**—Are individuals from organisations eligible to apply for grants to the ARC from ANSTO or CSIRO or AIMS or does it have to be done on a global organisational basis.

**Prof. Sara**—Currently, the discovery projects and linkage projects have to be applications coming through universities.

**Senator CARR**—Are there any proposals to broaden that?

**Prof. Sara**—Not that I am aware of.

**Senator CARR**—We will have to wait and see.

**Prof. Sara**—As you know, this issue has been discussed in the various reviews and raised in submissions to reviews, but I am not aware of any proposal to change the system.

**Senator CARR**—What is the cost of the study on return on investment on ARC funding?

**Mr Marsden**—The total cost is expected to be about \$235,000.

**Senator CARR**—That was done on time, was it not?

**Mr Marsden**—There are two parts to that.

**Mr Harper**—I will clarify that. I believe that the figure for that is closer to \$165,000.

**Senator CARR**—What is the \$235,000 figure?

**Mr Harper**—It was for additional work undertaken, measuring the performance of the ARC and implementing the government's decisions under Knowledge and Innovation and Backing Australia's Ability.

**Senator CARR**—That is another report?

**Mr Harper**—Yes.

**Senator CARR**—That was one you undertook yourselves?

**Mr Harper**—We commissioned it.

**Senator CARR**—Has that report been released?

**Prof. Sara**—Yes, it is on our web site.

**Senator CARR**—Again, what was it called?

**Mr Harper**—It will have a title something like 'Implementation of Knowledge and Innovation and Backing Australia's Ability reforms by the ARC'—words to that effect.

**Senator CARR**—What was the cost of that—\$70,000?

**Mr Harper**—I think it was probably closer to \$45,000 and the balance was for printing costs.

**Senator CARR**—The cost of the report presumably has to include the printing costs.

**Mr Harper**—Yes. I am unsure of the break-up of the printing costs between—

**Senator CARR**—So \$70,000 is not too far from the mark then?

**Mr Marsden**—I believe it is in the order of \$60,000 including the printing costs. I will check that and give you the precise figure.

**Senator CARR**—I have asked the department to provide me with information on the cost of these reviews. It is always helpful to know how many there are. It appears we have discovered another one, so that is 10 reviews that have been undertaken into these research matters.

**Mr Harper**—It is certainly another one which was undertaken.

**Senator CARR**—Are there any others?

**Prof. Sara**—No.

**Senator CARR**—You are quite certain about that?

**Prof. Sara**—I am quite certain, and the title of the report that you will be seeking on the web is ‘Evaluation of ARC implementation of Knowledge and Innovation and Backing Australia’s Ability’.

**Senator CARR**—You commissioned that report, but who undertook it?

**Prof. Sara**—That was Allen Consulting.

**Senator CARR**—Another Allen Consulting. When was that study commissioned?

**Prof. Sara**—We will have to take it on notice. Could I add to that list for you. The ARC has just completed a bibliometric analysis of the impact of research funded through the ARC programs.

**Senator CARR**—That is undertaken by the ANU, isn’t it?

**Prof. Sara**—That is right. That has not been released yet because we have just put the final draft together for the board to consider at its next meeting.

**Senator CARR**—How much did that cost?

**Prof. Sara**—We will have to take that on notice with the others.

**Senator CARR**—So that is 11 reports; that is another one.

**Prof. Sara**—They are the reports the ARC has been involved with.

**Senator CARR**—I understand that. Across the portfolio there have been 11 reports undertaken. Have you got a ballpark figure for me on this last one you have just mentioned?

**Prof. Sara**—No, I am sorry. We will have to come back to you on that.

**Senator CARR**—Can you do that today? It should not be too difficult to get that information.

**Prof. Sara**—Yes. Do understand that most reports from the ARC, however, are fulfilling our obligations under our strategic plan, such as the bibliometric study to assess the impact of research.

**Senator CARR**—Surely they will be of use to the government in terms of its preparation of Backing Australia’s Ability II though.

**Prof. Sara**—They will be of use to the government or anyone to assess our performance.

**Senator CARR**—Yes. Obviously my next question is: when do we get a copy of this report?

**Prof. Sara**—The bibliometric analysis will go to the board meeting next week. I am assuming that within the next couple of weeks it will be released. It has not been to the printers.

**Senator CARR**—Yes, but I am sure an electronic version can be provided without having to wait on the printers.

**Prof. Sara**—Are you asking for a copy?

**Senator CARR**—Yes; can I have a copy of the report?

**Prof. Sara**—Of course you can.

**Senator CARR**—I will place a number of other questions on notice, given the time, relating to the success rates of various programs at the ARC. I am hoping you will be able to answer those for me.

**Senator HARRADINE**—I have got the document now. On *PM* on Thursday, 12 February 2004, Professor Trounson said:

I've known of this scientific group for some time because we've exchanged scientists. I've had scientists from the group working in our laboratory. So I've known about the work and I've taken an interest in how they've been progressing for some time now, at least for several years.

I apologise I did not have that. Therefore, I am seeking also whether there is any financial connection between the Korean group and the National Stem Cell Centre.

**Prof. Sara**—The National Stem Cell Centre is not involved in that research activity. It is not legally doable by the National Stem Cell Centre.

**Senator HARRADINE**—What then were the scientists doing in the National Stem Cell Centre—if it is the National Stem Cell Centre; it might be Professor Trounson's own laboratory at Monash?

**Prof. Sara**—And it could be prior to the establishment of the National Stem Cell Centre, as well.

**Mr Harper**—The deed was completed on 30 May 2003.

**Senator HARRADINE**—I have that. Thanks.

**Senator CARR**—I am wondering how the community and the end users on your college of experts are identified.

**Prof. Sara**—They nominate for selection—

**Senator CARR**—Yes, I understand that but, in terms of the list you have given me, how are they identified?

**Prof. Sara**—They come forward as nominations for selection. They are then selected through a selection committee process that looks at their criteria.

**Mr Harper**—I think, Senator, what you are asking us is which of the 72 are the 10.

**Senator CARR**—That is the point.

**Mr Harper**—It does identify where they come from, but perhaps if we get back to you with a list of those, even if we hand annotate it.

**Senator CARR**—That is right. You cannot readily identify them as being end users simply by name. Everyone here seems to be a doctor or a professor.

**Prof. Sara**—The end users generally are. We said we would get back to you and identify them from that list.

**Senator CARR**—Thank you very much.

**CHAIR**—That concludes consideration of the Australian Research Council.

**Committee suspended from 12.28 p.m. to 1.35 p.m.**

**Department of Education, Science and Training**

**CHAIR**—The committee is considering issues relevant to Indigenous and Transitions Group.

**Senator CROSSIN**—Let me start by asking some questions about issues that I followed up last November, Dr Harmer. In answer to my question E035-04, which was on the review of the CAT and POEM programs, you attached to it the first progress report of the coordination and evaluation of the POEM and CAT pilots.

**Ms Whittleston**—I think we gave you the preliminary report of that evaluation. We are expecting the final of that report in the next week or two.

**Senator CROSSIN**—That is what my question goes to. Are further reports available?

**Ms Whittleston**—Not at this stage. That will be the final report, and we will make that available to you as soon as we can.

**Senator CROSSIN**—Will it go up on the web site?

**Ms Whittleston**—Yes.

**Senator CROSSIN**—Is it possible to let us know when it is on the web site?

**Ms Whittleston**—We can do that.

**Senator CROSSIN**—So that is the final report, which was actually due in February?

**Ms Whittleston**—Yes. It is due this month. The consultants are just finishing it now.

**Senator CROSSIN**—How was the performance of the trial of the CAT and the POEM programs, in your opinion?

**Ms Whittleston**—Generally the findings have been that the CAT pilots have worked very well. The key findings that were set out in the preliminary report around the usefulness of the transition plan, the Learning Pathways plan, the usefulness of having access to career and transition support and also the partnership committees. They were the findings you will recall in the preliminary report as well. The final report goes into more detail and gives some of the detail of the case studies as well.

**Senator CROSSIN**—I understand that both programs have been extended to the end of 2004. Is that correct?

**Ms Whittleston**—That is correct.

**Senator CROSSIN**—When will any decisions be made on any further extension of these programs? Is that a matter for the budget considerations?

**Mr Greer**—They would be decisions for government in the context of the final evaluation of the CAT and POEM pilots.

**Senator CROSSIN**—Just refresh my memory about the money that has been allocated to each of these programs.

**Mr Greer**—Certainly. In fact, we answered question 504 at the November hearings. In that, we indicated that the CAT pilots would be extended from 1 January to the end of December, and that was estimated to be at a cost of \$3 million. The extension of the POEM pilots would be to the end of this year, at an estimated cost of \$2.3 million. We gave a list in answer to that question of the current CAT and POEM pilots and their locations. That was 504.

**Senator CROSSIN**—If they are going to continue, we would expect to find that when we come back in the budget estimates. Is that correct?

**Mr Greer**—I cannot assume what is in the budget.

**Senator CROSSIN**—No, nor would I ever want to do that.

**Dr Harmer**—If they were to be extended beyond December, that would have to be provided for in the 2004 budget.

**Senator CROSSIN**—That is correct. That is what I am getting at. We would need to be able to find that in this year's budget if it were going to be extended, so we will perhaps be looking for that. Just for the record, I think it is important to let you people know in an ERC context that there have been some positive comments about these programs, linked with comments about the non-continuity of government programs—they are just set up, and then a couple of years later they disappear. People are certainly hoping to see their continuation, because they are well supported, I believe.

**Mr Greer**—As Ms Whittleston has indicated, the draft evaluations are quite supportive.

**Senator CROSSIN**—So at this stage there is no plan to continue them beyond the end of this year? What is the process?

**Mr Greer**—As we said before, these are pilots that have now been in place for a good two to three years. Those pilots are in the final stages of undergoing an exhaustive evaluation report. Those reports, both for CATs and for POEMs, will be finalised in the next several weeks. They could be matters for government consideration in a budget context. Were they to be picked up they would be reflected as measures in a 2004 budget context.

**Senator CROSSIN**—I move to your answer to question on notice E656-04. It has to do with the reviews of Indigenous education and training programs. Currently, four Indigenous education and training programs are under review. Is that correct?

**Mr Greer**—What we have here are, essentially, elements. We have been reviewing the IEDA program—the Indigenous Education Direct Assistance program—which has a number of subelements. Also, we have been reviewing some elements that we have been funding under the IESIP program. Under the IESIP program we make payments—and we have made

payments for some time—to Indigenous independent VET providers. We have completed that review, and that report has been publicly available on the web site since late December. Some time ago, at the beginning of this quadrennium, funding for the Indigenous VET providers—for the IECBs and the like—was provided for this quadrennium, contingent on a mid-quadrennium review. As a result of those reviews, funding has continued and will continue for the balance of the 2001-04 quadrennium.

**Senator CROSSIN**—Funding for the reviews?

**Mr Greer**—Funding for the elements. When we went into this quadrennium the independent VET providers' funding was made available for two years of the four-year quadrennium, subject to the completion of reviews. The reviews have been completed and decisions have been taken to extend the funding for those elements for the full quadrennium—until the end of 2004.

**Senator CROSSIN**—What about the education consultative bodies?

**Mr Greer**—The same arrangement. Funding for those was contingent on the conduct of the mid-term review. That review has been completed and as a basis of that review, whilst there is still some work to do with the IECBs, funding has been guaranteed and will flow for the balance of the quadrennium.

**Senator CROSSIN**—I want to ask you some questions about each of these areas. First of all, I want to ask you about the review of the IEDA program. I notice that is the only one of the three where the review has been completed but it has not been made publicly available. Why is that?

**Mr Greer**—The review has now been completed and some of the elements of that review will be informing the decisions of government that it may wish to take in framing what its Indigenous education policy will be for the forthcoming quadrennium in the budget context.

**Senator CROSSIN**—Why is it not publicly available like the other three reviews have been? I am assuming that the other three reviews also inform public decisions and policy; hence you have made a decision to actually extend the funding for the VET providers. Can we have a copy of the IEDA review?

**Mr Greer**—Certainly a copy of the IEDA review can be made available when it is released.

**Senator CROSSIN**—So why was it not released? Three of them were; why not this one?

**Mr Greer**—The review is informing policy decisions for the forthcoming quadrennium.

**Senator CROSSIN**—So there are elements of the review of the other three that you are happy for the general public to see, but not this one?

**Dr Harmer**—Mr Greer is not saying we are not happy for the general public to see it; it is a matter of when. It is part of the consideration for the interaction between the IEDA program and the IESIP program et cetera. In fact, it will be involved in some negotiations with the states and we are very careful not to prejudice our discussions with states in some of these things. I suspect, without knowing the detail, it may have something to do with that. But I can assure you, it has not got anything to do with keeping information from the public.



**Senator CROSSIN**—Did the review go to the adequacy of the funding and the increased demand for access to this funding?

**Mr Williams**—It focused mainly on a qualitative agenda. It looked at the nature of the programs and the elements of IEDA—the parent participation, the vocational education and training—and it was very much looking at what is working and what is working well, and an examination of those elements.

**Senator CROSSIN**—Did it undertake an examination of ASSPA?

**Mr Williams**—Senator Carr—I am sorry, Senator Crossin; I was looking at the wrong name tag.

**Senator CROSSIN**—My worst nightmare!

**Mr Williams**—My apologies.

**Senator CROSSIN**—Mr Williams, I can only say that comment in front of people from DEST because they would understand exactly what that means.

**Mr Williams**—It certainly had a very strong focus on the ASSPA agenda, purely because that is one of the critical issues where the Australian government wants to engage parents and community in educational decision making. It actually looked at where the ASSPA funds were being creative and innovative across this nation. Case studies were conducted and recorded and they certainly indicated that, to an extent, the policy was driving a very good agenda, but there will also be elements where we could pick up on innovation and move forward. So, yes, ASSPA featured.

**Senator CROSSIN**—What sorts of quality controls or oversights does the Commonwealth have of ASSPA committees?

**Mr Williams**—Annually, we have generally reported within the PBS on the number of ASSPA committees that are out there. It sort of showed numbers, but it certainly did not show the quality of or the extent of the nature of participation. That is certainly something we have looked very seriously at.

**Senator CROSSIN**—Is that something this review has gone into?

**Mr Williams**—It is certainly something the review has picked up in terms of the extent of parental engagement, as opposed to being on the periphery—how deep are they engaged in discussing school-based matters, curriculum activities et cetera.

**Senator CROSSIN**—In the view of the Commonwealth, where does the role of the school council stop and the role of ASSPA start?

**Mr Williams**—Even when the notion of ASSPA was conceptualised, we saw a very strong relationship. When we looked across the nation at best practice we saw evidence of where school councils are engaging collaboratively with ASSPAs and identifying that as a whole school body. That is a very good model that we want to promote.

**Senator CROSSIN**—Did the review look at the funding given to ASSPA committees and what they do with that funding?

**Mr Williams**—It examined the manner in which ASSPA committees look at the core elements of where they are able to access resources as a result of the per capita budget that each committee receives and identified where this significantly contributed to student learning outcomes and where it demonstrated that ASSPA committees were informing school policy and encouraging parents and communities to have a say in their children's education.

**Senator CROSSIN**—Does the Commonwealth have an indication of the demand for the IEDA program, particularly some of the elements of it? Mr Greer, I remember that, at this time last year, we had a fairly long discussion about the fact that there was more demand for the program than there was money in the supply bucket. Has the department done anything about getting a handle on exactly how great the demand is, how much need there is for the elements of this program?

**Mr Greer**—As part of the IEDA review we looked at the relative effectiveness of elements within the program. Quite clearly, elements such as those we discussed last year, such as the in-class tuition, have been quite effective. In the deliberations initiated as a result of the review, we will be looking at how we might be able to accommodate demand for those elements of the program that demonstrably work. I think it is fair to say that the in-class tuition is such an element.

**Senator CROSSIN**—On a state by state basis, do you have a handle on how much of this aspect of the program would be wanted? Have states said to you, 'We would like X number of hours funded'? Or have you not done that sort of research?

**Mr Greer**—I do not think that is the case. I will just check with my colleagues. The answer is no, Senator.

**Senator CROSSIN**—How do you determine the amount of funding provided to that element of that program?

**Mr Greer**—At the moment it is within the funding envelope for that element. We have seen some jurisdictions increase their demand for that. As part of the deliberations we will focus on what are the options for more strategic targeting of those successful elements.

**Senator CROSSIN**—Do you use a particular formula to arrive at the current allocation of money against this program?

**Mr Greer**—It is not so much a formula for how you arrive at the allocation of the money as it is a formula within the allocation—that is, how many hours per week should in-class tuition involve and across how many weeks, and how much of that should be on an individual basis.

**Senator CROSSIN**—What do you use a base for that? Do you use, say, five hours across 25 weeks? What is the formula you use?

**Mr Hoffman**—It is a different number of hours in different jurisdictions and, in some cases, in different school districts. It depends on the negotiations between our department and the various schools as to what they think is required. For example, in the Northern Territory hours can vary from a half hour per week per student to 2½ hours per week per student, and the number of weeks can vary.

**Senator CROSSIN**—So you are given an allocation of money and within that you apply some sort of formula on a case by case basis. Is that right?

**Mr Hoffman**—At the moment we allocate funding to each of our state officers, who then determine within their budget how much they are able to spend on in-class tuition—or tuition during school hours, as it is called in the Northern Territory—and on other forms of tuition. At the end of the day, how much they spend is determined by the budget they are provided with. Looking forward, there may be better ways of targeting and trying to quantify demand.

**Mr Greer**—As we discussed here last year, the good news about in-class tuition was that it was a pilot that had been going on for a number of years that was making a demonstrable difference in the classroom. Given that it was a pilot for those years, we have really had to accommodate trying to balance demand within those funds that have been available. In the context of the review of IEDA that has been done, it is not unreasonable to assume that those elements that work are being looked at pretty closely.

**Senator CROSSIN**—The IEDA program funds are still distributed on a financial year basis. Is that correct?

**Mr Greer**—That is correct.

**Senator CROSSIN**—There is no attempt to change that, seeing that schools have a calendar year mindset?

**Mr Greer**—There was an observation in the review done by the ANAO a couple of years ago of IESIP that perhaps IEDA should also come under the Indigenous Education (Targeted Assistance) Act. They would be some of the considerations that government might want to consider in framing frameworks for the next quadrennium.

**Senator CROSSIN**—Can I ask about the review of the Indigenous education consultative bodies and support units. I notice that review identified some possible actions to revitalise these bodies and units such as the development of a long-term strategic plan or a specific funding methodology rather than the present method of funding on historical reasons. Has any further work been done to examine the functions of Indigenous support units in the light of this review? It has been out since June last year.

**Mr Greer**—That report has been made available to the IECBs. I am sure the minister has written to the IECBs with those reports, flagging that in the course of 2004 the government will be following up with the IECBs how we may pick up and address the recommendations. It is recognising of course that the recommendations apply to varying degrees across some of the IECBs. Some of the IECBs come up quite well against the recommendations, others have a little way to go. The important thing about the release of the report last year is that it triggered continued funding for those bodies for the balance of the quadrennium.

**Senator CROSSIN**—So they have had the report for six months. Is it your plan this year to work with them—

**Mr Greer**—Absolutely.

**Senator CROSSIN**—to look at better ways of utilising them?

**Mr Greer**—To look at better ways of utilising them. I stand to be corrected, but I think we contribute about \$8 million over the quadrennium as a Commonwealth contribution to the IECBs. What the report was really saying was that this was the first time the Commonwealth has asked what value is the Commonwealth getting for its investment in these bodies. As a result of that the evaluation is saying that here are some issues that, on a differential basis across IECBs, we need to follow up.

**Senator CROSSIN**—How many such consultative bodies and support units are there?

**Mr Greer**—I stand to be corrected, but I think each state other than the NT has an IECB. We are currently funding three or four Indigenous support units. Three of those support units fund support Indigenous preschools and arrangements and the fourth one—

**Mr Hoffman**—The fourth one supports Indigenous schools in Western Australia.

**Senator CROSSIN**—Can you provide me with a list of them, and where they are located, with addresses for them, please.

**Mr Hoffman**—Absolutely.

**Senator CROSSIN**—My reading of the review is that they suggested that further consideration needed to be given to ways to facilitate better consultation in the Northern Territory. What are your plans to progress that?

**Mr Greer**—A previous administration in the Northern Territory abolished the then IECB for reasons within the Northern Territory. My understanding is that the Collins review in the Northern Territory recommended that an IECG—

**Senator CROSSIN**—I think they were known as AECGs back in those days, weren't they?—Aboriginal education consultative groups.

**Mr Greer**—That is probably correct. My understanding is that at this stage the Territory government has not re-instituted an AECG in the Territory.

**Senator CROSSIN**—If that were to occur, that body could look to some funding and assistance out of this bucket of funding.

**Mr Greer**—Yes. We make a contribution to all of those AECGs and, provided they are marking up against where the evaluation has come from, it is not an unreasonable expectation that there would be a Commonwealth contribution to their ongoing viability.

**Senator CROSSIN**—There were 13 recommendations in the final report of the review of the ATAS bulk funding arrangements. I take you to recommendation No. 9:

A new funding mechanism should be applied to the ATAS bulk funding arrangements from 1 January 2005.

In particular, it talks about taking into account the issue of the remote versus the non-remote location and delivery. What is the progress of the outcomes of these recommendations? What is DEST's view about recommendation No. 9?

**Mr Greer**—Certainly in relation to progress, each of the reviews and the recommendations will be taken cognisance of as we frame arrangements for next year. I think there has been an acceptance generally of the recommendations for the ATAS bulk funding arrangements. In regard to where specifically we are at in looking at the fine-tuning of what those guidelines

will be for 2005, I think that is a work in progress. But my understanding is that we will be picking up and adopting each of the recommendations, including recommendation No. 9, as we frame the guidelines for the new quadrennium for this element of the program.

**Senator CROSSIN**—Recommendation No. 12 talks about devolving bulk funding arrangements to DEST state and territory officers from next year. Where is that sort of consideration at? You devolve the funding to the IEDA funds—

**Mr Greer**—Certainly this was one of the recommendations that is in the report. In framing the arrangements for the 2005 quadrennium we would be looking at the capacities and the wherewithal to do that.

**Senator CROSSIN**—So you have not made a decision to do that at this stage.

**Dr Harmer**—No decision has been made on that, but it is all part of our consideration in making recommendations to the minister.

**Senator CROSSIN**—When would you anticipate the recommendations would go to the minister? Are we looking at before the budget or Christmas next year? Can you give me an indication of what we are looking at?

**Mr Greer**—These would be recommendations around this in the lead-up to budget contexts and the negotiations.

**Senator CROSSIN**—I am sure we will revisit this over time. I have a few bits and pieces I wanted to follow up from questions that I have been given. I might leave Abstudy. Can you give me an indication of the IESIP agreements? The quadrennium funding is up for renewal this year—is that correct?

**Mr Greer**—Yes, that is correct.

**Senator CROSSIN**—2001 to 2004, isn't it?

**Mr Greer**—2001 and 2004 and the new quadrennium, 2005 to 2008, will be subject to new funding agreements with jurisdictions.

**Senator CROSSIN**—Are there plans to undertake discussions with jurisdictions in regard to IESIP in a similar way to what has occurred in the past? Or are you simply going to roll over the format of the previous agreements?

**Mr Greer**—The Commonwealth will be negotiating its position for the IESIP agreement, which in a sense is a special purpose payment for an SPP with the states and territories as the Commonwealth's negotiating position is confirmed by governments. There are processes through which we will be doing that. The processes are with states and territories through the MCEETYA process, the AESOC process or the education agencies under that. There are a couple of specific steering committees that have been established within the MCEETYA process to conduct multilateral negotiations once the negotiating positions of the Commonwealth, and the states and territories have been agreed.

**Senator CROSSIN**—If I remember rightly, we had some discussion at the November estimates about a possible review of the way in which this money is allocated—a change of guidelines or a change of requirements. Is that still the case?

**Mr Greer**—Essentially we are saying that the government will be required to establish its negotiating position on how it wants to apply its supplementary funding for the next quadrennium. Once the government takes that decision that will be the negotiating position that we will enter with the states and territories and other providers. The government has not yet finalised that negotiating position.

**Senator CROSSIN**—Have you undertaken a review of the effectiveness of the indicators and the benchmarks that were asked for in the last four years?

**Mr Greer**—Like in most programs, there has been some continuous review and negotiation of indicators and monitoring arrangements. Towards the end of last year, after the second national report was released, our staff conducted meetings in each jurisdiction to see how we may be able to further streamline and fine tune the performance reporting and monitoring arrangements for the balance of this quadrennium without looking forward to 2005 to 2008. Certainly issues of strengthened reporting and monitoring can reasonably be assumed will be part of the Commonwealth's negotiating position as we move into the new quadrennium, but that has not prevented continuous improvement of current arrangements in the course of this quadrennium.

**Senator CROSSIN**—We will see what the budget throws up. I take you to the *National report to Parliament on Indigenous education and training*. I have had a fairly close look at this and I thought I would ask some more detailed questions in the budget estimates. I do, however, want to take you to page 74 of this report. There has been much criticism and research done over the previous years about claims that the Abstudy cuts of 1998 and 2000 dramatically reduced the commencing and total Indigenous student numbers in higher education. At page 74, paragraph 5.52, there is a sentence that states:

Between 1999 and 2001 the numbers of commencing students fell by 16% to 3,566 while the numbers of all Indigenous students fell by 9% to 7,342.

Is this not clear evidence now by your own department that there were dramatic problems during those years?

**Mr Greer**—No, Senator. The numbers say factually that there was a sharp fall. It is another issue to draw the causal link between that sharp fall and the impact of the 2000 Abstudy changes. As we indicated at the last session in November, and I think before that, we have been doing some preliminary work which will feed into a review of the impact of those 2000 Abstudy changes. The preliminary aspects of that review are under way. We expect that review to commence and roll out as we move forward through this year. By the end of the year we should have quite a good, objective, arms-length assessment of what the impact of those changes has been. Coming out of that we should be able to discern whether or not there was a causal impact and, if indeed there was a causal impact, what was the magnitude of that causal impact.

**Senator CROSSIN**—At this stage what is your reason for the fall in those numbers between 1999 and 2001? What do you put it down to?

**Mr Greer**—It could be—

**Senator CROSSIN**—If you say to me you do not believe at this stage there is evidence it is linked to Abstudy, what is your excuse for it?

**Mr Greer**—I do not want to make excuses for it. As I say, we are looking for—

**Senator CROSSIN**—What is your explanation for it then?

**Mr Greer**—One explanation may have been the impact of improved economic circumstances, in which circumstances a number of potential students may have joined the labour market rather than having engaged in further education and training—

**Senator CROSSIN**—But those corresponding figures do not tell us that.

**Senator Vanstone**—With respect, Senator, that is the second time when I have been focussing on the issue that you have interrupted Mr Greer. If you ask him a question, I ask you to give him the opportunity to answer it. If you have subsequent questions you can put them when he has finished.

**Senator CROSSIN**—Those subsequent labour market figures do not correspond, though. Has DEST produced any written reason as to why it believes those numbers fell during those years?

**Mr Greer**—We have done some preliminary assessments. Those preliminary working views will be feeding into, as we have mentioned before, the formal impact review that is to be commissioned and that will be undertaken in the course of 2004. That will be done at arms-length from the policy area. The terms of reference have been or are about to be finalised to commence this review and for the review to be completed by year's end, so that all of us can stand back and say, 'Did the policy changes impact? Were there causal effects or not?' I do not want to speculate. Some speculation is that Indigenous students may have opted to take up tertiary studies in the vocational education stream rather than in the higher education stream. I do not think that is the case.

**Senator CROSSIN**—What branch of DEST is undertaking the review of Abstudy?

**Mr Greer**—This will be our strategic analysis and review area—the analytic, review and evaluation group within the department. The review is done at arm's length from the policy area, so you can be assured—

**Senator CROSSIN**—You do not have a consultant undertaking the review?

**Mr Greer**—No. We believe at this stage that there may be some requirement for some aspects of it to be outsourced but, by and large, the review will be done by our own experts in our evaluation and review area. There will of course be elements of consultation with the relevant interested groups in the education community and in the Indigenous community generally.

**Senator CROSSIN**—Is the consultation process currently under way for the review?

**Mr Greer**—No. What I think I said was that terms of reference and a methodology have just been approved. As part of that approach, there will be a process or a mechanism for consultation. That consultation could be submission based or it could be roundtable based. That will be a matter for the reviewers to best determine, but there will be a process of consultation with stakeholders as part of that impact review.

**Senator CROSSIN**—That in itself is probably a big tick. Are there terms of reference yet?

**Mr Greer**—There are draft terms of reference. I am not sure whether they have yet been formalised, but I can undertake, as soon as they are formalised, to get you a copy of them.

**Senator CROSSIN**—What is the method of consultation that has been proposed?

**Mr Greer**—As I indicated, there has been a range of stakeholders who have expressed interest in this very issue, going back a number of years now, asserting there are causal effects. We want to make sure that those stakeholders, those interested observers, do have an opportunity to bring their views and concerns to the table. Whether that is to a roundtable forum, or through submission, that is something that we would need to confirm with the group undertaking the evaluation.

**Senator CROSSIN**—Is this a review predominantly to look at the 1999-2000 period and why there was a major downturn?

**Mr Greer**—Absolutely. It is looking at what the impact of the policy changes that were implemented in 2000 may or may not have been on the cohort. There has been speculation that there is a causal impact. Hopefully, it will also go into issues such as how we may be able to improve the deliver of Abstudy services, particularly in remote areas and with colleagues in Centrelink.

**Senator CROSSIN**—So will this go to releasing the review of Abstudy that was done in 1998? You performed the changes in those years, I understand.

**Mr Greer**—As I say, I think what we are talking about is the review will be looking at the impact of the changes. Whether it goes back beyond that I would not want to speculate, but it will be looking at—

**Senator CROSSIN**—Is it going to analyse the 1998 document that informed the 1999-2000 changes?

**Mr Greer**—I think it will be analysing the 2000 policy decisions rather than necessarily looking backward.

**Senator CROSSIN**—What is the time line for this review again?

**Mr Greer**—Certainly preliminary work has commenced. If the impact review has not already formally commenced, it will be doing so, I would have thought, within a matter of weeks. The expectation is that the report will be finalised by year's end. It will rely on a lot of data that we will need to secure from our colleagues in Centrelink. Some of that data might be, for want of a better word, 'dirty' in the sense that it needs to be cleaned up to go into this process, and that will take the time. We are looking also at probably two management information systems that were used—one before and one after 2000. So we are looking at before and after comparisons and trends.

**Senator CROSSIN**—You actually provided a bit of detail to me about it in your answer E489-04. The Abstudy review will go to only the 1999-2000 changes or will it also look at the other issues to do with Abstudy that we encountered in the school sector?

**Mr Greer**—What are the issues that we encountered in the school sector, Senator?

**Senator CROSSIN**—The application of Abstudy for students who are going into boarding facilities. I think we raised a number of issues in estimates last year.



**Mr Greer**—The major impact of the 2000 policy implications were really on mature aged students 21 and over. But that is not to say that there were not policy implications for younger students and, to the extent that they were caught within those 2000 policy changes, it is reasonable to assume that they will be picked up. As I said, we would also want to use the process of this impact review to see how we may be able to further improve the delivery of services to Abstudy clients, not only mature age but also those who in fact are going to school, and there has been very good work done on that collaboratively with the department and Centrelink.

**Senator CROSSIN**—I think in previous estimates we raised issues about students travelling to Queensland for boarding school when there were courses offered in the Northern Territory, and I understand that problem has now been fixed.

**Mr Greer**—That is correct.

**Senator CROSSIN**—Also, accessing air fares away from home and the way in which Abstudy forms are required to be filled in each year, even though a student might be returning to a boarding school. So the whole issue of the application of Abstudy to mainly secondary age and Indigenous boarding students has been raised, but this is not a broad review of Abstudy; it is just to concentrate on those years, is it?

**Mr Greer**—No. The review that we are talking about is not a review of Abstudy per se. The review we are talking about is a review of the impact of the 2000 changes. That is not to say that there is not continual review of policy elements of the type you are talking about, and there are strong internal mechanisms between Centrelink and us where we are constantly reviewing and finetuning and continuously improving the application of policy elements. I think we have mentioned in the responses to your questions last year where some of that activity is at, and I am happy to give you a further update report on that.

**Senator CROSSIN**—Do you have updated figures for the number of Indigenous Australians who commenced degree courses in 2003?

**Mr Greer**—I do not think so. It certainly would not be in the 2002 report. I can take that on notice and get that for you, to the extent that I can.

**Senator CROSSIN**—I know 2004 enrolments are not available. The census date is still 31 March; that is correct, isn't it?

**Mr Greer**—Yes.

**Senator CROSSIN**—Can you give me an update on where the Indigenous Higher Education Advisory Council is at?

**Mr Greer**—There was a roundtable of Indigenous stakeholders convened here at Parliament House in Canberra in December. As a consequence of that, preferred terms of reference have been developed in consultation with that group. The minister has endorsed the terms of reference. Our expectation is that there will be invitations going out within the week—if they have not already gone out—to those stakeholder bodies to identify representatives to join the Indigenous Higher Education Advisory Council with the prospect of at least one, but perhaps two, formal meetings of the council this year.

**Mr Williams**—We hope to commence operations with the council in the first half of this year.

**Senator CROSSIN**—Are the now finalised terms of reference available?

**Mr Greer**—Certainly we will get a copy of the preferred terms of reference to you.

**Senator CROSSIN**—When you are talking about stakeholders, who are you talking about?

**Mr Williams**—We are talking about all the universities across the nation and ensuring that we have representations as well from the unions, the university groups, the student groups and the postgraduate student groups—all that have Indigenous engagement.

**Senator CROSSIN**—So anyone will be invited to nominate and then the minister will choose?

**Mr Williams**—No, it was very carefully deliberated at the roundtable. The representatives there thought that we needed to have representation from states and territories, from Batchelor College—which had a unique agenda; its relationship between VET and the higher education sector—and from the IECBs that we have discussed earlier. They had gone through and very carefully identified which groups would best represent the interests of the community as well as the students, as well as the lecturing staff et cetera. It was very cross-sectional.

**Senator CROSSIN**—By when are you hoping that the membership of that will be finalised?

**Mr Greer**—By April. The first formal meeting of the council will be held before the end of the financial year, before the end of June.

**Senator CROSSIN**—Mr Williams, is your branch involved in the additional \$3 million that was negotiated for Batchelor College during the higher education debate last year?

**Mr Greer**—The responsibility for that is primarily driven by our higher education colleagues.

**Senator CROSSIN**—There is no cross-issue here with you?

**Mr Greer**—We keep a watching brief and we work very closely with our colleagues there, but they have the primary carriage of the negotiations.

**Senator CROSSIN**—So they would be best able to answer questions?

**Dr Harmer**—If you have questions on that, they would be best directed to the higher education group.

**Senator CROSSIN**—And is it the same with the allocation of Indigenous support funding? Are they taking carriage of that?

**Mr Hoffman**—The Indigenous support funding for 2004 has been announced already by the minister. We are still determining the process to be put in place to determine the allocation to the institutions of Indigenous support funding for 2005.

**Senator CROSSIN**—Is it correct that the ISF funding for 2004 is unchanged? The formula, or the way it is allocated, is the same as previous years. Is that right?

**Mr Hoffman**—That is right.

**Senator CROSSIN**—There will be a new way of determining and allocating this from 2005 onwards. Is that right?

**Mr Hoffman**—The mechanism for allocating might not necessarily change significantly, but the issue is how Batchelor College is impacted. Batchelor College was removed from the formula and its funding was set at the 1997 level with indexation. The issue really has to be about how we calculate Batchelor's share of the funding from the beginning of 2005.

**Senator CROSSIN**—What are the issues that are being considered?

**Mr Hoffman**—I do not think we have finally determined all the issues, but the fact there is going to be an injection of additional funding into the Indigenous support funding pool allows us an opportunity to have another look at whether Batchelor is getting its fair share. Issues that could be considered are the full-time EFTSU, whether Batchelor's numbers over the years since 1997 have increased and the success factors and other factors that are taken into account in the formula.

**Mr Williams**—The terms of reference looked at Batchelor as being quite unique, because they run with the non-award course structure and compared with the Batchelor programs they offer as well. So, critically, Batchelor offers access. I think the uniqueness because of that access needs to be very carefully considered. The ISF would ideally want to see students participate in bachelor award level courses, but the cross-section between offering vocational education training as well as university studies need to be considered from an individual perspective.

**Senator CROSSIN**—We will come back to that when we have more time in June no doubt.

[2.34 p.m.]

#### **Australian National Training Authority**

**CHAIR**—We move to the Australian National Training Authority and issues relevant to vocational education and training.

**Senator JOHNSTON**—You will remember that last time, in November, we were discussing getting a response from Western Australia regarding the money dating back to 1998-99 that was paid to the CFMEU at Welshpool for the establishment of a training facility, which the Cole royal commission identified as going straight into CFMEU general revenue with no surveillance as to the performance of the project that they applied to ANTA to complete. Have we had a response from Western Australia?

**Ms Arthy**—Yes, we have got a response from Western Australia and we put the response in a question on notice, which should have been provided to the committee. In short, the answer back was disappointing in that the CSTC remains operational and has a good record in delivering training to the WA building and construction industry and also that the fact that under the arrangements between the CFMEU and the CSTC an amount equivalent to the grant is now treated as a loan between themselves is not a matter they could have foreseen at the time.

**Senator JOHNSTON**—The acoustics here are very bad. Could you say that again?

**Ms Arthy**—The WA is saying that, in essence, because there happens to be an amount of the grant issued as a loan between the CFMEU and the CSTC—

**Senator JOHNSTON**—The CSTC is what?

**Ms Arthy**—That is the skill centre in question.

**Senator JOHNSTON**—The Welshpool skills training centre.

**Ms Arthy**—That is right. They could not have foreseen at the time that this would have been done under a loan arrangement and that they need to get further legal advice as to what recourse they have given the relationship between the CFMEU and the CFTC.

**Senator JOHNSTON**—So they have admitted that an amount of money that we provided—I think we provided them with \$800,000 or \$900,000; do you remember the figure?

**Ms Arthy**—About \$960,000.

**Senator JOHNSTON**—Close enough to \$1 million. The skills training centre has a commonality of directors, managers and administrators with the building and construction division of the CFMEU in Western Australia.

**Ms Arthy**—I do not know personally, and the WA have not told us that, but that is what the Cole royal commission has said.

**Senator JOHNSTON**—The application for the funding was by Mr Kevin Reynolds. He successfully applied for a grant under the skills centre component of the national infrastructure program—that was what the money was for—to provide for the skills training centre. He, as applicant, is also the State Secretary of the CFMEU in Western Australia, formerly the builders labourers federation union. So you are saying that WA has confirmed that there has been a loan of moneys from the skills training centre to the CFMEU.

**Ms Arthy**—Of the same value as our grant. We do not know whether it is the grant, but it is of the same value, and they are investigating that further.

**Senator JOHNSTON**—What does that mean—that they are investigating it further? So the skills training centre has taken the money that the Commonwealth has provided via the state facilitator that is administering the project, the WA Department of Education and Training, provided the funding, and it was on loan to the union?

**Ms Arthy**—It is actually a bit more complicated than that, because the agreement that was struck was between the WA department of training and the builders and labourers union.

**Senator JOHNSTON**—I am going to come to that agreement in a minute. But they have now confirmed that the money was simply loaned.

**Ms Arthy**—All they have confirmed is that an amount of the same value as our grant has been loaned from the CFMEU through the skills training centre.

**Senator JOHNSTON**—This is totally unacceptable. You tell me.

**Ms Arthy**—I don't know because I don't know the nature of the relationship between the CFMEU and the skills training centre in the context of the fact that the agreement is between the WA department and the union.

**Senator JOHNSTON**—The first thing we should ask them—and you can agree me on this—is whether there is a written document evidencing the loan, what are the terms of the loan and when it is repayable to the skills training centre. We would like to know those sorts of things, wouldn't we?

**Ms Arthy**—I can certainly convey that to the WA department, yes.

**Senator JOHNSTON**—Do we as the Commonwealth have any capacity—

**Senator Vanstone**—Sorry, Senator, can I just interrupt you there. Unless I misunderstood you, the point you were making was that you do not want that question conveyed to them; you want the Commonwealth to ask it.

**Senator JOHNSTON**—Correct. I would like us to ask that question so that next time we can, hopefully, have an answer. Let us come back to what has happened. We provided money to the WA Department of Education and Training for them to administer it upon an application provided to us by Mr Reynolds. There is a hole in this contractual loop, isn't there? Do we as ANTA have any oversight—capacity to impose sanction or audit—of the end user of the money?

**Ms Arthy**—Based on the guidelines and the agreement that was in place at the time, our legal advice is that no, we do not.

**Senator JOHNSTON**—So we have actually taken some legal advice on this?

**Ms Arthy**—Yes.

**Senator JOHNSTON**—Good.

**Ms Arthy**—Because the agreement is struck between the WA department and the union, ANTA has no legal right to order any remedy to this matter.

**Senator JOHNSTON**—How many other agreements like this are floating around where we have funded state training authorities to administer money to training centres run by people who simply do loans with the money?

**Ms Arthy**—I do not know. In terms of agreements where loans are involved, there is no way that I could find that out, because that information would rest with the states and territories.

**Senator JOHNSTON**—So we have no audit capacity with respect to any of the moneys that we have paid to state instrumentalities to administer to training facilities. Once we give the money to the states, that is the end of it—we are out of the picture. Is that right?

**Ms Arthy**—Not quite. Under the agreements and under the guidelines, as we discussed last time, the states and territories have a number of obligations that they have to fulfil. Part of that is to provide an acquittal statement to us that all the funds were expended according to what they were intended for. Part of that is an audit. ANTA cannot come in and audit individual skills centres, because that is a responsibility of the states and territories. I have to say that that is under current guidelines. They are currently under review so that we can

address situations like this in the future. The other thing to mention is that the ANAO is also coming in to look at about 36 skills centres.

**Senator JOHNSTON**—Hallelujah! How long has this situation been under review?

**Ms Arthy**—I instigated the review in early March last year, I think it was. I asked for the whole skills centre program to undergo review. We are nearing the end of the first phase of the review process.

**Senator JOHNSTON**—So we have some capacity to sanction—correct me if I am wrong—the state administrators; in this instance, the WA department of training. We have some capacity to control the way they administer the money. Is that true?

**Ms Arthy**—I do not think I can answer that, because we do not have definitive legal advice yet as to whether we can sanction. We can certainly instruct and request that things be dealt with, but it is unclear at the moment whether we can sanction.

**Senator JOHNSTON**—Before we give the money to the state do we look at the agreement between the state department of training and the end user?

**Ms Arthy**—No. Part of the guidelines is that any agreements that are struck to manage these funds are the sole responsibility of the WA department and the user. However, that is something that we are looking to include in the revised guidelines.

**Senator JOHNSTON**—Have you had a look at this agreement between Mr Reynolds and the WA state department?

**Ms Arthy**—I have been provided with an unexecuted copy, so I cannot say definitively that I have seen the final agreement, but I have seen an unexecuted copy.

**Senator JOHNSTON**—So have I. It would not surprise me if it was not executed, given what we know to this point that the money has simply gone out in a loan. Let us just say that it has been. When you read it, did you come to any conclusion as to its enforceability?

**Ms Arthy**—No. I do not have a legal background.

**Senator JOHNSTON**—Have we got some legal advice on it?

**Ms Arthy**—Our lawyers have seen the unexecuted copy, but their advice back to us is that, because it is an arrangement between the WA department and the union, ANTA has no legal right to ask for any remedy.

**Senator JOHNSTON**—Let us recap: the picture is that we have given just under \$1 million to a state government instrumentality to hand over to see a project called a training centre established at a place called Welshpool in Western Australia. The money, or an amount equivalent to the money, has been loaned by that centre to the CFMEU and the Commonwealth has absolutely no recourse. Is that what you are telling me?

**Ms Arthy**—Essentially. We have investigated whether we can go down general law, but the advice is inconclusive on that.

**Senator JOHNSTON**—What about criminal law? You have got an application?

**Ms Arthy**—Yes, that is the recourse. But our advice is that, based on the submission that the original proposal was placed in, the nature of the agreement that was struck between WA and the end user, the skills centre, means there is no definitive course open to us.

**Senator JOHNSTON**—Are we still giving money to states to fund, to pass on to, to process, to administer union-run training centres?

**Ms Arthy**—I do not know about the union-run training centre element.

**Senator JOHNSTON**—Any training centres.

**Ms Arthy**—Yes, we do.

**Senator JOHNSTON**—Without having any control over how the money is spent? Because it is the same template, isn't it?

**Ms Arthy**—The guidelines have changed since then, so it is a bit tighter.

**Senator JOHNSTON**—How is it tighter?

**Ms Arthy**—It is tighter because, with the scrutiny and the processes we go through, we put the proponent under much more scrutiny than we ever did.

**Senator JOHNSTON**—All right. Do we contract the proponent?

**Ms Arthy**—No, we still go through a state training authority.

**Senator JOHNSTON**—Do we look at the contract between the proponent and the state?

**Ms Arthy**—No.

**Senator JOHNSTON**—I have to say that does not give me any confidence whatsoever that we have arrested this very sorry situation.

**Ms Arthy**—As I said to you, we are actually looking at it. Part of the reason behind the review is so that we can address these types of issues and make sure that, in future, it is tighter.

**Senator JOHNSTON**—It is now 2004; the application lobbed, I think, in 1998. The applicant had an interesting track record at that stage. We deemed it appropriate to advance \$1 million—and guess what? There is a loan and the money is gone, probably never to be seen again. And we are still in exactly the same boat. Is that the scenario that I am given to understand? Nothing has changed.

**Ms Arthy**—No, things have changed. Internal processes have changed; checking has changed. While the basic construct that the state governments use to administer the funds is the same, the checking processes at every state are much more stringent. As I have said, we are reviewing it so that we can fix it so that we do not get into the problems that we have had in the past.

**Senator JOHNSTON**—The mechanics of fixing it. What do you anticipate will repair this very sorry situation?

**Ms Arthy**—I cannot tell you right now because we have only just received a review of the report. It is a draft from our consultants. But what I am planning on doing is taking something to ministers in June which ties down all these issues that have been identified.

**Senator JOHNSTON**—Do you anticipate making the report public?

**Ms Arthy**—Yes, sure.

**Senator JOHNSTON**—When can we see it?

**Ms Arthy**—I can get back to you on that, because I have only literally received a draft, but it should be seen.

**Senator JOHNSTON**—Lovely. As soon as it is not a draft I am sure the committee would appreciate a copy of it. I take it that it has recommendations to fix the situation?

**Ms Arthy**—Yes, and many other aspects of it as well.

**Senator JOHNSTON**—Can I draw your attention to something for the purpose of any future reference you might have to ministers. This agreement between the WA minister and Mr Reynolds, wherein the Commonwealth is acknowledged in the recitals to provide all of the money for the training centre, and the WADT, the department of training, as the administrator has an undertaking from the grantee, who is a personal individual. I find it quite remarkable that we are providing money to a personal individual. His title is Secretary, Western Australian Builders Labourers, Painters and Plasters Union of Workers. It is not even an incorporated body, but the money has gone to him personally and he is declared to be the grantee. He has undertaken personally to carry out the project in accordance with the provisions of schedule 1. Schedule 1 does not impose any strictures on him to carry out the project whatsoever. The contract, on any casual reading, has no imperatives or enforceability with respect to the performance of the application at all.

I am surprised that we are five years down the track and sitting here looking at a million dollars. In the scheme of things, some people might say that a million dollars is not very much. I am telling you that, to this union, a borrowing of a million dollars is a very substantial amount of money to assist them to do the things they want to do in Western Australia. We are dragging the chain on this, if you do not mind my saying so. We have got a review going and you have a legal opinion. What do you anticipate will be the situation when we come back here at the next estimates in terms of binding the state administrators, getting access for our auditors to the end user, having contractual sanctions and having some degree of liability and enforceability on the end user to use the funds properly? Are these the sorts of things you are going to mention when we come back next time?

**Ms Arthy**—That is what we intend to. I should just say that we are taking recommendations to ministers on 13 June at their meeting. I am not sure when the next estimates is, but I cannot bring anything back here until ministers have agreed to it. I can certainly give an undertaking that, once I have decisions from ministers about what all these arrangements are, I am happy to bring it back to the committee.

**Senator JOHNSTON**—I do not think it is very complicated. I seriously do not think it is difficult. When do you anticipate having things before ministers?

**Ms Arthy**—As I said, 13 June. That is the next ministerial council meeting.

**Senator JOHNSTON**—Is that in time for you to come before the next round of estimates?

**Ms Arthy**—I do not know when the next round of estimates is.



**Senator JOHNSTON**—So that is a no?

**Ms Arthy**—Probably. I will not have a ministerially endorsed position, no—not by then.

**Senator JOHNSTON**—What about the recovery of the money? Have we made a decision about the viability of an action to recover the money?

**Ms Arthy**—ANTA has not made a decision, but I can tell you that all the legal advice that we have got is that it is not possible and certainly not viable, but I am still pursuing the WA department, who have told me that they have also got legal advice about what options are open to them. They were going to send a letter to us but, as of yesterday, we had not received it. The issue is still very much open. There is a limit on what ANTA can do.

**Senator JOHNSTON**—I can tell you that there is absolutely zero political will in Western Australia to arrest this situation. That is what the Commonwealth is now confronted with. The money has gone. It has been taken on a back-of-an-envelope contract—one million dollars out the window on a loan, never to be seen again. This is a very sorry, sad situation. The Commonwealth has been, in short—using the vernacular—ripped off. I just cannot see that, as of today, there is any change in our methodology in enforcing what is a very important area—training. They are not training anybody out there.

**Ms Arthy**—We have received assurances from the WA department that the skills centre is training along the lines of what was in the proposal, that the centre is viable.

**Senator JOHNSTON**—Okay. Have a look at schedule 3 of the agreement. Clause 3.4 says that the grantee—that is, Mr Reynolds:

... shall, from the completion of the project throughout the balance of the term, provide training of the type and to the level set out in schedule 3.

If there is a level in schedule 3 I will be surprised.

**Ms Arthy**—If I take your point about the nature of the written agreement—and that is certainly going to be covered in our review—we just have the proposal where they set out what training they are expected to do. The WA department, in acquitting the funds, have told us that the training has occurred as per the original proposal.

**Senator JOHNSTON**—I would like you to ask them the name of the person who has carried out the inspection, who is prepared to vouch for the fact that the training has occurred, because, as I say, there is no political will at all in Western Australia on this subject to get the money back or to see that it was properly used.

**Ms Arthy**—I will certainly take that up through the bureaucratic circles, which is how we are still pushing it.

**CHAIR**—As this issue occurred in 1998 and a million dollars was involved, I would like to ask what reporting requirements were there for outcomes and for the acquittal of the money by a certain time, either back to the state government or back to us. A million dollars has gone out and we do not know how it was spent. Is the state government supposed to know that the money has been spent properly by a certain time?

**Ms Arthy**—Yes. Reporting requirements are contained in an agreement in the follow-up with the Western Australian department. I can take it on notice to come back with details

because I just cannot remember off the top of my head. As between the WA department and ANTA, they are required to tell us when the project has been completed and when the funds have been acquitted. As part of that, they have to give us a statement that the industry contribution has been allocated and expended according to what was agreed.

**CHAIR**—Given that this was in 1998, what happened to that process?

**Ms Arthy**—I would have to take that on notice and get back to you because I do not have the file with me. I can certainly provide you with the details of what information we were provided, but I just do not have it here.

**CHAIR**—Thank you.

**Senator JOHNSTON**—The definition of completion of the project in this contract is vague and uncertain. The moneys are paid in a time frame where there is no reconciliation of the payment with the completion of any outcomes. The project does not have a definition of time. If you look at the contract you are unable to ascertain from it whether the project has been completed.

**Ms Arthy**—As I said, we were not a party to that agreement. I do not know what the agreement is, but we will take up those issues so that any agreement that relate to Commonwealth funding through the skills centre program is binding.

**Senator JOHNSTON**—The point I am making is that there is no definition of completion of the project. So when you ask the state administering the project whether it has been completed they will say, ‘We do not know.’

**Ms Arthy**—We were informed in August 2001 that the project was fully acquitted.

**Senator JOHNSTON**—I am sure it was fully acquitted, I am absolutely positive that it was fully acquitted, but whether there was any completion of the work for which the acquittal was made is the issue.

**Ms Arthy**—But that is part of it. I would have to ask the WA department about how they determined it. I do not know; all we get is a statement.

**Senator JOHNSTON**—If you look at schedule 2 you can see that the payments are \$300,000 30 days after signing and \$497,248 on the commencement of construction/acquisition of equipment, and payment 3 is 30 days after payment 2.

**Ms Arthy**—As I say, I cannot comment on that because, under the guidelines, it is the responsibility of the state department for all arrangements related to the administration of the funds.

**Senator JOHNSTON**—Thirty days after the first purchase of the first staple gun all the money is gone.

**Ms Arthy**—I cannot comment, as I have said.

**Senator JOHNSTON**—I know you cannot comment, but I am just telling you so that we can try to anticipate what is going on here. This is a rip-off.

**Senator CROSSIN**—That was a long three minutes. Ms Gawler, may I say hello to you because I do not think I have met you at estimates, and welcome to ANTA..

**Ms Gawler**—Thank you.

**Senator CROSSIN**—I would like to turn to the ANTA agreement. Would someone tell me when exactly it was decided that the agreement for the 2003 to 2005 period could not be reached?

**Ms Gawler**—I think that is a matter for the Commonwealth to address.

**Ms Cross**—The negotiations between the Commonwealth and the states and territories proceeded right through until late December, at which point, after a series of correspondence, it became clear that two issues could not be resolved. At that point, the decision was taken to roll over the current agreement for 12 months.

**Senator CROSSIN**—What were the two issues that could not be resolved?

**Ms Cross**—The states were unwilling to comply with the national building and construction code and the associated Commonwealth Implementation Guidelines for the National Code of Practice for the Construction Industry, and the states were seeking additional funding.

**Senator CROSSIN**—Are you talking about growth funding?

**Ms Cross**—They were just seeking additional funding.

**Senator CROSSIN**—Was the decision made at a joint officers meeting?

**Ms Cross**—No, there was an exchange of correspondence between ministers.

**Senator CROSSIN**—From each state and territory?

**Ms Cross**—It was a combined letter signed by all state and territory ministers?

**Senator CROSSIN**—What is the date of that letter?

**Ms Cross**—It is dated 19 December.

**Senator CROSSIN**—At what stage in this process was the minister advised that the agreement would not go ahead?

**Ms Cross**—We had ongoing discussions with the minister following on from the ministerial council meeting, which was on 21 November, and there was a series of letters from our minister to the state and territory ministers, so he was kept informed throughout on the issues. When we received the letter on 19 December it was evident that agreement was not going to be reached, so the minister wrote back to the states and territories in response.

**Senator CROSSIN**—What is the date of the minister's letter to the states and the territories?

**Ms Cross**—After they had essentially rejected the Australian government's offer in December, he wrote back on 2 January.

**Senator CROSSIN**—My understanding is that the next stage of negotiations with the states and territories will not start until October. Is that correct?

**Ms Cross**—That is what the minister wrote in his letter.

**Senator CROSSIN**—Who made the decision to actually start the next round of negotiations in October? Was that made by the minister?

**Ms Cross**—That was in the minister's letter, yes, Senator.

**Senator CROSSIN**—It is envisaged then that negotiations recommence in October. You, and I am assuming the states, would be looking at signing an agreement for the period—will it be 2005 or 2006 actually?

**Ms Cross**—The current agreement that has been rolled over will go to the end of 2004, so we will be looking at a new agreement from 1 January 2005. But no decision has been taken on the duration or the length of that agreement.

**Senator CROSSIN**—So negotiations would pretty much have to be wrapped up in about 2½ months for an agreement to be in place by 1 January 2005; is that right?

**Ms Cross**—That is correct.

**Senator CROSSIN**—I suppose there has been no plan B if that does not occur; there has been no mention of continuing a rollover of funding if that does not happen?

**Ms Cross**—There will need to be some form of agreement in place on 1 January 2005 in order for funds to flow to the states and territories. We have had in the past events like the one we are currently in where we have rolled over an agreement for 12 months. Previously they have rolled over agreements for shorter periods of time. But we are actually anticipating that we will complete negotiations this calendar year.

**Senator CROSSIN**—Is any preparatory work being done between now and October to actually ascertain exactly what it is that the states are demanding in terms of detail or research or negotiations to progress it?

**Ms Cross**—There are agreed processes within government, and we will go back to the government with our proposals for the new agreement. So, as part of that process, yes, there will be consideration of what the next agreement might look like.

**Senator CROSSIN**—I am assuming people just do not take all the papers off the table and put them back on again in October. There will be dialogue with the states and territories between now and October?

**Dr Harmer**—Yes, there will be dialogue. We would be, as we always are, well prepared when we go to the discussions.

**Senator CROSSIN**—Will that just be through the ministerial councils or are you talking to state and territory government officials?

**Ms Paul**—We have a series of events that are cyclical each year, including of course the ANTA Ministerial Council, which the ANTA officers mentioned a minute ago, and the regular meetings of officials—the CEOs of vocational, education and training departments around the country. But, in terms of the renegotiation, the issues are quite well known, of course, because we renegotiated right through from May—from budget night actually—when the minister put out his offer formally in a letter to his state and territory colleagues right through to the ministerial councils, the second one being in November, through a series of officers meetings and then finally up to 19 December and culminating in this letter. So the issues have been canvassed well and truly. But if new issues, say, were to arise, yes, they would naturally show up in our regular forums through the year, I am sure.

**Senator CROSSIN**—Have you done any research or analysis about the growth in VET? What is your understanding of where that is at at this point in time and where the demand is?

**Ms Cross**—There was a report commissioned from Access Economics last year which made projections of the likely growth and demand for VET from 2004 to 2010. The preferred scenario from Access Economics was an average annual growth of 2.7 per cent.

**Senator CROSSIN**—Is that a figure that you would concur or disagree with?

**Ms Cross**—The Access Economics report was in part based on some historical data and also some future modelling. Since the report was finalised, there have been some changes in VET policy in some states and territories that might impact on demand. Generally, we would think that 2.7 per cent was about the right mark.

**Senator CROSSIN**—So you would agree with the figure produced by Access Economics?

**Ms Paul**—We thought it was realistic, yes. There are some policy matters—for example, some states and territories have changed policies since that data which might have had an effect—but, overall, our analysis of the Access Economics report was that estimate was realistic.

**Senator CROSSIN**—A 2.7 per cent growth in VET would be the equivalent of how much in dollar terms?

**Ms Cross**—I cannot give you an exact figure in dollar terms, but the additional funding that the Commonwealth was offering for the new ANTA agreement over three years was an average of 2.5 per cent per annum. The Commonwealth offer included 2.5 per cent real average increase in funding for training places, so it would be in the order of that amount.

**Dr Harmer**—So the offer from the Commonwealth was in line with the estimate of demand.

**Senator CROSSIN**—Which you are saying is \$4 million annually.

**Ms Cross**—There was \$218 million of additional funding. If you take the indexation out of that so you can look at the real increase, it was \$69 million.

**Senator CROSSIN**—You are saying that \$69 million over the life of the agreement would have covered the growth in VET at around 2.5 per cent—is that correct?

**Ms Cross**—That was the average annual increase in funding for training places.

**Senator CROSSIN**—Not compounded?

**Ms Paul**—The agreement is indexed, so it maintains the funds in real terms.

**Senator CROSSIN**—I understand the minister announced \$29.4 million to fund 10,000 new vocational educational and training places for older workers, parents returning to work and people with a disability. I think I have that with me. The date of that release was 9 February, wasn't it?

**Ms Cross**—Yes.

**Senator CROSSIN**—I notice there is a table with a breakdown of the purchase of the places. How is it envisaged this will work?

**Ms Cross**—The department is proposing to purchase the places through a brokered program, which is similar to a number of other brokered programs that we already operate. We will be appointing brokers in each of the regions to purchase training places for those client groups. The broker will be responsible for offering a range of training places that match the needs of employers in the region and those of the clients that we are focused on.

**Senator CROSSIN**—What do you call a broker? Are you talking about a provider? Are you using provider and broker as one and the same thing?

**Ms Cross**—No, we are not. The broker can be any type of organisation that can organise training places. The training places have to be provided by a registered training organisation, but the broker is an intermediary who will organise that for the department. They may also be a registered training organisation, but it is not necessary.

**Senator CROSSIN**—I was going to give an example here of an organisation, but I suppose the organisation might get offended. Let us take X Skills Development Scheme in South Australia. They might purchase 200 places, but then they might contract the University of Adelaide to provide training for those 200. Would that be correct?

**Ms Cross**—An example of another program that we offer is the Basic IT Enabling Skills for Older Workers program. In New South Wales, the broker is the New South Wales Department of Education and Training. They provide training places in a range of regions, using a network of TAFEs and I believe other providers.

**Senator CROSSIN**—The additional cost of these 10,000 new training places is \$29.4 million. Is that correct?

**Ms Cross**—That is correct.

**Ms Paul**—It is part of the \$110 million in the government's offer to states and territories which was rejected. Therefore, it stays with the government rather than going to the states and territories.

**Senator CROSSIN**—States and territories, though, could be brokers?

**Ms Paul**—They could certainly apply—absolutely.

**Senator CROSSIN**—TAFE colleges could become brokers in this instance? Is that correct?

**Ms Cross**—Yes.

**Senator CROSSIN**—In that case, do brokers then get a fee or a percentage of the cost of the training place? I assume they will not have a broker arrangement unless they are going to get some money out of it?

**Ms Cross**—The way the program will operate is that there will be an average unit cost for each training place that we will pay to the broker. They will use the average unit cost to purchase the training places, advertise the program and administer the program.

**Senator CROSSIN**—What is the average training cost, say, in a place like the Northern Territory?

**Ms Cross**—The average unit cost that we have funded it on to get the 10,000 places is \$3,000.

**Senator CROSSIN**—For the Northern Territory, for example.

**Ms Cross**—It will be the same in each state and territory.

**Senator CROSSIN**—As a broker, you purchase a place for \$3,000 but then you buy training out of that. Is that right?

**Ms Cross**—You will be given \$3,000 for every training place that you are allocated. You may purchase some places for \$1,500 and others for \$4,000. It is entirely up to you to manage within that unit cost.

**Senator CROSSIN**—No-one will purchase a place for \$4,000 if they are only getting \$3,000 for it, though, will they?

**Ms Cross**—Depending on whether they want to service the needs of the clients. We would expect there would be some variation above and below the average unit cost.

**Senator CROSSIN**—Let us be a bit realistic here. What are you anticipating the broker's costs will be for this?

**Ms Cross**—We have looked at the average cost of the training place within the national training system and we think that \$3,000 will give them the flexibility to purchase a range of training places that suit the needs of clients. Quite seriously, with one of the client groups being people with a disability, we do expect that some training places will be more expensive and others will be less expensive.

**Senator CROSSIN**—Let us take that example: a training place for a person with a disability or a training place in, say, the Northern Territory in Queensland. A training place in a remote community is much more expensive than if you live in downtown Moonee Ponds, for example. Why has there been no allowance to provide a smaller amount for a broker in Melbourne or Sydney and a larger amount for, say, remote areas or regional areas?

**Ms Cross**—We have looked at what we think the cost will be and, even in the Northern Territory, we believe that with \$3,000 there is a range of training that brokers will be able to purchase. The qualification we are looking at is a certificate II qualification. There are a number of them within the retail, hospitality and service industries and, even in the Northern Territory, you should be able to purchase them within the unit cost.

**Senator CROSSIN**—We know that the unit cost in a place like the Territory is dearer than in Melbourne. Will you not get less value for your dollar in rural and remote areas?

**Ms Cross**—We have used an average unit cost. We have looked at the average unit cost of training. I think what we have seen in recent years is that the cost differential has decreased and, at the certificate II level, this will give the capacity for brokers to purchase a range of training places in all states and territories. When we have had the program running for a while we will have a better indication of what the actual costs are and what the range of qualifications is. But, based on the analysis that we have done, we think that this is a reasonable unit cost to use nationally.

**Senator CROSSIN**—A certificate II is about 80 hours. Is that correct?

**Ms Cross**—It ranges considerably. I do not know whether ANTA have an average number of hours for a certificate II. It is very different according to which industry or occupation you are talking about.

**Senator CROSSIN**—The point I am trying to make, though, is that 80 hours of training in Melbourne would cost you far less than 80 hours of training in the Northern Territory. If we are talking about a national training package, I would assume that the hours for a certificate II in hospitality are the same. Why do you get less value for your money in remote places?

**Ms Cross**—It may be, though, that the cost for a broker operating in Melbourne is higher than the cost for a broker operating in the Northern Territory. There is a range of costs that will come into it, so we have picked a national average unit cost of \$3,000 and we think that that will be adequate for a range of circumstances. That is the same arrangement that we have for other brokered programs already operating in the department.

**Senator CROSSIN**—Like your IT program, for example. What is the average unit cost in that program?

**Ms Cross**—It is \$500.

**Senator CROSSIN**—Are there any fees built into the \$3,000?

**Ms Cross**—The broker uses the average unit cost to cover all of their costs—the administration charges, any advertising that they do and the purchase of the training place—but there are no specific fees within that.

**Senator CROSSIN**—So they will have to take their brokerage fee out of the \$3,000?

**Ms Cross**—That is correct.

**Senator CROSSIN**—And then purchase training places with whatever is left?

**Ms Cross**—That is correct.

**Senator CROSSIN**—Have you done any analysis as to the different fees brokers may apply? You say that you currently run it in your IT program for older people. Is that correct? Do you find that there is a disparity of brokerage fees in that program?

**Ms Cross**—Within the IT program there is a set unit cost of \$500, and the broker has to deliver certain modules of an IT qualification within that. I do not think we have separately broken down what their management fee is and what the cost is. Because it is a fixed fee, you are looking more at the quality of the services that they are offering and the range of the qualifications, rather than the split between administration and the training cost.

**Ms Andruska**—Our experience in the BITES program is that for some courses the broker actually pays more than \$500, and then for others less than \$500, so there is that variation.

**Senator CROSSIN**—Of the places that have been allocated, is there a particular breakdown as to how many are for older workers, how many are for parents returning to work and how many are for people with a disability?

**Ms Cross**—We are setting minimum targets, so older workers would make up at least 30 per cent of the places, parents returning to the work force at least 30 per cent and people with a disability at least 10 per cent. For the balance of places—the remaining 30 per cent—they



can come from any one of those three client groups, so that will again give brokers some flexibility in terms of whom they place, as long as they meet those minimum targets.

**Senator CROSSIN**—You say ‘as long as they meet the minimum targets’. Let us take the case of Tasmania—180 places. What happens if someone puts in to broker 100 places for parents returning to work? Will you say, ‘No, sorry, you can’t do that; that exceeds the limits’?

**Ms Cross**—We are proposing to have one broker for each region, so the broker in Tasmania will need to be able to provide 180 places and meet the targets for 30 per cent being older workers, 30 per cent parents returning to work and so on. So there will be one broker per region and they will need to cover all three target groups.

**Senator CROSSIN**—So they will not be allowed to just broker for training places for older people?

**Ms Cross**—No. What we often find is that providers who are interested in doing that form consortia with other providers or that the broker actually has a range of providers that they are using to provide places, so a provider that specialises in a particular area may still get involved in the program but in partnership with other organisations.

**Senator CROSSIN**—Is the split of the percentage on a state-by-state basis?

**Ms Cross**—The split is according to the working age population in each state and territory, except for the Northern Territory. That was adjusted upwards slightly so that it met the minimum number that we considered for a critical mass.

**Senator CROSSIN**—We are very young in the Territory—our average age is 28—so I do not think we will get too many of those places. You will be expecting the states and territories to apply those percentages, except for the Territory; is that correct? So we would see in Queensland 30 per cent of the 1,410 places going to older workers?

**Ms Cross**—At least 30 per cent. As I said, there is a balance of 30 per cent which can be applied to any of the client groups, so at least 30 per cent for older workers.

**Senator CROSSIN**—Is the unit cost for a regular place closer to \$2,000 rather than \$3,000? Has it been adjusted upwards to \$3,000 to take account of these particular categories?

**Ms Cross**—It is pretty hard to get a unit cost just looking at these types of qualifications. The unit costs across the national VET sector I think are around \$2,700 to \$3,000, but that includes a whole range of qualifications at certificate III and certificate IV which are very expensive to deliver because of the capital requirements or just the nature of the training. It is not an exact science but we believe the unit cost of \$3,000 will cover a wide range of certificate II qualifications and the costs of the brokers in administering the program.

**Senator CROSSIN**—When you say ‘older workers’ what age are you referring to there?

**Ms Cross**—Those aged 45-plus. I should point out that some of this detail has not been finalised but this is the basic framework that we are operating in.

**Senator CROSSIN**—Does that coincide with the glossy publication you produce called *Securing success: good practice in training people aged 45 and over who are disadvantaged in the labour market*?

**Ms Cross**—I think it is a generally accepted definition for older workers.

**Senator CROSSIN**—Is it such that that publication will dovetail into this initiative?

**Ms Cross**—The publication you were talking about certainly informs a lot of what we are doing with older workers, but the reason for this being older workers is that the funding was originally provided as part of some welfare reform measures in an earlier budget—I think in the 2002 budget. That is where the funding came from. The money was specifically for older workers; therefore, it is for people aged 45-plus. It does actually fit quite well with some of the findings of that paper, such as that older workers do need some assistance in re-entering the work force.

**Senator CROSSIN**—Is this \$29.4 million money that has actually been reallocated from Family and Community Services?

**Ms Cross**—The initial budget measure was that as a result of some of the changes in the welfare reform measures there would be an additional demand for training places so this portfolio was given additional funding to meet that demand. I do not know whether it was directly taken from that portfolio or not, but it was part of the overall budget measure.

**Ms Paul**—I recall being there at the time when the Australians Working Together initiatives came out. There were separate initiatives in several portfolios: of course mainly in Family and Community Services, many in Employment and Workplace Relations, and these ones in our own portfolio. They have not come from anywhere; it was a cross-government initiative at the time.

**Senator CROSSIN**—How will applications actually be called for? Let us go to the brokers, for example.

**Ms Cross**—In the newspapers last weekend we have advertised that we will be issuing a request for tender in March. So we have already given people who are interested advance notice and issued the minister's press release as well. We are expecting that the request for tender will be advertised in mid to late March.

**Senator CROSSIN**—Then what process do you envisage will occur, when brokers have received payment for these training places? Are you going to oversight the way in which brokers identify people in these categories, or by the training? Where is your role in that?

**Ms Cross**—Program guidelines will be issued which will include all of the information about who will be eligible for places and how the broker or the training provider determines that eligibility, what the requirements are in terms of paperwork or putting the placements into our system so that we can monitor what is happening, what the reporting requirements are and so on. So there will be published guidelines which set out all of the working arrangements for the program, the responsibility of the training provider, the responsibility of the broker and the responsibility of the department.

**Senator CROSSIN**—So a person wanting to undertake this training would apply to a broker or to that training provider.

**Ms Cross**—Potentially either.

**Senator CROSSIN**—Potentially either because you are not sure who the brokers are actually going to be? Is that why you say that?

**Ms Cross**—We would expect the brokers to do a lot of advertising in promoting that program. They would do that with organisations like Centrelink, Job Network members, and other people who work with these client groups. We would also expect the providers who were trying to fill places to do advertising as well promoting that these places are available for people who are eligible. So depending on where you find out about the program, that might direct you towards that broker or it might direct you to the training provider.

**Senator CROSSIN**—So there is no role at all for ANTA in this process? No oversighting role?

**Ms Cross**—No, Senator.

**Senator CROSSIN**—No quality assurance role?

**Ms Cross**—All of the training will be delivered by registered training organisations.

**Senator CROSSIN**—So that is the only link back to ANTA.

**Ms Cross**—They fall within the quality assurance arrangements for the national VET system, because they will all be registered.

**Senator CROSSIN**—Is it envisaged that some of this money will be spent in 2004, given that some of the courses have already started?

**Ms Cross**—We would expect that contracts will be awarded in late June so that we can have the bulk of placements starting from July, which is the second semester. But realistically some of that will flow over into 2005.

**Senator CROSSIN**—So this is only an amount of money that is allocated for what period of time?

**Ms Cross**—The government has taken \$109.5 million over four financial years out of the VET funding act and put it into our appropriation for this program. So there is funding in four financial years.

**Senator CROSSIN**—So \$109.5 million taken out of the VET funding—

**Ms Cross**—When it came out of the offer for the ANTA agreement it needed to be transferred from the VET funding act into the department's appropriation so that we could conduct the direct tender. So it is just a transfer within the additional estimates, and it is over four financial years.

**Senator CROSSIN**—For 2004, 2005, 2006 and 2007; is that correct?

**Ms Cross**—We operate the ANTA agreement on calendar years. So the calendar year equivalent is 2004, 2005 and 2006, but that actually falls across four financial years.

**Senator CROSSIN**—So we don't have an ANTA agreement now, and we should have had. So will this money be out of kilter with that?

**Ms Cross**—We do have an ANTA agreement. We have the rolled over ANTA agreement for 2004, and then we will begin negotiations in October.

**Senator CROSSIN**—So I have heard. So the \$109 million applies to what particular years?

**Ms Cross**—To 2004 to 2006.

**Senator CROSSIN**—So the \$29.4 million is the 7,500 places?

**Ms Cross**—No. The \$29.4 million includes \$8.9 million that is associated with some disability reform legislation that has not been passed by the Senate. So if the legislation is passed, there is \$29.4 million, and that will purchase 10,000 places. Until then there is \$20.5 million and that will purchase 7,500 places.

**Senator CROSSIN**—That is not quite clear in this release, I do not think.

**Ms Cross**—I believe the minister does refer to initially purchasing 7,500, with the balance of 2,500 when the legislation is passed. It is at the bottom of the first page.

**Senator CROSSIN**—Yes, it does not give a breakdown of the figures.

**Ms Cross**—No, that is the breakdown.

**Senator CROSSIN**—And the further 2,500 places will be targeted at people with disabilities; is that correct?

**Ms Cross**—That is correct, because that is the funding associated with the disability reforms.

**Senator CROSSIN**—Has there been any sort of pipeline assumptions made about this in terms of flowthrough of people requiring places?

**Ms Cross**—We have got the funding over three years, and the funding goes up slightly each year, so I guess the only pipeline effect will be that there will be more places in the out years.

**Senator CROSSIN**—Will there be? There are only 7,500 places purchased for this particular year; is that correct?

**Ms Cross**—Initially we are purchasing the places for 2004 but, as I said, the funding has actually been moved out over the four financial years. Often with this sort of program, the department, at the end of the contract period may decide to retender, or they may extend contracts or they may extend contractors for providers who are performing and not those who are not performing, so there is a range of options about how you would take the program forward, and we have not taken a decision on that yet.

**Senator CROSSIN**—So within the allocation of the \$109 million, let's say as a best case scenario that 5,000 out of the 7,500 actually want to do a second year of training. Would you be looking at increasing the allocation of places by 5,000 people so 5,000 new people could actually commence training?

**Ms Cross**—We are proposing that each client get up to 12 months of training, and that lead to at least a certificate II qualification, and we think that within 12 months you can readily obtain a range of certificate II qualifications. So each client would have finished at the end of that calendar year of funding and so there will be new places available each year.

**Senator CROSSIN**—If a person who does get a certificate II wants to move on and do a certificate III and they are a person with a disability, this funding will not pay for that place, are they on their own after that?

**Ms Cross**—That level of detail has not been decided yet. That is the sort of issue which, as we write the guidelines, we will take a decision on. You have got an option where each client only gets one training place and we have some programs which operate that way, or you could have circumstances where they can have more than one training place, and we have got training programs which operate that way as well. So we have not actually taken a decision.

**Senator CROSSIN**—When are those considerations likely to occur?

**Ms Cross**—Those decisions will all have been taken before we issue the request for tender because that sort of information has to be approved before we can actually go out with the purchase of the places.

**Senator CROSSIN**—If you make a decision to create—in line with what a pipeline would suggest—new positions in the second and third years of this program, are you going to have to do that within the \$109 million?

**Ms Cross**—Yes. We have got additional funding each year to do that.

**Senator CROSSIN**—That is built into the \$109 million?

**Ms Cross**—Yes, it is included in the \$109 million.

**Senator CROSSIN**—What is the breakdown over three years?

**Ms Cross**—In calendar year or financial year?

**Senator CROSSIN**—How are you allocating it?

**Ms Cross**—I have got both here.

**Senator CROSSIN**—You are going to allocate it to brokers on a financial year basis, aren't you?

**Ms Cross**—I will give you the figures that we have been using. In 2004 there is \$29.370 million; in 2005 there is \$38.44 million; and 2006 there is \$41.69 million, so it does increase each year.

**Senator CROSSIN**—So there would be room for additional new places.

**Ms Cross**—Yes.

**Senator CROSSIN**—There might even be room to actually allow someone to get a certificate III under that cost.

**Ms Cross**—That is a decision that we will take when we finalise the program.

**Senator CROSSIN**—You are having to make decisions and finalise that before it goes to tender in?

**Ms Cross**—Mid to late March.

**Senator CROSSIN**—It does not give you much time.

**Ms Cross**—We are working very hard, Senator.

**Senator CROSSIN**—You are assuming that those guidelines and all of those decisions will be ticked off at the ministerial level; is that correct?

**Ms Cross**—They will go through the normal departmental approval processes. The minister approves the general framework for the program, but often a delegate within the department has the delegation on guidelines in the RFT.

**Senator CROSSIN**—You gave those figures on a calendar year basis, but you will actually be awarding tenders on a financial year basis, will you not? They will go from 1 July to 30 June?

**Ms Cross**—Not necessarily. If the program follows the time line, we may sign the contacts in June—

**Senator CROSSIN**—For six months?

**Ms Cross**—No, for 12 months—so that providers in June can begin promoting the program and have people actually commencing in July. That is what we would like.

**Senator CROSSIN**—We will no doubt revisit this when we come back in May. Thank you.

**CHAIR**—Any other questions to ANTA or VET?

**Senator CROSSIN**—I have a question to do with the international TAFE. I want a clarification of answer E76-04, which is about the overseas marketing that was recommended by the TAFE Directors Australia.

**Ms Cross**—I believe that should be directed to the Australian Education International Group.

**Senator CROSSIN**—I think it is ANTA. Let me read your answer, and that might help you. Your answer says:

... in accordance with a resolution of the ANTA Ministerial Council, a working party has been established, led by the Commonwealth, to examine means to improve the VET sector's performance in education exports. The first meeting of the working party was held on 3 December 2003.

**Ms Cross**—Although it was a ministerial council decision, AEI has carriage of that within the department.

**Senator CROSSIN**—Your international division?

**Dr Harmer**—Yes.

**Senator CROSSIN**—I should direct my question there?

**Ms Cross**—That group will have the representative who will be our representative on that working party of ANTA MINCO.

**Senator CROSSIN**—Thanks. I will direct my question there.

**Proceedings suspended from 3.37 p.m. to 4.02 p.m.**

**CHAIR**—We return to cross portfolio issues. I believe, Dr Harmer, you have a statement to make.

**Dr Harmer**—Senator Carr asked in this morning's session about two things in particular that he wanted to return to. One was the flat lining of BAA across the five and the seven years. We have that answer, which I think we have provided.

**Senator CARR**—That is right. It is \$6.8 billion over seven years.

**Dr Harmer**—The second of the questions that were important to you for this afternoon was the costing of the seven reviews. Unfortunately, I have not yet got the costing of each of the reviews. It is actually proving to be rather difficult, and I can explain why very easily. There are seven reviews. We absorbed the costs of all of them. We did not get supplementation and so they were done within the department's costs. Many of the people working in the secretariat were working part time on some of them and doing other things. We also had people from other departments across it. We are trying to find out the salaries of those people, and we did not have that readily available because they were borrowed from other departments. It went across two financial years. We are doing our best. We are optimistic that we can have them by tomorrow night when we come back, and we will do our best to do it, but it is not a trivial exercise.

**Senator CARR**—Fair enough. I understand that this is an estimate because, as you say, there will be some aggregation of costs across the program so it will not be a finite figure. But I think we can get a reasonably accurate estimate.

**Dr Harmer**—We can give you an estimate. When we give you a figure, even if it is tomorrow night, we will do our best to do that. We will give you degrees of freedom.

**Senator CARR**—I appreciate that. That is the best endeavour and it is very helpful. The other issue is the cost of the Chief Scientist's office. That was another matter I raised.

**Dr Harmer**—I do not think we have got that but I have got information on when we sent three of the reviews to the minister, which I can tell you. The knowledge and innovation review went to the minister on 17 November, the collaboration review went to the minister on 1 December and the National Research Infrastructure Taskforce report went to the minister on 7 November. I think they are correct.

**Senator CARR**—Thank you.

**Mr Walters**—Senator, you asked a number of questions about the Chief Scientist and his office. The Chief Scientist's remuneration has been determined by the Remuneration Tribunal for holders of part-time public office since 1996. The current determination is \$94,120 per year, with travel allowances and expenses set at tier 1 rates, which are the same as APS secretary level.

You asked how long chief scientists have been appointed in Australia. The answer is that the first one was appointed in 1989. There have been four chief scientists: Professor Ralph Slatyer from 1989 to 1992, who was full time; Professor Michael Pitman from 1992 to 1996, who was also full time; Professor John Stocker from 1996 to 1999, who was part time; and, of course, Dr Robin Batterham, from 1999 to the present, who is also part time.

You also asked if any have been called to answer questions in this forum. Our research, insofar as we have been able to, has not been able to turn up a precedent for that. But I will not pretend that, in the time available or even with the resources we have, we could do that.

Finally, you asked about the staffing of the office, and I hazarded a guess of around five or six—and that is approximately right. There are only two staff who are virtually permanently full time, supporting the Chief Scientist, but there are another three or four from that section who spend part of their time supporting the Chief Scientist. There is an office of the Chief Scientist which comprises 10 people, but it also has the important functions of supporting the Prime Minister's Science, Engineering and Innovation Council and all of its working groups. There is a lot of work in that. Also there is support in providing a secretariat for the Commonwealth Coordination Committee on Science and Technology, which holds regular gatherings of all the Commonwealth science agencies and the departments with a science interest.

Taking all that into account, the total salaries allocation for the Office of the Chief Scientist is \$680,000 for the current financial year, and probably slightly less than half of that goes on directly supporting the Chief Scientist. So if you cut a rough \$300,000 you are probably around about there.

**Senator CARR**—Thank you. I will return to some other matters. The BAA spending estimates are for \$6.8 billion over the seven years—that is presuming the current indexation arrangements hold. Is that right?

**Dr Harmer**—That is flat lining without indexation.

**Senator CARR**—Can you give me an indication of what it would be with indexation?

**Mr Cook**—As I was just saying, because the programs have different indexation rates, there is quite a lot of work in trying to ascertain that. The numbers for 2004-05 and 2005-06 are in the forward estimates and are out year numbers, so they would have indexation built into them; but the others do not.

**Senator CARR**—Would you take on notice what the figure would be for those additional years, with indexation built in. It is clearly higher than \$6.8 billion.

**Dr Harmer**—We will take that on notice. It is not something we would likely be able to give you by the end of the sittings.

**Senator CARR**—I appreciate that. Could it be provided within the normal time periods?

**Dr Harmer**—We will do our best. We have some people here from the Australian Institute of Marine Science, who are next on the schedule. They have a plane to catch at six o'clock.

**Senator CARR**—My intention is to allow them to catch their plane, so I will be very brief. I appreciate the manner in which you are answering the questions, and that facilitates that happening. Finally, a matter was raised in an article in the *Australian* this morning. Has that matter been referred to the Federal Police?

**Dr Harmer**—Which matter is it?

**Senator CARR**—The leak.

**Dr Harmer**—I am not aware that there was any leak.

**Senator CARR**—This is a detailed account of the proceedings currently before the cabinet. You do not call that a leak?



**Dr Harmer**—I did not read it as a detailed account of proceedings before the cabinet.

**Senator CARR**—I see.

**Dr Harmer**—The fact is that there are reviews around and, with a lot of people having copies, it is possible to piece together bits and pieces of information and speculate.

**Senator CARR**—Who am I to say! But it strikes me as being consistent with the submission that went to the cabinet with the two funding options.

**Dr Harmer**—I cannot comment.

**Senator CARR**—You are not able to comment on that. I put it to you that it is consistent with that submission and that this is a matter before the ERC at the moment. I wonder why it has not been referred to the Federal Police, given that you have other matters that have been referred to the Federal Police.

**Dr Harmer**—When we refer matters to the Federal Police we do it because we have evidence or information that there is such a leak. I am not aware that there is any leak here, certainly not from my department.

**Senator CARR**—How many leak inquiries have you got going within the department at the moment?

**Dr Harmer**—I do not think that we have any.

**Senator CARR**—None at all?

**Dr Harmer**—No. The Department of Education, Science and Training is a very professional department that generally does not leak.

**Senator CARR**—It does not leak?

**Dr Harmer**—Generally not.

**Senator CARR**—Sorry, Dr Harmer, but I find it amusing that the department does not leak. The people I have been speaking obviously have nothing to do with the department, then. How many matters have been referred to the Federal Police in the last two years?

**Dr Harmer**—Given that I have been there only 12 months, I will have to take the question on notice.

**Senator CARR**—I have had people from the Federal Police come to talk to me about matters that I have provided to the parliament, so I know there have been some. For a department that does not leak, I presume it must be phantoms. I wonder if you can tell me.

**Dr Harmer**—Senator, I am speaking about the period since I have been there.

**Senator CARR**—There have been no leaks in the time you have been there?

**Dr Harmer**—There have been a couple of incidents where some information has been provided. At one point last year, you might recall that it was a subject of some discussion here, I did have an internal investigation about some material, but that is the only incident that I can recall.

**Senator CARR**—I recall that there was considerable debate about the national report, and you are saying that that was not leaked.

**Dr Harmer**—We had an internal investigation into that and that matter did not go to the Federal Police. That is the only incident.

**Senator CARR**—You have not found anyone responsible?

**Dr Harmer**—The internal report was completed. I considered that and did not feel the need to go further.

**Senator CARR**—Did you have an inquiry into the Backing Australia's Ability report?

**Dr Harmer**—That was available to many sources.

**Senator CARR**—So you did not have an inquiry into that.

**Dr Harmer**—No. It ties up a lot of resources, so I would only institute an inquiry when I am convinced it is necessary. I was not at that time, because there were so many copies available.

**Senator CARR**—That is fine. So the Commonwealth officers who have spoken to me obviously are not relating the matters from your department.

**Dr Harmer**—I cannot comment on that, Senator, because I do not know who has spoken to you.

**Senator CARR**—Thank you very much for your advice. Before we move off this area entirely, I do not have any more questions but I formally table the response that the department has provided on the Backing Australia's Ability spending, acknowledging that there is a supplementary answer to come.

**CHAIR**—There being no objection, it is so ordered.

[4.13 p.m.]

#### **Australian Institute of Marine Science**

**Senator CARR**—I am sorry to keep you waiting so long. Would you provide the committee with advice on what has happened to Professor Stephen Hall?

**Mr Willers**—Professor Stephen Hall has moved on. He has just been appointed to head the World Fish Centre in Penang—a very prestigious appointment for him. He started there on Monday.

**Senator CARR**—Mr Willers, when was his resignation tendered?

**Mr Willers**—From memory, it was in November.

**Senator CARR**—What process has been undertaken to find a permanent replacement?

**Mr Willers**—The institute has started an advertising and worldwide search process using an executive search firm, First Place International. We have had a number of applications. The council of the institute conducted a short-listing process last week, and we are hoping to interview final applicants for the job on 8 March. The department is assisting us with this process.

**Senator CARR**—How many people are on the short list?

**Mr Willers**—We had about 35 applicants altogether. They have been short-listed to about seven or eight, and they are hoping to interview at least four.

**Senator CARR**—Are they all international applications?

**Mr Willers**—Yes. Of the six, four are international.

**Senator CARR**—How is the AIMS at JCU project progressing?

**Mr Willers**—Very well. We have had a number of meetings with JCU and the department. We have got to the stage where we have a memorandum of understanding, which was signed by both AIMS and JCU on 5 December. If it would help you, I have a copy of that which I would be prepared to table. It is a memorandum of understanding, and it is now being developed into an agreement. There has been quite a bit of work on that. I will table that, if I may.

**Senator CARR**—Seeing that we have such a big turnout here, in the absence of the chair I will take that as being tabled. So you are in the process of developing an agreement. Who has been appointed to the board of management?

**Mr Willers**—At this point, the heads of understanding envisage a five-person board to manage it—two from AIMS and two from JCU, with an independent chair. The nominations for that board are still being considered. Certainly the chair has not been appointed yet.

**Senator CARR**—Has an executive officer been appointed?

**Mr Willers**—There was some debate about that. Initially there was consideration about appointing a full-time executive officer. Both AIMS and JCU felt that it probably did not warrant that initially. We are now looking at appointing a part-time executive officer, probably using either an existing AIMS or JCU staff member to try to cut the costs.

**Senator CARR**—It is quite an important position.

**Mr Willers**—It is, I agree. As you would be aware, the funding for this venture is non-recurrent, so we are looking to give it every chance possible to keep it running. We are trying to put as much of the funds that we have into setting it up into student places.

**Senator CARR**—If it is non-recurrent, I take it from what you just said the presumption is that you could fund it from recurrent student enrolments.

**Mr Willers**—The concept of the proposal is to enhance collaboration. That means that we will do existing works but will work more closely with JCU. If we can get student placements to work on particular programs for the joint venture, some of that work can be expanded out into broader research, with more students in the venture.

**Senator CARR**—Are you talking about research students or undergraduates?

**Mr Willers**—We are talking about postgraduate and postdoctoral students.

**Senator CARR**—How many times has the steering committee met since it was established?

**Mr Willers**—I would have to take that on notice. I think it is about four, but I could not be sure.

**Senator CARR**—Are we able to get copies of the minutes or the papers for those meetings?

**Mr Willers**—Again, I would have to take advice on that. The administrative arrangements for the steering committee itself are being run by the department. We have had a number of meetings in Townsville, which is like a working party.

**Senator CARR**—You say the department is running them.

**Mr Willers**—The department is looking after the administrative aspects of the working party.

**Senator CARR**—But you are an independent authority. The JCU is an independent, self-accredited institution. Why is it being run by the department?

**Mr Willers**—What I said was that the administrative part of it is being run by the department to help us out with the process.

**Senator CARR**—What is to stop you providing the committee with papers then?

**Mr Willers**—I just do not have them.

**Senator CARR**—I see. So you will take that on notice and provide me with the papers when you have them?

**Mr Willers**—Yes.

**Senator CARR**—Is there a ministerial steering committee as well?

**Mr Willers**—There is. The ministerial steering committee consists of two people. They work with the working party, which is a four-person group assisted by other officers from both AIMS and JCU. There are two external people on the steering committee. I might have the terms mixed up here. That consists of Donald McDonald and Elizabeth Nosworthy. The vice-chancellor of the university and the director of AIMS make up the working party.

**Senator CARR**—Are the papers available for those meetings?

**Mr Willers**—I would have to take that on notice. I do not have them with me.

**Senator CARR**—Has the policy framework and business plan, the AIMS-JCU document, referred to on 10 December, been completed?

**Mr Willers**—No, not yet. It is currently being produced and is under way.

**Senator CARR**—When do you expect the matter to be resolved?

**Mr Willers**—We are hoping to have that done by March.

**Senator CARR**—The terms of the critical mass collaborative programs, which are referred to in the document: what progress has been made on securing those?

**Mr Willers**—I am sorry, Senator; I am not sure what the question is.

**Senator CARR**—The document refers to something called the critical mass collaborative programs, which I presume means research grants.

**Mr Willers**—I think the term ‘critical mass’ refers to the minimum number we would see as being a viable research program within the joint venture. The critical mass for that, I think, was set at 15.

**Senator CARR**—Can you mention the value rather than the number—the value of the contracts, the value of the grants? Will that not be the determining factor?

**Mr Willers**—No. The initial work of this joint venture will largely revolve around students and student places.

**Senator CARR**—These would be postdoctoral students under the research training scheme.

**Mr Willers**—Some would be postdoctoral, and some would be postgraduate.

**Senator CARR**—How many of those will be enrolled at JCU and how many are directly associated with AIMS?

**Mr Willers**—I am not sure how many would be directly enrolled at JCU at this point in time. Our proposal is to have the student placements within the joint venture.

**Senator CARR**—How would that work administratively in terms of ARC grants or research training scheme grants?

**Mr Willers**—That is still to be finalised but, at this point, the students coming through the university would have access to ARC grants.

**Senator CARR**—So there are none there now.

**Mr Willers**—The university has students on ARC grants. There are none in the joint venture now.

**Senator CARR**—None at all. So there will be none this year.

**Mr Willers**—No, we would hope that the joint venture arrangements could be concluded by the end of March. The idea would be to get it up and running before the end of the financial year.

**Senator CARR**—I am just wondering where the finances would come from. Aren't the grant applications and the like closed? Don't student enrolments normally begin a bit earlier?

**Mr Willers**—They do, but postgraduate and postdoctoral arrangements sometimes do not always follow straight on the academic year.

**Senator CARR**—So you think you can still enrol them this year?

**Mr Willers**—I am not sure if that is actually possible, but certainly if we get the proposal running—

**Senator CARR**—Has the fibre-optic cable link been established yet?

**Mr Willers**—No, it has not.

**Senator CARR**—When do you anticipate that occurring?

**Mr Willers**—We are anticipating a meeting again in March to finalise the proposals that cover the student numbers and the costing for the fibre-optic cable to give us broadbanding.

**Senator CARR**—I am getting a bit of a picture here that suggests to me that not much is actually going on. You have had four meetings. What else has been achieved? How much money was put aside for this? What was the grant for the merger?

**Mr Willers**—It was \$2.9 million, from memory.

**Senator CARR**—How much of that has been spent?

**Mr Willers**—I could not tell you exactly, Senator. At the moment \$2.5 million has been lodged with the institute. We have not spent any of that. That is to go towards the student placements, the fibre-optic cable and other infrastructure work that would get the first of the research programs up and running. The proposals for what that research program might be are still under discussion.

**Senator CARR**—This \$2.5 million was allocated for the current financial year?

**Mr Willers**—Yes.

**Senator CARR**—Does it have to be spent this financial year?

**Mr Willers**—I am not sure of that. I do not think it does.

**Senator CARR**—It is last year's budget, and we are now moving to next year's budget. Can I get that confirmed, please? Is that time critical? Can any of the officers from the department help me? It may shortcut these fine people having to write yet another longwinded answer.

**Mr Walters**—I think the bulk of the money has already been paid to AIMS, and it is in their accounts. It does not have to be spent this year. It has to be spent in accordance with the terms of the agreement, which has not been signed yet. But it is not the case that it all has to be spent this year, no.

**Senator CARR**—So there is no guarantee that this will proceed, then, is there? There is no agreement.

**Mr Walters**—It is going very well from the department's point of view. The heads of agreement was signed just before Christmas, as Mr Willers has said. Obviously, there were a lot of issues to be resolved and there was common ground to be established on a number of points, and we are now proceeding very quickly with AIMS and JCU to finalise the agreement. That will be done within a few weeks. So, compared with many of the things I have been associated with in a long and rich lifetime, I would say that it is lightning progress, actually.

**Senator CARR**—Thank you, Mr Walters. I ask the officers: what protections are built into these arrangements to ensure the organisational integrity of AIMS?

**Mr Willers**—The venture has been set up as an unincorporated joint venture with equal membership on the board of management from both the university and the institute. There is nothing in the agreement that has any impact at all on the independence or the integrity of either JCU or the institute.

**Senator CARR**—So you can close it down?

**Mr Willers**—The joint venture?

**Senator CARR**—Yes.

**Mr Willers**—To be quite honest with you, Senator, both AIMS and JCU are very anxious to make this work. It is a very useful vehicle for enhancing collaboration. We work very

closely with James Cook University and have done for a number of years. This will formalise that to another degree.

**Senator CARR**—Has any consideration been given to broadening the collaboration with the CSIRO facilities in the Townsville area?

**Mr Willers**—Not as part of this joint venture.

**Senator CARR**—So the collaboration does not extend that far?

**Mr Willers**—Not at this stage. We are trying to get this one up and running. James Cook University have a number of collaborations with a whole lot of other organisations, as does AIMS. So this does not quarantine us to just working with James Cook University.

**Senator CARR**—Thank you very much. That concludes my questions.

**CHAIR**—Is it the wish of the committee that the document that was referred to earlier by Senator Carr be tabled? There being no objection, it is so ordered. I thank the officers. We now move to ANSTO.

[4.28 p.m.]

#### **Australian Nuclear Science and Technology Organisation**

**Senator CARR**—There is a new CEO at ANSTO—Dr Ian Smith. Is that right?

**Dr Cameron**—That is correct.

**Senator CARR**—When is he able to take up his position?

**Dr Cameron**—Currently he has to work his notice with his present employer, so we anticipate that he will arrive in early May.

**Senator CARR**—That is terrific. I hope he does well. I wish him every success in his new role. If you would pass that on, I would appreciate it.

**Dr Cameron**—I will certainly do that.

**Senator CARR**—A couple of issues have been troubling me of late. Is the construction of the new reactor still six months behind schedule?

**Dr Cameron**—Yes, it is still approximately six months behind schedule.

**Senator CARR**—What is the current completion date for the new reactor facilities and what are the dates for fuel loading? Have you been able to reschedule those?

**Dr Cameron**—No. Essentially those are delayed by six months, but some of that will be dependent on the licensing process itself. We are anticipating, as we mentioned last time, the possibility of loading fuel by November 2005.

**Senator CARR**—In your previous answers you said November 2004. Is that a correction to the record?

**Dr Cameron**—No. I am not aware that we said 2004.

**Senator CARR**—We can check this. Do we have E402? I thought it said 2004. I could always be wrong.

**Dr Cameron**—I do not think it has ever been November 2004.

**Senator CARR**—Maybe I have misread it. I will press on. November 2005 is your anticipated date?

**Dr Cameron**—That is our anticipated date, but as I said there is a licensing process to be gone through before that.

**Senator CARR**—I see. Yes, you are right—2005 is what it says here. You will be required to have a licence to actually load fuel, won't you?

**Dr Cameron**—That is correct.

**Senator CARR**—What is the current status of the application for a licence so that you can operate the reactor? Has that been submitted yet?

**Dr Cameron**—No. The current licence we have for construction also allows us to cover cold commissioning of the reactor. Cold commissioning will start early next year. We would be anticipating putting in an application for licensing in the third quarter of this year.

**Senator CARR**—It has been put to me that your forecasts on construction timetables are a little optimistic. As I understand it, and as your web site indicates, you are expecting that you would start the commissioning process in February 2005 and have full power by August 2005. Is that right?

**Dr Cameron**—No, that is not correct. What we will be starting in February 2005 are precommissioning activities. That will be followed by cold commissioning. We can undertake both processes under our current construction licence, but before we can load fuel and move to hot commissioning we need to get a licence to operate. As I said, we are anticipating loading fuel around November 2005. Then we would have a period of parallel operation of both reactors before shutting down HIFAR around about the middle of 2006.

**Senator CARR**—HIFAR will still be operating in 2006?

**Dr Cameron**—That is correct.

**Senator CARR**—How long can it operate for?

**Dr Cameron**—We have not identified any particular features, other than its obsolescence, that would mean we would have to shut it down earlier than that. Clearly, if we operated much beyond 2006 we would have to go back to the regulator for another licence to do so.

**Senator CARR**—Yes. But it is running safely at the moment?

**Dr Cameron**—It is running very safely, yes.

**Senator CARR**—Do you have any reason to doubt that it will still be running safely in 2006?

**Dr Cameron**—No, but the longer it goes the less it is able to meet our needs.

**Senator CARR**—Clearly there is a limit to that proposition, but 2006 is when you are expecting to be operational for the new reactor. Is that right? That is the effective real date, isn't it?

**Dr Cameron**—Yes.

**Senator CARR**—2006?



**Dr Cameron**—2006.

**Senator CARR**—These dates become quite important. I am sure you will begin to appreciate this in due course.

**Dr Cameron**—I can understand that.

**Senator CARR**—It is likely that at some time in 2006 the new research reactor will be fully operational.

**Dr Cameron**—That is correct.

**Senator CARR**—In 2006 the question then arises as to whether or not you turn off the old reactor.

**Dr Cameron**—There are constraints on us with regard to the old reactor in that we do not have any fuel to operate beyond that point in 2006.

**Senator CARR**—You have run out of fuel for that?

**Dr Cameron**—That is correct.

**Senator CARR**—Does it take long to get fuel?

**Dr Cameron**—Yes. It is a very extensive process to get fuel. In addition to that, we are working on an agreement with the United States for the take-back of fuel, which cannot be extended beyond those dates.

**Senator CARR**—How long does it take to get fuel?

**Dr Cameron**—Between 18 months and two years.

**Senator CARR**—If the regulator says in 2005 that he is not going to agree to turn on the new reactor—that is, if you do not secure a licence—the whole system closes down, doesn't it?

**Dr Cameron**—We would certainly be concerned if that was the case. We would stand the risk of not being able to supply nuclear medicines to Australia because there would be a gap in the process.

**Senator CARR**—Absolutely. It is a serious risk, but you cannot presume that ARPANSA is going to agree to give you a licence, can you?

**Dr Cameron**—No, we will be working to make sure that we put the case as strongly and as vigorously as we can. We have every confidence that the case we put forward will prove the safety of the reactor design, but the decision is the nuclear regulator's.

**Senator CARR**—That is right, and that is my point. There is no presumption or guarantee that you will get a licence to operate the new reactor.

**Dr Cameron**—No, there is no guarantee—that is right.

**Senator CARR**—I come back to this point: if in 2006 you do not have any fuel for the old reactor, you have to turn it off. Is that right?

**Dr Cameron**—Yes, if that decision were to arise in 2006.

**Senator CARR**—In that circumstance, can you import isotopes to cover our medical needs?

**Dr Cameron**—We can import some isotopes and process them on site, as we have done during shutdown, but we run into the problems that we have always had: firstly, we cannot guarantee the reliability of supply; and, secondly, we cannot produce the full range of isotopes that we currently do out of our existing range.

**Senator CARR**—Do you have the full range in storage?

**Dr Cameron**—No. Radioactive products decay, so you do not have an opportunity to store them for any significant period of time.

**Senator CARR**—Do you have any plans to improve our stocks for the 2005-06 period?

**Dr Cameron**—We can do some planning to produce some material ahead, but that is only for a very limited period of time. We can import some material but, again, we cannot guarantee the reliability and we would not be manufacturing the full range of products required by the nuclear medicine physicians.

**Senator CARR**—Would it not be prudent to have some contingency plans for such an eventuality?

**Dr Cameron**—We are looking at that. We have identified that as a risk and, as a risk management organisation, we will be looking at what contingencies are possible.

**Senator CARR**—When did you start looking at that?

**Dr Cameron**—We have been running a risk management process throughout the whole period of construction, and even before for this reactor. We have identified the risks and have action plans to look at each risk as it goes up and down. Clearly, if this becomes a higher risk as we go through the process, we have to look at putting other plans in place.

**Senator CARR**—If you are saying to me that you run out of fuel for the old reactor in 2006 and that you are currently six months behind in terms of the construction schedule, what is to stop further delays occurring in the construction schedule between now and 2006 that would put you in a situation where you do not have the fuel to run the old reactor and have no licence to operate the new one?

**Dr Cameron**—We do not anticipate any delays because construction is at a very advanced stage. We anticipate finishing construction by the end of this year and therefore we are in a process which is about proving the capabilities of the design as built. Again, it is a risk management process we have looked at, and we think the risk of not achieving construction is much lower than it used to be. The major risk in any major construction is when you dig into the ground—and that is certainly what we find—but we are now at a very advanced stage of building construction.

**Senator CARR**—You can guarantee the committee, can't you, that you will have this reactor built by the end of the year?

**Dr Cameron**—Nothing in life is ever guaranteed, but there is a very strong likelihood that we will achieve that by the end of the year.

**Senator CARR**—A strong likelihood—there is an even stronger likelihood that you will run out of fuel in 2006. That is a definite, isn't it?

**Dr Cameron**—We have fuel to take us through to the third quarter of 2006.

**Senator CARR**—But not 2007.

**Dr Cameron**—But not 2007. We have of course got a contingency that we have looked at a number of times, which is just to reduce the power of the reactor.

**Senator CARR**—To extend the fuel supplies?

**Dr Cameron**—Yes.

**Senator CARR**—Under that scenario, what is the last operational date you could provide to this committee?

**Dr Cameron**—There are a number of factors to look at before arriving at that number—at what point we decide to reduce power levels et cetera.

**Senator CARR**—Could you take that on notice? It is important information to me.

**Dr Cameron**—We can take that on notice. Clearly if we go to half power we can run for twice as long, effectively.

**Senator CARR**—Can you supply sufficient isotopes if you operate on that basis?

**Dr Cameron**—We could supply most of the isotopes but we could not supply the neutron beam fluxes that people would want for scientific research at that level.

**Senator CARR**—That is a bit different from medicine though, isn't it?

**Dr Cameron**—We have always said that it is a multipurpose research reactor. It is required both for scientific research and for nuclear medicine.

**Senator CARR**—I accept that, but I would have thought that in the eyes of the public there would be a substantially different reaction to saying you cannot supply the isotopes for medical research—it is not medical research; we are talking about actual medical treatment—

**Dr Cameron**—Yes.

**Senator CARR**—as distinct from providing the isotopes for nuclear research of a more general nature.

**Dr Cameron**—As opposed to neutron beams for research, yes. The universities would be very disappointed to hear that, but I agree with you that our priority is—

**Senator CARR**—They would not be half as disappointed as a person who had cancer.

**Dr Cameron**—Yes. Our priority would clearly be to provide nuclear medicine.

**Senator CARR**—Could you give me a date of the absolute cut-off point?

**Dr Cameron**—That also involves our commitments to send fuel for reprocessing. We have arrangements in place.

**Senator CARR**—You will be able to provide me with that information, won't you? I am sure that that has been calculated in your contingency plan.

**Dr Cameron**—I will take that on notice.

**Senator CARR**—Thank you. You are not aware or you have not been advised by INVAP of any further problems with the construction of the new facility?

**Dr Cameron**—No.

**Senator CARR**—And you have not been able to establish that there have been any further mistakes in the fabrication or assembly of the project?

**Dr Cameron**—No. There are no current issues of that type.

**Senator CARR**—No more earthquakes, fault lines or anything like that that you have put it on?

**Dr Cameron**—We have already proved conclusively that there is no seismic issue to do with the design.

**Senator CARR**—That is coming along swimmingly, then. Now all you have to do is persuade the regulator that it meets his standards.

**Dr Cameron**—That is correct.

**Senator CARR**—And you cannot guarantee that outcome.

**Dr Cameron**—We cannot guarantee that but we have very great confidence in it because we chose a design that has many inherent safety features from the start.

**Senator CARR**—You would acknowledge—and I am sure I have made the point—that ARPANSA is an independent authority. It will have to make those judgments, won't it?

**Dr Cameron**—Of course.

[4.43 p.m.]

#### **Commonwealth Scientific and Industrial Research Organisation**

**CHAIR**—I welcome the officers from the CSIRO.

**Senator CARR**—Good afternoon. I have a few simple things to ask you about first. I read in the *Sydney Morning Herald* yesterday that you are going to receive additional funding in this year's budget. That is encouraging. I have been a big campaigner for CSIRO to get additional money. When were you advised that you were going to get additional money?

**Dr Garrett**—We appreciate your support. We have not been advised and we will wait to hear through the budget processes.

**Senator CARR**—Last year you sought \$120 million and you got \$20 million. How much are you seeking this year?

**Dr Garrett**—As per our strategic plan we are looking, over a four-year period, at additional support for our flagship's programs of \$30 million, \$40 million, \$50 million and \$50 million—so it is a total of \$170 million.

**Senator CARR**—Good luck. Have you had any commitments about training or funding this year?

**Dr Garrett**—We understand that the government is giving due consideration to the three-year support for our base funding and support for our additional training funding.

**Senator CARR**—But I take it you have got no actual response to the bid itself though.

**Dr Garrett**—I am confident that we will receive training funding at this point in time.

**Senator CARR**—Good, that is excellent. This is your third application, isn't it? So maybe third time lucky?

**Dr Garrett**—Thank you.

**Senator CARR**—You said in answer E545 the \$120 million extra for the government in appropriation:

... was the minimum level of appropriation for revenue forecast by CSIRO as being necessary to fund increased ongoing investment in the flagships initiative.

That is E545-04. Have you got that there? Have I understood that correctly? Have I quoted that accurately?

**Dr Garrett**—That is correct.

**Senator CARR**—Is that financial modelling on the flagship program assuming an additional \$40 million in the next budget? Is that right—an additional \$40 million?

**Mr Whelan**—The strategic plan that you are referring to and from which the data was derived indicates additional funding of \$30 million in 2004-05, \$40 million in 2005-06 and \$50 million in 2006-07. It is an average of \$40 million, but it grows from \$30 million to \$50 million over those three years.

**Dr Garrett**—Have we answered your question?

**Senator CARR**—You did. You have answered it accurately and we are in agreement about the maths. For the next bit we may not be quite so much in agreement. It relates to the modelling that you have done of the financial impact on the flagship program of you not receiving that level of support. Can you outline that today, please?

**Dr Garrett**—Have you got a specific question around that?

**Senator CARR**—Yes. What is the impact of not receiving that \$40 million per annum?

**Mr Whelan**—The impact would be for the CSIRO to have to reconsider its research priorities.

**Senator CARR**—The flagship program specifically? If you do not receive that \$40 million will you have to close some of the flagships?

**Mr Whelan**—The flagship program is a major part of CSIRO's strategic direction. It forms a major component of our research portfolio. We would need to look at the investment in the flagship program, in our emerging science program and our core research—the three broad components of our research program.

**Senator CARR**—So it is quite a serious situation?

**Dr Garrett**—Yes. To summarise: we would be required to look at our overall portfolio of investment if we did not receive that request.

**Senator CARR**—I have received an invitation to participate in the launch of the Food Futures program next month. What commercial companies or private companies are financially contributing to this particular flagship?

**Dr Garrett**—At this point in time, we have a number of partners in the Food Futures area, including a number of universities—the ANU, La Trobe, Monash, Newcastle, Melbourne, Queensland and Sydney. Fisheries RDC is one of our key partners in this area, as is an organisation called Biogemma, which is a subsidiary of Groupe Limagrain.

**Senator CARR**—There is one company?

**Dr Garrett**—At this point in time, but obviously we are talking to a number as this program builds. It is just launching.

**Senator CARR**—They are public sector organisations, with the exception of one enterprise?

**Dr Garrett**—That is correct.

**Senator CARR**—Are you able to tell me how much money this particular company has put in?

**Dr Garrett**—I do not believe we have that information. I need to ask Ron, who is the deputy chief executive and chair of our Flagship Oversight Committee.

**Dr Sandland**—We do not have that figure at present, but I would emphasise that the director of the Food Futures flagship has only recently taken up his appointment. There are negotiations going on with other commercial organisations, but they are commercially sensitive at this stage.

**Senator CARR**—But the fact that the universities are involved—I think you mentioned six—how much money have they put in?

**Dr Garrett**—We are in the throes of discussing the nature of these partnerships. As Ron has indicated, the director of this flagship has only just come on board. We are in the early stages of negotiation. We anticipate that we will be supporting some universities by way of postgraduate students. We recently inaugurated 30 postgraduate students, specifically earmarked for flagships so that would be part of the discussions. It is at a too early stage to say how much they would be putting in or how much we would be supporting them by way of postgraduate students or fellowships. We have also inaugurated three flagship fellowships. The applications are in at the moment and we will be evaluating those. I would emphasise that this particular flagship is moving forward and these discussions will be ongoing.

**Senator CARR**—On the one hand, you are saying that the public sector is required, on your assessment, to provide \$120 million to make sure this program remains viable. What contribution from the private sector do you think is required?

**Dr Garrett**—That is where you were talking about the financial modelling?

**Senator CARR**—That is where I am going. What is your modelling? What do you need?

**Dr Garrett**—We are looking at around a \$90 million budget in this financial year, for the flagship program as a whole, of which external revenue is of the order of the budgeted \$15 million.

**Mr Whelan**—I want to make a point. Sometimes you mentioned private sector contributions. The modelling we have done for the flagship program this year is external revenue. I did not want to confuse you.

**Senator CARR**—You are dead right. You have pre-empted my next question. How much of the external earnings come from other government departments—public sector agencies—and how much comes from private corporations? Are you able to tell me that?

**Mr Whelan**—No, I am not. The level of financial analysis we have undertaken for the flagship program for external revenue is at the gross level. You would appreciate that a significant number of organisations which contribute funding to CSIRO effectively manage research funds on behalf of the Commonwealth, RDCs and other funding intermediaries.

**Senator CARR**—So you are not able to single out or separate out at all what is purely private sector money?

**Mr Whelan**—Not in that forecast, no.

**Senator CARR**—What about the current budget?

**Mr Whelan**—We have budgets for this year for external revenue for the flagship. For the Food Futures flagship that you were referring to earlier, our estimates for external revenue for this year are \$1.2 million.

**Senator CARR**—How much of that is private and how much of that is public?

**Mr Whelan**—We do not have a budget for it in those terms.

**Senator CARR**—How much of the money raised from external revenue last year came from private corporations and how much of it came from the public sector?

**Mr Whelan**—The material is in our annual report.

**Senator CARR**—You can refresh my memory.

**Mr Whelan**—Revenue last year from the Australian private sector was \$77.8 million.

**Senator CARR**—How much was there from the public sector?

**Mr Whelan**—If we add together Commonwealth, state and local government, they contributed \$76.8 million. Cooperative research centres contributed \$32 million. We can debate whether or not R&D corporations are government. If we excluded those and looked at Commonwealth, state and local government and cooperative research centres, that would add up to \$108.8 million.

**Senator CARR**—The R&D corporations, I put to you, are public.

**Mr Whelan**—If we added those in, that number would be \$151.4 million.

**Senator CARR**—So there was \$151.4 million from the public sector and \$77 million from the private sector.

**Mr Whelan**—That is the data for last year. In addition to that, the organisation generated \$34.3 million in revenue from overseas entities. I should also add that we do not separate between private and public revenue received for intellectual property. We account for that separately. That added to \$13.8 million last year.

**Senator CARR**—I am getting a rough indication of the amount. It was a little less than one-third from the private sector.

**Mr Whelan**—It was approximately 25 per cent of total external revenue—that is, explicitly Australian private sector.

**Senator CARR**—There we go. We can solve a lot of this. Twenty-five per cent—that is the figure I was looking for. If it was 25 per cent last year, is it reasonable to assume that that is the sort of pattern you expect over the forward estimates?

**Mr Whelan**—Just to clarify: are we talking about the organisation overall or are we talking about flagships?

**Senator CARR**—Tell me the difference in your answer.

**Mr Whelan**—I was simply going to say that we have not done explicit modelling for flagships, as I indicated earlier. A significant component of the growth in external revenue forecast for the out years is in IP revenue. We would expect a significant proportion of that to come from the private sector. There is an increase in a range of engagements with the private sector in Australia and overseas, so we expect growth in that. We do not have explicit forecasts for that between other categories, but I would expect it to not grow at a rate of less than the average.

**Senator CARR**—So it is about 25 per cent. Is that a fair statement?

**Dr Garrett**—You would note that through our strategic plan we are putting particular attention on our customer service team, which is designed to enhance our income from the private sector both locally and internationally, and that 25 per cent we would envisage will migrate upwards.

**Senator CARR**—With regard to your forecasting for the flagship specifically you have done no modelling on private sector contribution, have you?

**Mr Whelan**—That is right. We have not disaggregated external revenue for the flagships.

**Senator CARR**—Has any thought been given to whether or not so-called external revenues, or private sector revenues, have been actually taken from other CSIRO projects and directed to flagships?

**Dr Garrett**—You are going to have to clarify that.

**Senator CARR**—Flagships are obviously not the entirety of CSIRO's capacity.

**Dr Garrett**—Absolutely not. They are an important component.

**Senator CARR**—You are raising revenue for the flagships. That is the attention you have given in the public arena. Everything you do talks about flagships, in my observation. Your revenue forecasting has not been done for the flagships with regard to the public-private component.

**Dr Garrett**—That is correct.

**Senator CARR**—Have you given any thought to whether or not there is a transfer of funds from your other activities to the flagships from the private sector?



**Dr Garrett**—First of all, it is important to recognise that the flagships are, as you indicate, not the entirety of CSIRO's research portfolio but a very important component in our response to the major challenges and opportunities over the next decade or two. It is clear that, as we go forward and look at the adjustment in certain divisional portfolios, some areas will be increased and some areas will move down. As such, there is likely to be some consequential impact on external earning changes in divisions. The answer is yes, but we have not done that detailed modelling at this point in time.

**Senator CARR**—In terms of the research that is undertaken by divisions, do you have indication of what the possible loss of support could be?

**Dr Garrett**—From the external private sector?

**Senator CARR**—In terms of the transfer of resources from external sources currently going to the divisions which will go to the flagships.

**Dr Garrett**—Not in detail. As we go into this year's budget process over the next couple of months we will certainly be looking at that for the next financial year. There are now discussions on it.

**Senator CARR**—I will flag now that I will be seeking to return to that matter. This invitation I have received identifies the program as attracting a select number of international partners. Who are they?

**Dr Garrett**—In the Food Futures flagship?

**Senator CARR**—Yes.

**Dr Sandland**—We do have discussions going on with a number of international partners. As I said earlier, some of those negotiations are really at a quite sensitive stage. I would emphasise that in the early phase of the flagship activities, which of course are aimed at solving major national problems in each of the areas we are dealing with, our early emphasis has certainly not been on short-term revenue winning; rather, it has been on developing longer term relationships that will feed the flagships and feed into the problems that we are trying to address. So it is very much at an evolutionary stage. However, there have been a number of early successes in the flagships, which augurs well for the future.

**Senator CARR**—So this invitation that referred to these programs is a reflection of your anticipation rather than a statement of fact?

**Dr Sandland**—In that particular case, I believe that is true.

**Dr Garrett**—It is true to say that there is significant international interest in the nature and significance of these flagship programs, which is hugely encouraging for Australian science.

**Senator CARR**—Are you able to give me any indication of your success in attracting international partners for each of the flagships?

**Dr Garrett**—As Ron has indicated, this is at an early stage. For example, Dr Wright, the director of the energy transformed flagship, has been involved in a number of discussions in the international environment. He is one of the leading developers of a program with the Global Research Alliance, which we have talked about before. It is really a grouping of

CSIRO sister like organisations that have the opportunities to access international funding schemes. So it is in early stages.

**Senator CARR**—They are more like partners; you are not talking about companies or anything like that?

**Dr Garrett**—Not at this stage. We are having discussions with companies, but they are at an early stage. That is what we are indicating.

**Senator CARR**—So no-one is actually putting up cash?

**Mr Whelan**—I would add that, around the light metals flagship, there are a significant number of external private sector organisations engaged with us. Some are contributing resources and others are looking to align their development projects with our research.

**Senator CARR**—Is that pattern common?

**Mr Whelan**—As I look down the list of relationships, we have General Motors Holden involved with energy transformed, and we have Alcan, Alcoa, BHP Billiton, Comalco and Iluka involved with light metals.

**Senator CARR**—I see what you mean: these are international companies based in Australia. You are not talking about attracting international companies based offshore; we are talking about multinationals based here.

**Dr Garrett**—That is where the connections come from.

**Senator CARR**—Now I understand what you mean. So when we talk about Holden, that is the sort of international player you are talking about.

**Dr Garrett**—The same with Alcoa, BHP Billiton and Comalco, which are international companies.

**Senator CARR**—It is just so that understand what the terms mean. They are basically companies operating here.

**Dr Garrett**—I think it is true to say that, as the flagships really gather steam, they will attract increasing international interest.

**Senator CARR**—I am trying to understand what I have been told and, again, this is more a question of your anticipating success rather than being able to point to specific examples.

**Dr Garrett**—Is this helping you, Senator?

**Senator CARR**—It is helping me enormously.

**Dr Sandland**—I would add that our work with General Motors Holden has also led to an engagement with General Motors in Detroit, not to any funding at this stage; nevertheless, there is considerable interest in Detroit in the work we are doing.

**Senator CARR**—I think that would be very valuable, but some money would be even more valuable.

**Dr Sandland**—It would.

**Senator CARR**—Who is the head of the Agrifood flagship?

**Dr Garrett**—The new director is Dr Bruce Lee, who is a returning Australian. He has been operating in the private sector for a number of years with international companies.

**Senator CARR**—That is good.

**Dr Garrett**—He has been in the organisation for about two weeks.

**Senator CARR**—Two weeks? It is a very timely set of questions then.

**Dr Garrett**—Prior to that we had a team working on it over many months led by Allan Green from Plant Industry who did a remarkable job. Bruce is taking over the leadership from Allan.

**Senator CARR**—So you did not appoint an internal candidate for the position.

**Dr Garrett**—In that case we did not appoint an internal candidate, no.

**Senator CARR**—How many heads of flagships have been internal appointees?

**Dr Garrett**—Professor Richard Head is an internal appointment. He was previously chief of Health, Sciences and Nutrition. Dr John Wright was previously head of Energy Technology. Those are the two.

**Senator CARR**—The other four are all external?

**Dr Garrett**—Craig Roy is external, as is Bruce Lee. Tony Filmer is on secondment with us. Also, Col Creighton, the head of water for a healthy country flagship, is external.

**Senator CARR**—Is it a policy decision to employ external people?

**Dr Garrett**—No. Obviously internal applicants have applied through the process—we have a rigorous process—and we are obviously seeking a balance between external perspectives and providing promotion opportunities from within the organisation. The same applies with all our senior appointments.

**Senator CARR**—Who did Dr Bruce Lee work with before his appointment to this position?

**Dr Garrett**—Syngenta and Ciba-Geigy.

**Senator CARR**—But he was with Syngenta, was he?

**Dr Garrett**—He was.

**Senator CARR**—Was he the head of the IP licensing area?

**Dr Garrett**—Correct.

**Senator CARR**—Was he with the company when you recruited him?

**Dr Garrett**—Yes, he was.

**Senator CARR**—In terms of his background, what projects equivalent to the flagships had he previously managed?

**Dr Garrett**—He has been involved in a wide range of activities with his multinational corporations, managing people, managing technology transfer activities and managing research activities. When we interviewed him we believed that he had the appropriate skills of understanding delivery in a matrix operation, which is what the flagships is—building skills,

getting skills from our divisional structures and delivering on program objectives which are around the combination of great science and a defined path to market. He has that combination of skills and technical background that we believe can add huge value to the broader CSIRO environment to this point in time.

**Senator CARR**—Allan Green was a highly competent officer, wasn't he?

**Dr Garrett**—Absolutely.

**Senator CARR**—I am just interested to know what the process was of appointment of an outsider to that job. Was it a competitive process?

**Dr Garrett**—Very much so. We requested applications in the normal way of doing things both inside and outside the organisation. We have a process of short listing. We have panel interviews. We have reference checking. We have quite a comprehensive and time-consuming process of selection.

**Senator CARR**—So it was a panel that appointed Dr Lee, was it?

**Dr Garrett**—Correct.

**Senator CARR**—Did Allan Green apply for the position?

**Dr Garrett**—Yes, he did. I should say that he has been hugely supportive. Obviously when individuals have put their heart and soul into an organisation perhaps there is a little disappointment there, but he has been wonderfully supportive and—

**Senator CARR**—So what is he doing now?

**Dr Garrett**—He is obviously helping Bruce Lee get his feet under the desk, so to speak. He will be working with Jeremy Burdon, the chief of Plant Industry, to define the next challenges in his career. That has not been determined, to my understanding.

**Dr Sandland**—On behalf of the Flagship Oversight Committee, we were incredibly grateful for the work that Dr Green did in this domain. We have made clear our very high level of appreciation.

**Senator CARR**—Dr Green got the project up and running, didn't he?

**Dr Sandland**—Absolutely.

**Senator CARR**—You can understand why he is so disappointed then.

**Dr Sandland**—There is still room for further evolution of the program and some of the commercial relationships.

**Senator CARR**—In E459 you say that the flagships will generate approximately \$74 million in external revenues.

**Dr Garrett**—In the out year 2006-07?

**Senator CARR**—Yes. Are you able to tell me what the figure will be for 2003-04 and 2004-05?

**Mr Whelan**—The estimate for 2003-04 is \$12.8 million; for 2004-05, \$27 million; and, for 2005-06, \$48 million. As you have indicated, it is \$74 million in 2006-07.

**Senator CARR**—You say in the answer that you do not break down the categories by various estimates. I am just wondering how you actually made the estimates. How do you get those estimates?

**Mr Whelan**—The organisation has some experience with the evolution of a research program and its ability to attract co-investment and external revenue. The ratio of external contributions grows to approximately 30 per cent by 2006-07. The average for CSIRO is currently about 37 per cent, so that is slightly lower than the CSIRO average, reflecting the fact that those programs are maturing, but we expect them to attract considerable support in the out years. Each of the flagships has undertaken fairly detailed business planning that makes certain assumptions about the time at which their research will mature and the attraction of partners and potential market collaborators, and they form views on the level of external revenue that will flow from that.

**Senator CARR**—So you are able to tell me that progress is being made in meeting the strategic plan's targets?

**Mr Whelan**—In terms of the organisation's external revenue?

**Senator CARR**—In terms of the strategic plan's targets, yes.

**Mr Whelan**—I think at 31 December we were within two per cent of our external revenue numbers for this year.

**Senator CARR**—You say here that the other strategic plan targets should be seen as high-level targets designed to motivate behaviour rather than productive, detailed financial analysis. Was that still the view? That is 542.

**Mr Whelan**—I think those comments were in relation to the \$1.3 billion number. You will note that the 2003-07 strategic plan and the associated financial forecasts do not make reference to that number.

**Senator CARR**—What is the new number?

**Mr Whelan**—I think we have answered that in another question.

**Senator CARR**—You probably have, so you can refresh my memory. What is it?

**Dr Garrett**—Total projected revenue is \$1.07 billion in the out year 2006-07.

**Senator CARR**—So it has dropped from \$1.3 billion. Is that right?

**Dr Garrett**—We have explained that to you before. Certainly, there was the capital use charge, which took \$100 million out.

**Senator CARR**—That is right, you have.

**Dr Garrett**—It is still important to emphasise that we believe stretch is important. It is what encourages and nurtures. It is all about growth of impact rather than growth of individual things.

**Senator CARR**—Can you provide me with a table that shows the plan's performance indicators and the results to date by each of those indicators? Are you able to tell me that?

**Mr Whelan**—Yes. We provide that data to our board on a quarterly basis, and we last did that at the December board meeting.

**Senator CARR**—Can I have a look at that?

**Mr Whelan**—I do not see any reason why not.

**Senator CARR**—Thank you. I will look forward to that.

**Dr Garrett**—We would be happy to provide that because we believe we have developed a really exciting performance framework which we are proud of and which, hopefully, other people will take up.

**Senator CARR**—The board was referred to in a couple of answers. Is there any chance of getting board papers?

**Dr Garrett**—We will have to take that one on notice. I do not know the rules and regulations about that. Could you bear with us on that one?

**Senator CARR**—It would save me a lot of trouble.

**Dr Garrett**—I will take that on advice.

**Senator CARR**—I am sure you will. I am looking forward to that answer. There are a couple of other matters that go to the issue of appointments. I am sure that you would understand my interest in these things. Is Donna Staunton still acting in the position of communications director?

**Dr Garrett**—Yes, she is.

**Senator CARR**—How long do you think it will be before a permanent position is made available?

**Dr Garrett**—I hope that in the course of the next few days we will be confirming something. Certainly, by the end of this month we hope to bring that process to completion.

**Senator CARR**—Has there been an open process?

**Dr Garrett**—There has.

**Senator CARR**—You are not in a position to announce who has been the successful applicant.

**Dr Garrett**—No, we are not.

**Senator CARR**—But you can by the end of the week, do you think?

**Dr Garrett**—Certainly by the end of month.

**Senator CARR**—Are you able to tell me if the current occupant is being paid a lump sum, weekly or a daily rate? How is the remuneration organised?

**Dr Garrett**—Ron has responsibility for this temporary appointment.

**Dr Sandland**—The arrangement over this period with Ms Staunton as acting director has been a consultancy fee. The fee is roughly equivalent to the remuneration that would normally be associated with that position.

**Senator CARR**—Is it paid on a daily rate?

**Dr Sandland**—Yes, it is.

**Senator CARR**—Are you able to tell me what the daily rate is? If it is a consultancy there will be a contract, won't there, so there will be no problem with that?

**Dr Sandland**—I do not have that figure with me at the moment but I can certainly take that on notice.

**Senator CARR**—Are you able to indicate how many days a week Ms Staunton has been engaged?

**Dr Sandland**—Yes, roughly 3½ days a week, but it has varied according to the demands of the position.

**Senator CARR**—I understand there have been a number of references in the papers to a board approved communication strategy that Ms Staunton is working too.

**Dr Garrett**—That is right.

**Senator CARR**—Can I have a copy of that communication strategy?

**Dr Garrett**—I see no reason why not. In fact, we would appreciate your comments on it because obviously communicating with parliamentarians is a key component of it.

**Senator CARR**—Very good. The answer to question 530 is about the issue of representation on sector advisory councils. There is no trade union representation on any of these councils—is that correct?

**Dr Garrett**—It is correct at this point in time, and we go into that detail about how we make those allocations on the basis of professional expertise and contribution to our environment. There are no exclusions.

**Senator CARR**—I sought a specific answer to the question as to why there were no trade unionists, and you have given me a general answer about appointments, which I do not think answers it. It lists the terms of reference, the membership policy and what have you but does not account for the fact that there are no trade unionists. Are you able to do that now?

**Dr Garrett**—I do not believe so. I think we have an open process and there are no exclusions. It is on the basis of recommendations and contributions to the disciplines which are needed in those advisory councils.

**Senator CARR**—How many people are on the advisory councils in total?

**Dr Garrett**—It varies—approximately 15 or so. I can get you the exact numbers and exact compositions that are listed.

**Senator CARR**—I do not particularly want to know the details.

**Dr Garrett**—It is in our annual report.

**Senator CARR**—Sure, but there are about 15 appointments. Of the 15 appointments you think that there is not one trade unionist that meets any of the criteria that you have outlined here.

**Dr Garrett**—I would not be able to comment on that.

**Senator Vanstone**—With respect, you have asked the question and it has been answered. You are now asking a different question. You are asking if one were to make the assumption

that there ought to be a trade unionist—your whole question is predicated on that basis—CSIRO should somehow go through a process of going around Australia and finding if they can find one, just one, anyone, that meets their criteria. That is your assumption; it is not necessarily shared by everyone else.

**Senator CARR**—It is an assumption that you make. I have asked a question that goes to the issue of the number of persons that are appointed to advisory boards. Within CSIRO, I find it odd that there is not one person who is a trade unionist that has met those criteria. I have been told by the chief executive officer that there is no exclusion policy; it is a mere coincidence.

**Dr Garrett**—Yes, we have no quotas of university professors or businessmen or politicians.

**Senator CARR**—No, but that is essentially what you are saying—it is a coincidence that there are no trade unionists.

**Dr Garrett**—Yes.

**Senator CARR**—It is not a deliberate policy.

**Dr Garrett**—Absolutely not.

**Senator CARR**—So trade unionists active in the CSIRO should not be concerned in their application to participate in these advisory councils. Is that what you are saying?

**Dr Garrett**—In this process, the diversity of opinion adds the richness to this debate. So if you have suggestions of individuals, we could—

**Senator CARR**—I just wanted to be clear that they are welcome.

**Dr Garrett**—Very much so—as are the whole variety of people.

**Senator CARR**—I am pleased to hear that. I turn now to the questions I asked you about Mr Dean. Mr Dean received consultancies of \$700,000 over the last three years. He undertook 14 consultancies, none of which were subject to a formal tender process. Some of these consultancies were worth over \$100,000. Dr Garrett, who were the senior executive officers who made the decisions about those tenders?

**Dr Garrett**—First of all, it is important to point out that we do have appropriate and rigorous procurement processes in place. As you know, these have been revised and updated over time. As far as the decision-making processes are concerned, these decisions enabled us to purchase services on the basis of expediency and the ability to perform a series of functions and deliver outputs and outcomes on the basis of track record and experience. As far as your specific question is concerned, we have answered that on notice in terms of the individual officers in the organisation who signed off in our answer attachment A. So you have the commissioning officer for each of those projects.

**Senator CARR**—In your answer to E577 you will not find the following words:

Notwithstanding this, it has been accepted that the process of engagement of Mr Dean through a decentralised process of decision making was flawed. This matter has been discussed in full with the CSIRO board. They have required a review of the use and engagement of consultants with a view to policy amendments.



Those were the terms used in another answer.

**Dr Garrett**—That was an earlier draft, as you know. As you know also, that was from track changes—and track changes happen to the best of us, in terms of this experience.

**Senator Vanstone**—And to not the best of us, actually.

**Dr Garrett**—Part of the exercise of drafting and redrafting is to give accuracy and an appropriate response to the questions asked. The process was not flawed.

**Senator CARR**—Did the board discuss the appointment of Mr Dean?

**Dr Garrett**—Yes, we had a discussion with the board around the issue of consultancies—as we have indicated—because I, my management team and my staff were concerned at some of the adverse publicity about these processes. I would agree—with the benefit of hindsight—that the approach that was taken, to a rigorous process, could have been improved. But we had a quality person delivering quality outputs and quality responses. We were getting serious value for money, which is the overarching selection criteria.

**Senator CARR**—Were you the officer who removed those words from the answer?

**Dr Garrett**—In discussion with my colleagues, we were looking at the question of: are we answering your questions? So I would have been part of a group that were asking: are we answering the senator's questions accurately? That particular first draft was inaccurate.

**Senator CARR**—Were you the officer who had those words removed from the answer?

**Dr Garrett**—As I indicated, it would have been a process of discussion between me and some of my colleagues, saying: 'Are we answering the question?' I am saying that I was part of that process, yes.

**Senator CARR**—You were part of the process.

**Dr Garrett**—I wanted accuracy in response to your questions.

**Senator CARR**—Did you personally vet these answers?

**Dr Garrett**—I have responsibility for sign-off on these questions—all of them.

**Senator CARR**—I will go to a number of other changes. But I am interested in this particular reference to the board which comments on the board's judgment of your role in this matter, Dr Garrett. How appropriate is it for you to be the officer involved in the process of vetting those answers?

**Dr Garrett**—I have responsibility for sign-off of answers to questions on notice. All these discussions were appropriate. We are open and transparent in our discussions with the board. We have a good, sound open relationship. As I indicated, they were disappointed, as I was, with the impact of negative publicity around this process and, therefore, in the spirit of review and ongoing business improvement, we agreed to re-evaluate our procurement processes around consultants.

**Senator CARR**—The problem with that answer is that the negative publicity came after these answers were given to me, not before.

**Dr Garrett**—You will know that, when the issues were raised at the last Senate hearings, which was when I was in hospital, there was some negative publicity.

**Senator CARR**—I see what you mean. Did the board discuss this appointment?

**Dr Garrett**—Certainly we had a discussion with the board in the context of what processes we have in place and whether we can improve these processes. We are in the process of that, and Mike is leading that exercise. Are we best practice? Are we implementing the processes correctly? As I indicated to you earlier, we do have rigorous processes in place. Also, as I admitted, the approach that was taken in the early part of Mr Dean's appointment could have been better with hindsight.

**Senator CARR**—When the board discussed these matters, did they agree with you that they could have been better, with hindsight?

**Dr Garrett**—I believe so.

**Senator CARR**—What aspect of that statement is inaccurate? It states:

... it has been accepted that the process of engagement of Mr Dean through a decentralised process of decision making was flawed. This matter has been discussed in full with the CSIRO board. They have required a review of the use and engagement of consultants with a view to policy amendments.

**Dr Garrett**—The process was not flawed. The approach taken to a rigorous process of procurement could have been improved. In addition, the reason it was not in the final answer was that it did not respond to the question that you asked and, therefore, it was inappropriate.

**Senator CARR**—If the word 'improved' had been used rather than 'flawed', you would not have seen that as an inaccurate statement.

**Dr Garrett**—I think it is important to separate from the process that we have of engaging consultants and the policies that are in place—which have been improved and which will be continually improved in line with best practice in the Australian Public Service—and the implementation to particular instances. As I indicated, with the benefit of hindsight, aspects of the documentation could have been improved. I would also point you to one of the track changes, which was not quoted by yourself, which talks about the extensive evaluation undertaken by the human resource function on consultants in Australia and internationally through its membership of various national and international human resource institutes, which indicates that this was a very sound process. In fact, I would like to place on record the procurement method in this particular case, if that would be okay with you.

**Senator CARR**—I would be delighted to hear it.

**Dr Garrett**—I think it is important to put this in the context of the case that I am making around a need, which was the implementation of our strategic plan—an urgent need that has been signed off by our board—and the ability to deliver on the implementation aspects. CSIRO operates throughout Australia and the leading providers of L&D services in Australia. CSIRO is also represented at forums such as the Australian Human Resource Institute and the Australian Institute of Training and Development. CSIRO is also a founding member of the Australian R&D Science Network, through which HR directors of public sector R&D organisations share their experiences.

As a result of these connections and the evaluation of who is available out there, CSIRO's awareness of available consultants in the Australian marketplace is high. In addition, CSIRO has a strong global network of HR directors, like R&D organisations, and is a member of the

International R&D Institute, which has a subcommittee on human resource management. This provides CSIRO with excellent intelligence on international consultants with capacity in this area.

It is important to go on. A full tender process with R&D providers in 1999—significantly years in advance of my arrival—to produce any providers with the level and skills necessary to carry out this task was evaluated. This review was reinforced by CSIRO's own knowledge of the marketplace for these types of consultants in Australia over the ensuing period of time. CSIRO's research of international consultants had identified at that time—1999, well before Geoff Garrett arrived on the scene—only two consultants with this type of experience: one was Stargate Consultants in Canada and the second was Groman Consulting Group—Mr Dean—in South Africa. Assessment meetings in 1999 with Stargate Consultants indicated that they did not have the necessary organisational expertise to carry out assignments of this nature.

The point I am making is that this individual, Mr Dean, had the international experience with like organisations in the US, India, South Africa and Europe and was well placed to carry out these activities. This gave us certainty that his appointment would add value—as the assessment of outcomes has produced. My admission was that the due diligence to the paperwork confirming this could have been improved. The process was rigorous—the background was done, all that spadework, all that evaluation. So the process was in place. That is the reason why I am arguing about the process. Perhaps you might see it as semantics, but I am saying the approach was a rigorous process and we have the benefits of that.

**Senator CARR**—Dr Garratt, my problem is this: the notes I have here are from you. They are headed 'Long answer—possible additions from Dr Garrett and others'. You did the editing work according to this document I have which you have provided me with.

**Dr Garrett**—And I have indicated that we did the editing work in a team based process. It is iterative, as would happen in many institutions.

**Senator CARR**—I asked you a question that went to the number of consultants and whether there had been a competitive tender.

**Dr Garrett**—And I indicated that our process had been appropriate. The terms of the process around value for money and the expediency of delivering rapidly what I was required to do, which was the implementation of our strategic plan. So the process was not flawed.

**Senator CARR**—Your notes say here that you discussed this with Catherine on Thursday. Is that the same Catherine Murphy in the minister's office?

**Dr Garrett**—No, that is Catherine Livingston, who is now chairman. Obviously we talk about issues, and since we were discussing it with the board it was important to have an advanced discussion in this area. I have already answered around our response in that domain.

**Senator CARR**—When I asked the question how many of these were put out to competitive tender, the answer, which was deleted, stated:

None was subjected to a formal tender process. However, eight were commissioned from the leadership development and support preferred supplier panel established in September 2002 following a call for expressions of interest.

**Dr Garrett**—Correct.

**Senator CARR**—I am going to come back to that because I am quite disturbed by that process. It continues:

In this regard, value for money was the key decision in the criteria—  
and you have indicated here, with a track record—

An example, as indicated previously, Mr Dean was engaged to deliver services at \$15,000 per day—

**Dr Garrett**—That is not correct.

**Senator CARR**—That is not correct?

**Dr Garrett**—Of course it is not correct; it is a typo.

**Senator CARR**—It continues:

... and prior to his appointment fees charged for similar work by consultants engaged by CSIRO was \$1,650 per day to \$2,250 a day.

Is that also incorrect?

**Dr Garrett**—As we indicated, based on price, Ian Dean was at the low end of the marketplace, even taking into account—as we have responded formally in answers to questions on notice—that some of the cost is airfares. We believe he provided significant value for money. The material you have for the response is not accurate. This was an early draft and has been corrected. He was not getting \$15,000 a day. Obviously that was a typographical error; that is why we do drafting and redrafting, Senator.

**Senator CARR**—The board has established this review of your procurement policies with regard to consultants; is that correct?

**Dr Garrett**—Yes. Mr Whelan is our chief operations officer in CO who has responsibility for procurement and function and, if you wish, he would be happy to give you an update as to where we are.

**Mr Whelan**—As you are aware, the board asked for an independent review of procurement arrangements associated with consultants at the end of December following their board meeting. The review was requested in response to concern about publicity and implications for CSIRO's reputation around consultant transactions. We went to the market, looked at a range of potential providers and selected Ernst and Young to undertake that review. They have been asked to look at best practice in procurement in the APS and the broader private sector. They are due to discuss preliminary findings with me this month, and I expect to take a final report to the board in April.

**Senator CARR**—Can a copy of that be provided to the committee?

**Mr Whelan**—I am happy to take that on notice.

**Senator CARR**—Mr Dean has been very successful with his consultancies in the CSIRO.

**Dr Garrett**—In terms of the outcomes and outputs he delivered, we believe so. He has received very significant positive regard from the initiators. When we have evaluated these programs, he has received four ratings in the 'excellent' category. The majority of his ratings have been in the 'excellent' or 'very good' categories. The internal customers for these

assignments are very happy with the delivery that he has provided over this period of time, if that is what you mean by success.

**Senator CARR**—I will just go through that for a moment. He seems to have secured 11 consultancies in 2003—that is, as at late 2003 according to the estimates answer provided to question E582. He is picking up a consultancy every four weeks, which is a pretty good strike rate, would you agree?

**Dr Garrett**—Some of them were very small, one- and two-day assignments and some went further than that.

**Senator CARR**—They pay pretty well, though, don't they?

**Dr Garrett**—I would say, as we indicated, that the price for this quality of input is at the low end of what the market indicated, as we have responded formally to you.

**Senator CARR**—How many of your employees receive a total package of \$305,000?

**Dr Garrett**—Very few.

**Senator CARR**—He received 11 of the consultancies in 2003. Eight of these fell under the preferred tendering program. What happened to the other three?

**Dr Garrett**—The other three were in areas where it was incumbent, in terms of the process that we have described, on the individual to demonstrate value for money broader than the specific L&D environment.

**Senator CARR**—What are they for? I am sorry—you will have to explain that to me. It is obviously getting late in the day. I did not quite understand what that meant.

**Dr Garrett**—For example, he led a short consultancy to support a CSIRO-Woodside-Shell workshop, which was a few-day assignment to help a team develop a particular approach using his facilitation and teaming skills. Therefore, that was an assignment that would be broadly outside that preferred list of suppliers, but it was up to the individual who assigned him—who had worked with him in the international environment—based on his track record in delivery across the organisation, to sign off on this assignment. Have I answered your question?

**Senator CARR**—There are a few more. I think you will see that my concerns will be amplified. Questions on notice E571 and E573—

**Dr Garrett**—Let me just find those, if I may. They are around guidelines for the procurement of consultants.

**Senator CARR**—That is right. You indicate to me what value for money is there—whole-of-life costs, efficiency and effectiveness, ethics and fair dealing, adherence to government legislation. You say:

The key obligation of the delegate approving the transaction is demonstration of value for money to CSIRO and adherence to the underpinning principles.

**Dr Garrett**—Correct.

**Senator CARR**—It continues:

The delegate must approve the selected procurement method, including the number and selection of suppliers, the assessment of value for money, and the proposed expenditure, and be satisfied that real or apparent conflicts of interest have been addressed before any order is placed. The approval and all supporting information must be documented and filed.

Do you think that has been met?

**Dr Garrett**—The process is sound. As I think I indicated to you earlier, some aspects of the documentation could have been improved.

**Mr Whelan**—Those guidelines came into effect towards the end of 2002. To the best of my knowledge, every contract that was let for Mr Dean in that period complied with those. Purchases that took place prior to those guidelines were under a different procurement regime, and that procurement regime did not necessarily require all those factors to be taken into account.

**Senator CARR**—That is a very interesting point you make, because in E573 it says:

The current CSIRO guidelines, amended in January 2003, do not prescribe a specific procurement method for engaging consultancies, although the method used must always meet the principles detailed in CSIRO's procurement policy.

That is what I have just outlined.

**Mr Whelan**—That is correct.

**Senator CARR**—Further, it says:

Prior to January 2003—

prior to the establishment of those—

there was less discretion around the choice of procurement method and compliance with quotation thresholds.

It just seems to me that there has been a change in CSIRO that has given more flexibility, not less.

**Mr Whelan**—Absolutely, and that is consistent with the reforms of procurement in the broader public sector.

**Senator CARR**—You call them reforms.

**Mr Whelan**—I simply refer to the department of finance guidelines in this area. If one cared to analyse the CSIRO guidelines and the department of finance guidelines, one would find that they are very similar.

**Senator CARR**—Let us just press on. I would be surprised if this was consistent with those guidelines.

**Senator Vanstone**—With respect, Senator, the officer has given you an answer. If you want to make gratuitous, pejorative remarks, I am not sure that the *Hansard* is the place to do it.

**Senator CARR**—That is very nice of you. What was the value of the two consultancies issued in October? I refer to E582.

**Dr Garrett**—Which October?

**Senator CARR**—The ones referred to in E582, as of October 2003. The bottom answer there says:

This excludes \$21,650 in commitments for two consultancies that commenced in October 2003.

**Dr Garrett**—That is correct.

**Senator CARR**—What was the value of those consultancies?

**Dr Garrett**—They are still in the throes of being completed, I understand.

**Senator CARR**—But you must know what the value is. It is not an unlimited amount of money that you are issuing, is it?

**Dr Garrett**—It says that it excludes \$21,000 in commitments for two consultancies that commenced in October.

**Senator CARR**—Is that the cost of the consultancies or is that the cost of the commitments that you have made?

**Dr Garrett**—With certain commitments the costs may be higher. Dr Sandland has sign-off in this area and would be able to provide this information.

**Dr Sandland**—Several consultancies were undertaken. I do not have the precise details of the ones that were commissioned in October 2003. One of them was evaluating the implementation of the 2002 learning and development plan, and the total cost there was \$6,447. There was an assignment that I commissioned for Mr Dean to undertake in relation to change, which is a major priority for CSIRO—ensuring that it is effectively and appropriately managed, and understanding the environment in which we are working. That has been paid, and the consulting fee there was \$19,800. For completeness, there was one additional consultancy in relation to preparatory work for the learning and development of our research enterprise assignment, for which a total fee of \$36,720 was paid. That completes all of the assignments.

**Senator CARR**—That is the current status. There are no further outstanding claims?

**Dr Sandland**—There are no further outstanding claims, to my virtually certain knowledge.

**Senator CARR**—That is good. How many consultancies up all was that then? Do we now say it was 17. We confirmed 14, and now there is another three. That is 17.

**Dr Sandland**—Another two, I think one of those was already taken into account.

**Senator CARR**—That is 16 consultancies.

**Dr Garrett**—This is in the document you have under assignment 14, which is study the changed environment with CSIRO, commissioned by Ron Sandland as deputy chief executive. That is under assignment 14; it is not an additional consultancy.

**Senator CARR**—So there are 14 total consultancies; is that right?

**Dr Garrett**—Just let me check with my colleague.

**Dr Sandland**—One additional one, which was the last one that I referred to. So 15 all up.

**Senator CARR**—The figure of about \$700,000 is about right?

**Dr Sandland**—The total figure now, I believe, comes to more like \$740,000.

**Senator CARR**—It is \$740,000, thank you. Is Mr Dean currently working with CSIRO?

**Dr Garrett**—No, he is not. He has finished his assignments.

**Senator CARR**—When did he finish?

**Dr Garrett**—As Dr Sandland has indicated, the sign-off was—when?

**Dr Sandland**—In December.

**Senator CARR**—December?

**Dr Sandland**—Yes. That was the date of his final invoice.

**Senator CARR**—December? I see. It is just that Mr Dean was on the staff list.

**Dr Garrett**—No, he is a consultant.

**Senator CARR**—Did he have a staff number?

**Mr Whelan**—For security purposes and access to systems, from time to time consultants and contractors might be allocated what we call a CSIRO ident. He may have had one of those.

**Dr Garrett**—He would certainly have been on the email system so he could communicate with the people he was working with.

**Senator CARR**—So he has not been given a staff number?

**Mr Whelan**—He may have been given a CSIRO ident for those purposes but to the best of my knowledge he was not a CSIRO staff member.

**Senator CARR**—So he would have been given an ident number and a telephone number?

**Mr Whelan**—He may well have been given an ident number to enable communication with him. That is often linked to access to email and also access to buildings with respect to security.

**Senator CARR**—When he was working out of Food Sciences in Brisbane was he described as ‘corporate Canberra’?

**Mr Whelan**—Corporate Canberra covers a multitude of sins and if that reference was that he had been engaged by somebody from Limestone Avenue then that may have been the way to describe him.

**Senator CARR**—That would account for that?

**Mr Whelan**—Yes.

**Dr Garrett**—We could provide equally, and probably many more, anecdotal indications. Ron and I were in Newcastle at the end of last year when a group of scientists said, essentially, ‘This is the best guy we have ever seen—the best since sliced bread. When are we going to see more of him?’ So there are lots of both quantitative and qualitative indicators to say this man had a great value. But he is a challenging consultant and some people would perhaps see him in that way.

**Senator Vanstone**—You know what they say, Senator, ‘If you don’t upset anybody you’re not getting anywhere.’



**Senator CARR**—I see.

**Senator Vanstone**—People must have raised that with you all your life.

**Senator CARR**—That is right. Two consultancies were undertaken in 2001-02. Mr Dean was paid \$35,564 for those. That involved international travel to South Africa. How many trips were involved?

**Dr Garrett**—I think we responded to this in one of your questions and I would need to—

**Senator CARR**—It is E583.

**Dr Garrett**—Thank you.

**Senator CARR**—That is the one about staying with you.

**Dr Garrett**—That is not the one. I will find the right piece of information that we have provided to you.

**Senator CARR**—Answer E582 identifies three trips.

**Dr Garrett**—That is correct—in 2001 and 2002. We also indicate in another answer to you that, even incorporating those trips, his effective daily rate was modest in the broad environment in which we operate, providing extreme value for money, when you consider the outputs.

**Senator CARR**—That is \$35,564 for three trips to South Africa.

**Dr Garrett**—That is as I understand it.

**Senator CARR**—Do you think that is value for money?

**Dr Garrett**—When you look at the overall contribution as reported by the delegates in terms of the impact that he made in supporting us for the implementation of our strategic plan and the assessment of his contribution—as I have indicated earlier, around ‘excellent’ and ‘very good’—we believe the overall package was terrific value.

**Senator CARR**—Terrific value.

**Dr Garrett**—As I said earlier, prior to my arrival in 1999 there had been an extensive search—and I must reiterate this point—by our human resource function around the world in terms of who could deliver these services. I mentioned the Canadians and I mentioned Mr Dean.

**Senator CARR**—Would it not have been cheaper to employ him?

**Dr Garrett**—That might have been an option but, at that stage, we believed his consultancy contribution so wide-ranging we did not have a particular job function in our organisation that would meet his total skills and aspirations.

**Senator CARR**—I would have thought it would not have cost you \$700,000.

**Dr Garrett**—This is over a 2½-year period, involving a number of divisions and a large number of people. It comes back to saying, ‘What were the outputs? What is the quality of the individual? What is the international track record? What are the assignments? Did he deliver—yes or no? Yes, he did. And were we following due process?’ We talked through

those. As far as we are concerned, having comprehensively reviewed and discussed with our board the impact and value for money, we believe this is terrific stuff.

**Senator CARR**—And the board think it is terrific too, do they?

**Dr Garrett**—When they have discussed what Mr Dean has done for us they would support management's judgment about the contribution Ian Dean has made in helping us with the implementation of our strategic plan in a particular dimension.

**Senator CARR**—You say the board think this is terrific stuff?

**Dr Garrett**—I have not discussed in detail the outputs with the board, but the board support management's view that in terms of the track record, the contributions and the process we have in place this is a quality contribution.

**Senator CARR**—In terms of accommodation, Mr Dean stayed with you for 18 days in May and June 2002. He stayed with you on other occasions in 2001 and he claimed the TA while he was there. Do you believe that is appropriate?

**Dr Garrett**—It is important to indicate that the terms and conditions of his contract provided him with a daily allowance which provided reimbursement for his expenses—whatever they might be—during the delivery of his contract. I should indicate that for much of that period I was away. I was on the road out of Canberra doing CSIRO business, so I was not around at that time.

**Senator CARR**—I am not fussed about where you were, what you were doing or anything else. I am not in the slightest bit interested in that, Dr Garrett. I appreciate it is an entirely private matter for you. But it seems to me that if he is staying at your residence, working next door—100 yards from his place of work—and claiming \$200 a night TA that would be an unusual circumstance. I can tell you now: if I were to do something like that—if a politician were to behave like that—I reckon there would be an outcry.

**Dr Garrett**—First of all, Senator, as we indicated in answer E583, he did not claim that \$200 a day while he was with us; he claimed a reduced amount.

**Senator CARR**—How much did he claim?

**Dr Garrett**—As we wrote in E583, for the time he was with us he claimed an effective \$100 a day.

**Senator CARR**—He did not claim all nights; he only claimed some nights.

**Dr Garrett**—For the duration of the total 18 days for which he was entitled in terms of the contract for reimbursement at \$200 a day he could have claimed the full amount; the claim was half that amount.

**Senator CARR**—So he claimed nine nights instead of 18?

**Dr Garrett**—Or he claimed half the rate.

**Senator Vanstone**—Senator, if I might just interpose there: you were asking whether the good doctor thought that was fair. What I was going to say to you, with the greatest respect to the doctor, is that no-one actually gives a toss whether he thinks it is fair. What is relevant is whether it was within the contract, but he satisfactorily got to that point. Since you were good

enough to share with us that you did not care where the good doctor was—and rightly so, because it is not relevant to your question—I go back to the point I made that your gratuitous, pejorative remarks are simply not relevant to this estimates committee. I take you back to your own remarks. What is relevant here is the expenditure of government funds and questions in relation to that. If you are kind enough to share with witnesses your view that where they are at other times of the day is not relevant, perhaps you would like to heed your own advice and keep your own gratuitous, pejorative views to yourself.

**Senator CARR**—Thank you for your advice. I did not mention the word ‘fair’. I asked whether it was appropriate.

**Senator Vanstone**—‘Appropriate’ is almost a synonym for ‘fair’.

**Senator CARR**—It might be to you. Dr Garrett, when was the list of preferred providers for the leadership development support team established?

**Dr Garrett**—At the end of 2002.

**Mr Whelan**—Roughly September 2002.

**Senator CARR**—How many firms or entities are on that preferred tender list?

**Dr Garrett**—There are eight, I believe.

**Senator CARR**—I take it the eight were there from September 2002.

**Mr Whelan**—I understand that is the case.

**Senator CARR**—So we have eight people or eight separate entities or eight separate enterprise—however you want to describe it—but essentially eight different providers on the list established in September 2002. Of those eight, how many firms have received contracts?

**Dr Garrett**—As we have answered you previously, only one other in addition to Mr Dean.

**Senator CARR**—One?

**Mr Whelan**—Two, all up.

**Senator CARR**—On my reading of it, Mr Dean, from Groman, has received 96 per cent of the moneys allocated. Is that right?

**Dr Garrett**—Correct, on the basis of the track record of delivery.

**Mr Whelan**—Let me clarify that. I want to make sure we have the right base. If we were to look at total expenditure in this category, that ratio would not be correct. The 96 per cent relates, if you sum the value of contracts let, to players on the panel for L&D purposes, that number is correct.

**Senator CARR**—Of the preferred tenderers, only two have got contracts. One of those two is Groman, which received 96 per cent of the money spent under the program in that period. Is it true that Mr Dean commenced his first consultancy less than two weeks after the public advertisements for the panel and before the selection process had been concluded?

**Dr Garrett**—I do not have the accurate dates. I can get those for you, but it is important to remember that he was engaged in a number of assignments during 2001-02. He was well known to the organisation. The process of his engagement was sound—as we have talked

about earlier—and we were refining the process to benchmark and to provide an understanding of alternative providers. So this was part of his ongoing engagement with the organisation. He was a quality provider delivering quality products.

**Senator CARR**—As there was no competitive tender, I am at a loss to understand how you can justify that claim.

**Dr Garrett**—Let me go again, and my colleagues can help me. The process for engagement of consultants provided the delegate, as defined in your list and on the basis of expediency and value for money, with the ability to secure a particular consultant, in award consultancies, in those terms. As I indicated to you, in 1999 our human resource function scanned the world on the basis of their connections and came up with two firms—Stargate, from Canada; and Groman, with Ian Dean, from South Africa—that could deliver to our requirements.

When I arrived, because I had worked with him previously, I reinforced the value for money that he would provide. So the process was sound in terms of our overall governance. We have, as Mr Whelan indicated earlier, in terms of the engagement of consultants, the ability for the delegate to actually make a judgment call across a range of criteria that individuals can be appointed without going to tender.

**Mr Whelan**—As I indicated earlier, the guidelines that applied from late 2002 are broadly consistent with those that apply in the broader Public Service.

**Senator CARR**—Consistent with the Public Service?

**Mr Whelan**—Yes.

**Senator CARR**—What is the control mechanism within this, Dr Garrett, that prevents senior officers of CSIRO delivering work to their mates?

**Dr Garrett**—In terms of the criteria, as you talked about earlier, it is important to think through and articulate and, where appropriate, document where there are perceived conflicts of interest. We do not believe in this particular case there are conflicts of interest. I happen to have worked with Ian Dean over many years and I regard him as a friend. I do not believe in any way that there are jobs for mates here. My colleagues made a judgment call on his appointment based on experience and delivery on the ground.

**Mr Whelan**—In a broader sense, there is a strong regime of financial control and purchasing control in CSIRO. We monitor budgets at the divisional and business unit level on a monthly basis. We report and analyse any major variances. Financial directions, as I indicated, are broadly based on APS guidelines and apply for procurements in CSIRO. Delegations apply in terms of officers able to make appropriate purchases for the organisation. We have an external audit program that monitors expenditure and provides regular reports to management and the audit committee. The matters that you are raising in this committee today have been the subject of management consideration and also review by the audit committee. They have been subject to a considerable amount of paperwork and analysis inside the organisation. I do not think there is any shortage of review and examination of the material. There is a strong regime of financial control in the organisation.

**Dr Garrett**—Mike answered your question much more accurately than I did and I thank him.

**Senator CARR**—Fair enough. If these issues had not been raised at this estimates committee would all of those processes have been undertaken?

**Mr Whelan**—All of those processes that I mentioned are undertaken on a regular basis in CSIRO.

**Senator CARR**—In regard to this matter?

**Mr Whelan**—In regard to this specific matter, that has been integrated with existing processes. Matters are triggered to the organisation by a range of events. Certainly, Senate estimates questions are one of those, but they are not the sole means.

**Senator CARR**—That is not the only means by which you will look at that. I appreciate that. But in this matter what other action was taken prior to these matters being raised at Senate estimates?

**Mr Whelan**—To the best of my knowledge, the management team and the audit committee first considered these matters in August 2002. I am not aware of the linkage to Senate estimates at that time.

**Dr Garrett**—I can elaborate on that. It was raised with the audit committee because at that time there were some media articles around the appointment of consultants. That required our board, again in a spirit of understanding that we have due processes in place when there are concerns about the organisation's reputation, to ensure that we have appropriate implementation of this rigour.

**Senator CARR**—In E572 you provide me with a list of preferred suppliers for executive and non-executive search and recruitment services. There were 21 providers. Since September 2002, how many jobs have been awarded to members of that group?

**Dr Garrett**—I believe it is four.

**Senator CARR**—Of the 21, four? Which are the four?

**Dr Garrett**—In terms of executive search on the current preferred supplier list are Spencer Stuart, Corn/Ferry International and TMP-Hudson Global. In addition, for a current assignment we have evaluated the market and included and awarded a search contract to Egon Zehnder, who are obviously distinguished in this field.

**Senator CARR**—So Gorman did not get any of that work?

**Dr Garrett**—They are not in the business of executive search.

**Senator CARR**—Leadership, development and support?

**Dr Garrett**—Are we talking leadership, development and support or are we talking executive search?

**Senator CARR**—They did not get any work at all in regard to executive and non-executive search?

**Dr Garrett**—None. They are not in that business.

**Senator CARR**—Four of the 21 got the work?

**Dr Garrett**—Sorry, it is three of the 21, together with Egon Zehnder who provided additional support. We have included Egon Zehnder in that preferred supplier list now.

**Senator CARR**—Do any of the firms enjoy the same success rate as Gormans in regard to executive and non-executive search?

**Dr Garrett**—Sorry, I missed that question.

**Senator CARR**—What is the percentage breakdown of the work for those three firms of the 21?

**Dr Garrett**—I do not have that detail, but certainly Spencer Stuart have done a significant amount of work for us in that time. I can talk to you, should you so wish, about the engagement process of Spencer Stuart.

**Senator CARR**—How were they appointed?

**Dr Garrett**—They were first engaged before my arrival by a former deputy chief executive, Chris Mallet, in October 2000. Following a process of review of the marketplace, a selection of four agencies was short listed. Referees were checked, an external person assisted in the assessment process, and they were commissioned to undertake the appointment of the chief of Livestock Industries. Immediately following that process, CSIRO people developed and commissioned a further independent assessment of four agencies, which I can give you the detail of, considered to have the most extensive international search capability. These were based on value for money, referee comments, broad understanding and methodology, and a focus on quality. Spencer Stuart, on the basis of their track record and these criteria, were chosen as the executive search firm at that time to undertake a number of major assignments for us.

**Senator CARR**—You have indicated to me there were 15 consultancies undertaken by Mr Dean. As part of that list of 15 projects, was a project undertaken in 2002 to secure a consortium of international R&D agencies?

**Dr Garrett**—There was an assignment in 2003 to provide international consultancy and facilitation as per the answer for the Global Research Alliance, yes—a fusion workshop.

**Senator CARR**—That is 2003, but nothing in 2002?

**Dr Garrett**—Nothing in 2002. Are you talking about a workshop for the international environment?

**Senator CARR**—It was put to me there was a consortium of international R&D agencies.

**Dr Garrett**—Yes, that is Global Research Alliance and that was—

**Senator CARR**—You said it was 2003.

**Dr Garrett**—I can give you the exact date if you will bear with me for a second. That was seven days between 29 March to 4 April 2003.

**Senator CARR**—Was that project aborted because of a lack of nominations from overseas agencies?

**Dr Garrett**—No, exactly the opposite. Are you talking about—

**Senator CARR**—I just want to make sure I have the same one because it was put to me that there was a project undertaken in 2002, and you are saying that is not right, there was one in 2003. Then I am asking you: was there a project involving trying to engage design for R&D management programs for the consortium in 2002?

**Dr Garrett**—That is a different assignment. That was not a consultancy. There was no money involved in that process. As I understand it, Ian Dean made a proposal which had the support of some members of the Global Research Alliance. Not enough individuals signed up for that program and therefore that was stopped.

**Senator CARR**—So there was no money paid?

**Dr Garrett**—No money was paid.

**Senator CARR**—Thank you.

**Dr Garrett**—I was looking for an opportunity to share with you the feedback from the international environment about that other consultancy. It can wait for another day.

**Senator CARR**—Indeed. In answer E646 you indicate to me:

There is currently no definitive historical data available on the cost of management consultants engaged by CSIRO.

**Dr Garrett**—Let me answer that for you. We did advise the committee at that stage that, for example, the expenditure in 2002-03 was \$20,300 million. We now have the analysis that enables us to indicate the breakdown. It is important to understand that the accepted definition of a consultancy in the Commonwealth is the provision of expert advice solely to support the administration and management of an agency.

In terms of this definition, instead of in 2002-03 the total consultancy being \$20,300 million, the amount spent on those management consultants was about 24 per cent, or \$4.9 million. So now we are getting much more accuracy through the leadership of Mike Whelan. In the appropriate cost codes that was the spend at that time, so we could not previously provide you with that breakdown. We now have that.

Within that broader figure, categories of expenditure that would not normally meet that definition include, for example, research and services contracted out to external bodies, including universities, state governments and other research providers. That was approximately 35 per cent, or \$7.1 million. There was construction, building, design and planning advice—10 per cent, or \$2.1 million; contracts for waste removal and storage—nine per cent, or \$1.8 million; contract repairs and maintenance—nine per cent, or \$1.8 million; contracted IT support et cetera. So I am indicating that with what appeared to be a large number, as you break it down—and I am getting the management information—we are able to provide more insight around the actual spend on, for example, management consultants. I will just ask my CFO whether there has been any change to that.

**Mr Whelan**—No. What has happened is that a broader categorisation for that head of expenses applied in CSIRO and, given the stronger interest in specific consulting services, we have provided additional advice. We have gone back over the last 18 months and asked people to reclassify the expenditure so we could provide you with this data.

**Senator CARR**—You have reclassified the expenditure?

**Mr Whelan**—We have reclassified the expenditure.

**Senator CARR**—You are saying you have basically revised E644. What I would like is a table on consultancies committed under your cost code on consulting and professional services. If it is possible I would like it to include the information currently used by DEST—the various fields used by DEST in the answers they give to me—including in the years referred to in E644.

**Mr Whelan**—I do not know if it will be possible to go back as far as 2000-01, but I am certainly happy to talk to my colleagues in DEST about classifications.

**Senator CARR**—But you did give me a figure here of \$28.9 million—

**Mr Whelan**—That is correct, in aggregate.

**Senator CARR**—I would like to know if you can provide me with the information.

**Mr Whelan**—We will do our best.

**Dr Garrett**—We will certainly provide you with that information, as we have articulated today, for 2002-03.

**Senator CARR**—You can take this on notice. It just strikes me that in E646 you tell me you do not have a central register of consultancies for the methods of procurement or other basic details and I am just wondering, in terms of normal management practice, is that a common feature? It is certainly not the case in the department as a whole.

**Mr Whelan**—I would like to clarify something about the nature of CSIRO. CSIRO does not operate out of one building; it operates in 63 sites around the country. So there are a range of registers in the organisation. Each division is required to maintain a register. So the answer you got was there was no central register. When we have to provide you with data, we bring data together from around the organisation. So there are a range of registers. The organisation has creditors' listings and the amounts paid against different creditor types. We can provide that type of data. There is no suggestion the organisation does not have strong financial records.

**Dr Garrett**—And controls in that divisionalised structure, and we have a great track record of delivery in that domain. We are, however, in the spirit of our strategic plan and harmonising some of the business processes in our one CSIRO approach, putting in place mechanisms that will make it easier for us to get and consolidate that information at an organisational level.

**Senator CARR**—Answer E628 was another one of these answers that has been amended, and that was about senior executive officers attending sporting events. I am not particularly interested in the individuals—that is neither here nor there to me—but when I asked whether it was an official duty I was told that it was not official but was a valuable networking opportunity. Why was that amended?

**Dr Garrett**—Through discussion with my colleagues, the advice we received is that the answer you now have, 'a valuable networking opportunity', was the correct answer.

**Senator CARR**—The word 'no' was taken out and 'valuable networking opportunity' put in.



**Dr Garrett**—That is correct. In terms of official duties, are we wearing our CSIRO hat in going, for example, to the National Gallery of Australia? I think it is a moot point. Certainly the networks that I established through that process, as a new Australian person, were very valuable. I think it could have been seen as official duty, but it was obviously, in the terms of the overall approach, non-official. It was not on my key result areas for any of my other colleagues to attend these functions and, therefore, it is not official duty.

**Senator CARR**—I am not the slightest bit excited about you going to the ballet. I really do not give a rat's about you going to the ballet, or your officers going to the tennis or the rugby or a whole range of other activity—the cricket. But what I get a bit interested in is why the answers have to be doctored. You could simply say, 'No, it was not official; it was a valuable networking opportunity,' which is what the original said, but someone chose to alter it.

**Dr Garrett**—They chose it because, in the process of upgrading and refining, the initial draft would have said, 'Yes, this was official duty and a networking opportunity.' When we reviewed that, it became obvious that it was not official duty but it remained a networking opportunity. You asked the question, 'If it is official, is it on your key result areas? Is it reviewed regularly?' and the answer is no and therefore is not official.

**Senator CARR**—I will just put it to you that my reading of this actually says it was deleted.

**Dr Garrett**—I do not think that is accurate, because the answer you have now is it was a networking opportunity and we are only debating whether it was official or not official. The answer you have is that it is not official. I hope you would subscribe to that view. What would you believe is the—

**Senator CARR**—Frankly, I am not fussed, I just think these things ought to be declared. When we go to sporting functions and the like at sponsorships, we are required to declare them.

**Dr Garrett**—And we are declaring them too—you have the list.

**Senator CARR**—I do not see this as an issue here. My question is why it was necessary to change the answers.

**Dr Garrett**—Because we wanted to get accurate results, because in reporting to the Senate you have to be accurate. As I indicated, in the first draft our staff support said, 'Yes, this is official duty.' The question was asked, 'If it is official duty, is it on your list of key result areas?' The answer was no and therefore it is not official duty. Is that clear?

**Senator CARR**—We will go around in circles on that matter. Can I ask you some questions regarding the Exploration and Mining Division. As you are aware, the Australian Geosciences Council expressed concern about the developments at CSIRO's North Ryde facility. Have those matters been brought to your attention?

**Dr Garrett**—Yes.

**Senator CARR**—Are you aware that the council has actually directed its concerns to Exploration and Mining or have they directed them to you?

**Dr Garrett**—Certainly there was an initial approach to me, in parallel with the division. They are important stakeholders, and we have had a number of discussions at the personal level with them as one of an important set of stakeholders.

**Senator CARR**—This is a long question so I might put it on notice. It strikes me that when we get the Australian Geoscience Council raising these matters with you, and obviously these matters have been brought to my attention, they require serious answers. I would ask you to take the question on notice with regard to the specific concerns raised by the Geoscience Council.

**Dr Garrett**—The changes in exploration and mining were associated with a series of reviews, both internal and external and local and international, around changes in dynamics in a complex industry. In response to that, the management developed a particular approach. We have been having ongoing discussions with senior representatives in industry and we believe we have their support in that area. We are happy to take the process on notice.

**Senator CARR**—Thank you. I will give you that on notice. I am particularly interested in two of the staff involved. The fundamental concern was the destruction of the suite of laboratories that provided the critical mass for research in the sector. It was such an important export industry and was acknowledged as a world leader, and I am interested to know the scientific justification for the actions taken.

**Dr Garrett**—Through those review processes, I found it interesting discussing with staff that the downscaling of the North Ryde laboratories had been considered in CSIRO since 1985. So it has been a long debate, going as far back as then. The consolidation of the geophysics, geochemistry and geoinformatics activities will be in our laboratories in Perth, and some geochemistry capabilities will be consolidated into our Clayton operations. Perth, Western Australia, is where perhaps half of the nation's exploration takes place, and this is where the centre of gravity lies: around consolidation, critical mass and responding to the requirements of our strategic plan around building those capabilities.

**Senator CARR**—Two of the officers who wrote to you were Dr Clark and Dr Schmidt, and they asked how the destruction of the laboratory and the necessary re-employment of redundant staff on more expensive contracts had actually helped CSIRO. What did you tell them?

**Dr Garrett**—We told them that we went into a considerable review process. The executive chair for minerals and energy, Dr Rod Hill, together with the management of exploration and mining had a number of detailed discussions with North Ryde staff. We provided the opportunity for feedback both ways and for input into the timing and scale of that process, so their concerns were taken very seriously. However, following those review processes, we have agreed to support the management of that division in the overall holistic strategy of repositioning that division to better serve the industry over the next two decades. That requires the consolidation that I indicated around our laboratories in Perth, with some geochemistry expertise in Clayton and the downscaling of our North Ryde laboratories. We do not believe we are destroying those laboratories; we are seeking to provide enhanced benefit in the future. Obviously the staff concerned will have serious issues, and I believe we were possibly at fault in not being as much in dialogue at an early stage, for all sorts of reasons, as

we should. I think we have corrected that process, and Dr Hill together with Dr Phillips have done that. Did I answer your question?

**Senator CARR**—Yes. It was an opportunity to express your view. The *Insight 03* staff survey was listed in recent discussions and in answer to a question. However, in your reply to me on that issue, the table associated with that survey summary was not included.

**Dr Garrett**—You should have the same thing that all the staff members have, Senator.

**Senator CARR**—I have a four-page explanation from you as to how things are wonderful, which is the coloured one. But there is another page that is not included in your answer.

**Dr Garrett**—Which is?

**Senator CARR**—Which is the table listing the questions and the responses from each of the divisions.

**Dr Garrett**—You have the same information that went to all staff, Senator.

**Senator CARR**—There is another bit that obviously went to some staff and not to others and it has come to me and it shows me, for instance, that of all the divisions and business units well over a majority have actually registered negative scores on the survey.

**Dr Garrett**—On what questions?

**Senator CARR**—Let us take the food and forestry products.

**Dr Garrett**—You will have to share with me because I do not have in front of me the document you have.

**Senator CARR**—It is a document that has a list of the divisions down one column and the business units down the bottom and then a list of the questions that are asked—the organisational leadership and direction right through to the survey follow-ups. Of those questions there was something like—were there 21 questions—

**Dr Garrett**—There were about 20 categories.

**Senator CARR**—Yes about 20.

**Dr Sandland**—Can you show us the document you have?

**Senator CARR**—I am happy to give you a copy of it. The point I am making to you is—and I will need this so can you bear with me for a minute—food and forestry products has a negative response on all but one of the questions that you have asked. As does food science and of course—

**Dr Garrett**—There may be a misinterpretation here by your good self, Senator, because when you say ‘negative’ it is with respect to the norm.

**Senator CARR**—That is what it says on the document. That is the word used—‘negative’.

**Dr Garrett**—I will have to get that document. As you know when you look at the consolidated information we are actually, for an organisation in change, quite positively encouraged by the results that we have got tracking year on year and comparing ourselves with the global R&D norm. If you can give us a minute we will look at that.

**Senator CARR**—While you are doing that, of the 28 divisions or units—

**Dr Garrett**—Twenty.

**Senator CARR**—Twenty-eight divisions or units—

**Dr Garrett**—Divisions and units, that is right.

**Senator CARR**—There are no fewer than 17 or 60 per cent returned negative scores to more than half of the topics that were addressed in that survey. Can you confirm that?

**Dr Garrett**—When you say ‘negative’ it is with respect to the CSIRO norm. You will have to give me a minute.

**Dr Sandland**—We do have our expert on the *Insight* poll here and she does not relate to this document as being part of the documentation that we put together as a result of the *Insight* poll.

**Senator CARR**—Have you not seen this document before?

**Dr Garrett**—We have never seen this document. It has no status in our organisation.

**Senator CARR**—No standing, no status in the organisation?

**Dr Garrett**—It is consistent with the stuff we got but since we have not seen it we do not know what the interpretation mechanism is.

**Senator CARR**—Fair enough, you have got an expert there. You can tell me whether it is a CSIRO document or whether it is a figment of my imagination.

**Dr Garrett**—Lyn here has been involved with the process all the way through. We do not recognise this document and therefore we will have to come back to you on the questions you want answered, because I have to test the data.

**Dr Sandland**—The negativity may well be with respect to the organisational average and we will have a number below that norm and a number above that norm. The fact is that a number of divisions are going through more radical change, having a more difficult time than other divisions, and therefore one would expect that in a changing environment certain divisions would fare less well in relation to the *Insight* poll than others.

**Senator CARR**—Forestry and food sciences—even 18 here at energy and technology. Do you think they are healthy scores?

**Dr Garrett**—I think this is an unreasonable request since we have data. We made the macroscopic data available to all the organisation. We are very pleased with the transparency. I was showing you some data that does have credence. There is information here where you can see a lot of green bars which is the comparison of our performance compared with global transitional companies and more than 40,000 people by ISR. So we actually believe that we have got a very positive response. As you will see also the tracked year on year changes show that in all but one category we continue to make improvement. Therefore the data appears to be the data which is comparing individual divisions against the CSIRO norm, and that data was not available more widely because we did not want the divisions competing with each other.

**Senator CARR**—Or confused.

**Dr Sandland**—The firm that put together this survey, ISR, is highly professional and benchmarks us against a number of international research agencies. In terms of the table it put together, there are many results in that table that are almost certainly not statistically significant. So we have in our own documentation a number of results that are statistically significant and, therefore, we cannot possibly interpret this table on the fly without having that analysis to back it up.

**Dr Garrett**—Would it be appropriate for us to take this data and come back to you with an explanation?

**Senator CARR**—I would be more than happy with that. When senior officers tell me that 19 out of the 21 topics registering negative results is not statistically significant, I say it would be very good for you to give me an analysis.

**Dr Sandland**—I was talking about on an individual basis—on a score by score basis. Obviously 19 out of 21 is statistically significant.

**Senator CARR**—This is my point: I think you should release all the information from the survey, not just part of it. In answers to questions from parliament I think we are entitled to get all the information. I should not have to rely on getting this sort of table through the back door, which gives an entirely different picture from the one that you presented in the staff distribution document, entitled *Insight 03*.

**Dr Garrett**—This is the data that we have provided from an independent contractor. This is an interpretation. We do not know where it comes from. You drawing conclusions from that seems inappropriate. This is a very important issue for us, Senator. When we get media indications that CSIRO morale is—as was quoted earlier this week—at rock bottom, which is totally mischievous and inappropriate, we believe that, when you look at the data factually, we are making significant progress in the areas we have targeted, such as performance, how people are feeling about their immediate managers, survey follow-up and remuneration aspects. We are actually quite proud of those achievements. We recognise that we have a long way to go and we would encourage you to help us to together dig into the data because we think some good things are happening.

**Senator CARR**—We are doing that, and I am helping you by providing you with some information.

**Dr Garrett**—Thank you for that opportunity. We will come back to you promptly.

**Proceedings suspended from 6.32 p.m. to 7.36 p.m.**

**Senator CARR**—I would like to ask the officers about the issue of the wheat streak mosaic virus. Is there anyone here who could help me with that?

**Dr Garrett**—We can, and I have Dr Taylor who would be able to assist me to provide extra detail. Before we do though, if it would be in order with you, Senator, and the Chair, following the item at the end of the last session around the *Insight* poll statistics, Dr Sandland, who has responsibility in this area, has a couple of comments to make.

**Dr Sandland**—Just to confirm that the document that you tabled has no status in CSIRO. It is not a CSIRO document. It has obviously been someone tabulating the raw data from the *Insight* poll official data. The numbers in the table are in fact deviations from the CSIRO

norm, and as deviations, as you would understand, some of them are positive and some of them are negative. They are roughly distributed around zero. It shows that some divisions are faring uniformly better than the CSIRO norm, while some are faring almost uniformly worse.

We promised not to publish a league table of individual divisions, for reasons of not wanting to create a divisive culture in the organisation; however, all divisions have access to their own scores in this space, knowing whether they are positive or negative relative to the CSIRO norm, and are working through those issues within their divisions.

**Senator CARR**—I am not in a position to tell you my source here, but are you telling me that there is anything in this document that is inaccurate?

**Dr Sandland**—Not necessarily, although we have not checked these. This is not a tabulation, though, that we would—

**Senator CARR**—That you officially acknowledge.

**Dr Sandland**—We would not normally present the data in this way.

**Senator CARR**—No, that is a different question whether or not you would present it in this way. Was this work undertaken as part of the study in any form?

**Dr Sandland**—No. This work was not part of the ISR study at all.

**Senator CARR**—At all?

**Dr Sandland**—No. However, in relation to your earlier question, the data themselves—the deviations from the norm—may well be correct. We have not checked them. We would need to check them datum by datum.

**Senator CARR**—So the data may be correct, but you are not familiar with this formulation of it?

**Dr Sandland**—I have become familiar with this formulation over the dinner break.

**Senator CARR**—Since I have tabled the document.

**Dr Sandland**—Yes.

**Senator CARR**—The question arises as to whether or not this information is accurate, and you will come back to me and you will advise me as to whether or not this information is inaccurate.

**CHAIR**—Could I just ask a question: even if it was totally accurate, as you have normalised and then considering deviations from norms, obviously at any level where things have been normalised like that there are obviously going to be variations.

**Dr Sandland**—Absolutely.

**CHAIR**—Pluses are balanced by minuses.

**Dr Sandland**—Yes, that is exactly right. That is what we have got here.

**CHAIR**—So I am trying to figure out what Senator Carr is trying to get at here because any set of data that you did this with would have that sort of result.

**Dr Garrett**—We would submit furthermore that trends over time and comparison benchmarks with international and other organisations should be, from a governance point of

view, of interest to major stakeholders such as you. Obviously, it is management's responsibility to understand the implications, put in place—as the management teams are doing—corrective action where they see opportunities through learning from each other and then move on. It is the trends of the organisation as a whole that we are dealing with.

**CHAIR**—We are also dealing here with relativities, not with absolutes.

**Dr Sandland**—That is right.

**Dr Garrett**—Perhaps we could move on. Perhaps you could restate your question.

**Senator CARR**—That is fine, but I would like to know if the information contained in this report that I have tabled here is accurate or inaccurate. You may well argue the toss about its presentation, but I want to know: is this raw data accurate or inaccurate?

**Dr Sandland**—We can provide that information for you by checking each datum with the data from the *Insight* official analysis.

**Senator CARR**—The business units are referred to at the bottom of the table. Which one is 'GP'?

**Dr Sandland**—I have no idea.

**Senator CARR**—'RS'? You do not know?

**Dr Sandland**—That could be me. It is well above the norm!

**Senator CARR**—I have no doubt it is. What about 'SF'?

**Dr Sandland**—Sorry. I have no idea what these things at the bottom actually refer to.

**Senator CARR**—We will look forward to your analysis of the accuracy of the raw data.

**Dr Garrett**—Wheat streak mosaic virus.

**Senator CARR**—Yes, thank you. The virus was discovered in the CSIRO's plant industries facilities. When was that? Can you refresh my memory on that? When was it actually discovered? This was at the Black Mountain facility, wasn't it?

**Dr Garrett**—January 2003.

**Senator CARR**—A decision was taken by the then divisional chief, Dr Jim Peacock, to destroy all the plant material. Is that right?

**Dr Garrett**—That is correct, on the information we had to hand at that time.

**Senator CARR**—What was the value of the material destroyed?

**Mr Whelan**—Perhaps I can put that in terms of the value of the claim made on our insurers as a way of answering your question. The total value was approximately \$2 million. That included, to clarify, costs of disposal, clean-up and replacement of stock and the impact of loss of revenue for some of the research projects.

**Senator CARR**—What research projects were destroyed?

**Mr Whelan**—I do not have that detail.

**Dr Taylor**—There would have been a range of projects. There were roughly 70 research staff whose experiments were affected. These would have ranged from breeding operations

developing new varieties of wheat and barley to experimental evaluation of a wide range of material. To be extra cautious we even went so far as to destroy material involved in breeding phalaris, which is a pasture grass. It turns out we never found any evidence of the virus there, but we went to pretty extreme measures to ensure that there was no opportunity for the virus to spread further.

**Senator CARR**—Are you able to tell me who funded those 70 research scientists? Can you give me a breakdown on that? Is that easily retrieved?

**Dr Taylor**—Anecdotally I could say that a lot of that work was funded by rural research and development corporations such as the GRDC. I know that one project was funded by Australian Wool Innovation. That project also would have involved a seed company.

**Senator CARR**—I might recap some of this information to make sure I have it clear in my mind. It is the case, is it not, that CSIRO sought and received approval from the Gene Technology Regulator to import the virus WSMB or at least a molecular construct that was derived from this virus?

**Dr Taylor**—That is correct.

**Senator CARR**—Can you indicate to this committee whether or not this material was actually imported?

**Dr Taylor**—Evidence has been provided that that material was never imported.

**Senator CARR**—You had approval to import it.

**Dr Taylor**—Yes, that is correct.

**Senator CARR**—But you never acted on the approval.

**Dr Taylor**—That is correct. There was approval granted to import. I believe it was six or seven different viruses or in most of these cases these were DNA constructs containing sequences related to the viruses. There was no attempt to import live viruses.

**Senator CARR**—What is the nature of the evidence that this actually occurred, or did not occur as the case may be?

**Dr Taylor**—The evidence would be import permits that would be required to bring that sort of material in through quarantine.

**Senator CARR**—As far as you are concerned, these import permits will demonstrate beyond any doubt that the CSIRO had any responsibility or was indirectly connected with the importation of that strain of virus.

**Dr Taylor**—That is correct. There is other evidence that would support that contention. If you would like, I could share that.

**Senator CARR**—That would be good. What is the evidence?

**Dr Taylor**—The prime test that has been used to crack the virus involves determining the sequence of the virus. As you would appreciate, DNA sequences vary over time. There is quite good evidence that this virus has been in Australia for at least 20 years based on the degree of sequence divergence among the various isolates. Furthermore, those sequences



could be shown to be different from the source material, where my colleague would have obtained a copy of the wheat streak mosaic virus genome.

**Senator CARR**—So in your judgment the virus was here for 20 years.

**Dr Taylor**—I believe that is a reasonable conclusion.

**Senator CARR**—Was the genome of the virus isolated from the destroyed plant material at the CSIRO plant industry division's Black Mountain glasshouses fully or partially sequenced?

**Dr Taylor**—I cannot answer that; I am not certain if it was fully sequenced.

**Senator CARR**—Can you take that on notice?

**Dr Taylor**—Yes.

**Senator CARR**—Have all sequences obtained from the isolate been submitted to the international genome sequencing databases?

**Dr Taylor**—Again, I do not know the answer to that.

**Senator CARR**—Can you take that on notice?

**Dr Taylor**—Yes.

**Senator CARR**—Were the gene sequences of the original isolate the same as those from the isolates collected from the Ginninderra field station or elsewhere in the Canberra region?

**Dr Taylor**—I will have to take that on notice.

**Senator CARR**—Have those particular sequences been submitted to the international gene sequencing databases?

**Dr Taylor**—Once again, on notice.

**Senator CARR**—On the issue of the 20-year presence for the particular virus, I understand that Dr Peacock said during a National Press Club address on 16 June 2003 that there was an error and only one strand of the virus was believed to be present in Australia. Was that the case?

**Dr Taylor**—I would have to take that on notice.

**Senator CARR**—Can we reconcile the two statements: the one made at the National Press Club by the then head of the division and the view that two strains of the virus were present in Australia. I take it you share the view that there were two strains present.

**Dr Taylor**—My understanding is that there is significant sequence divergence among various isolates. There is not just one type of the virus all across Australia.

**Senator CARR**—Could you clarify the apparent discrepancy between the evidence you have presented today and the statements at the National Press Club?

**Dr Taylor**—I would be happy to.

**Senator CARR**—In those circumstances, was it necessary to destroy all the experiments?

**Dr Taylor**—In hindsight, one would have to question that. At the time, as Dr Garrett indicated, a great deal of urgency was felt given the concern that was expressed by a number

of parties about the presence of this virus in Australia and our hope to prevent any further spread of it.

**Senator CARR**—So it was an extreme action, you say motivated by the desire to make sure there would be no quarantine risk?

**Dr Taylor**—That is right, and that decision was taken after consultation with relevant personnel from quarantine and Plant Health Australia.

**Senator CARR**—Is it the case that an officer of the plant industry division visited, either formally or informally, any overseas laboratory during 2003 where studies of the wheat streak mosaic virus were being undertaken?

**Dr Taylor**—I am not aware of that.

**Dr Garrett**—We can clarify that on notice.

**Dr Taylor**—I might just add one point here. The virus is transmitted by a mite. It happens that at the division of entomology there is an expert on this particular mite, and he has stated that it is highly unlikely that that mite would survive more than 18 to 24 hours off a plant. As you could imagine, we have speculated around the tea room about it. If it could have been recently introduced by someone travelling overseas, then it is very difficult for us to construct a scenario given the short lifespan of the mite.

**Senator CARR**—I am interested in this apparent conflict between a recent arrival and the 20-year claim, whether or not there is one strain or two. Thank you for that. I look forward to your answer, and I will follow that up at the next round. I will now turn to forestry issues. As you are aware, Dr Garrett, I have raised some issues about this in the past. I want to go to the questions concerning importation of eucalyptus material by a Dr MacRae. A number of matters were taken on notice in November which went to the issue of the importation of eucalyptus material. This is question E597. Have you got that there?

**Dr Garrett**—Yes, I have.

**Senator CARR**—What was the nature of the eucalyptus material imported by Dr MacRae? Was that part of her exit arrangements with her employer at the time, Stora Enso in Sweden?

**Dr Garrett**—I believe so, yes. I do not have the exact details of the nature of those products. I can provide you with that.

**Senator CARR**—If you could give me some advice as to what the species was and the selection or breeding history that she was able to bring with her. I was interested to note that the imported material came from Brazil. Was there any Brazilian material amongst those matters that were actually imported?

**Dr Garrett**—We have not been asked that question before, so we will look into that.

**Senator CARR**—Was it ready for what is termed here ‘deployment testing’?

**Dr Garrett**—I would have to get clarity from you for that.

**Senator CARR**—I would be very interested to get clarity myself. Was it ready for commercial release? I presume that is what it means.

**Dr Garrett**—I am happy to respond to any detailed questions that you have.

**Senator CARR**—Was this material intended for commercial release?

**Dr Garrett**—We will come back to you on notice then. I do not have that information.

**Senator CARR**—Could I get a copy of the import permits issued by AQIS for the material in question?

**Dr Garrett**—I can make those inquiries.

**Senator CARR**—I would be interested to know who was listed as the importer. Was it New South Wales Forests or Dr MacCrae.

**Dr Garrett**—As per the question on notice, my understanding is that Dr MacCrae arranged this import while she was in Sweden and did not have a contact address. Her contact address was State Forests of New South Wales. They were not a party, as we indicated in part (d), to that importation process.

**Senator CARR**—Was it the case that Stora Enso was not interested in a collaborative project with the CSIRO?

**Dr Garrett**—As we responded previously, they determined that they no longer wished to proceed with that research. I do not have any information as to the reasons why. Would you like us to give you further information?

**Senator CARR**—I would.

**Dr Garrett**—I will take it on notice.

**Senator CARR**—I would also like to know why it was that Dr MacCrae instructed AQIS to destroy the material, which is what I understand happened. Was that the case?

**Dr Garrett**—That would be routine after non-prosecution of the research project.

**Senator CARR**—Is it the case that AQIS retained that material?

**Dr Garrett**—As we indicated, if Dr MacCrae instructed AQIS that the material would be destroyed, we have to make the assumption that they did as they were requested.

**Senator CARR**—Is it the case that New South Wales Forests continues to claim that they were an importer and that they instructed AQIS to destroy the material, but that Dr MacCrae countermanded their instructions to AQIS?

**Dr Garrett**—I have no basis on which to respond to that at this time. I will get the information for you.

**Senator CARR**—Can you tell me who was meeting the handling and quarantine costs that were undertaken by New South Wales Forests?

**Dr Garrett**—I will take it on notice. I do not know.

**Senator CARR**—Would you be prepared to provide copies of correspondence and other records of discussions between CSIRO and Stora Enso about the possibility of collaborative research based on the genetic material imported by Dr MacCrae?

**Dr Garrett**—I will inquire of my colleagues.

**Senator CARR**—I take it you would have been aware of negotiations between Dr MacCrae and Stora Enso?

**Dr Garrett**—Do you mean me as chief executive?

**Senator CARR**—No, the CSIRO management.

**Dr Garrett**—I would assume in the normal course of events that the appointing authority would be quite aware of that.

**Senator CARR**—I would appreciate your answer in those matters. I will obviously return to them at the budget round. There are some other matters on forestry, which I will come back to. I will leave those for the minute, and I will turn to AMC.

**Dr Garrett**—Mr Whelan has taken executive responsibility for this area and will respond to your questions.

**Senator CARR**—Thank you. I have a report from the *Sydney Morning Herald*, dated 14 and 15 February of this year, which asserts that the CSIRO are responsible for a 25 per cent cut in the estimated cost of the Stanwell magnesium smelter project. Would you support that claim?

**Mr Whelan**—I have a basis for supporting that claim. AMC contracted CSIRO to undertake some research for it over the last nine months. The outcomes of that research were made available to AMC earlier this calendar year, but I do not have the details of the implications of that for AMC.

**Senator CARR**—The proposition being advanced here is that, from the work you have undertaken, a full-scale plant could be developed for 25 per cent less than was previously asserted. Are you aware of that claim?

**Mr Whelan**—I am aware of the same article that you are reading from. I have spoken to the group responsible for the research. They indicated that they have been conducting research for AMC. The outcomes of that research may well indeed be the savings that AMC is talking about, but it is a matter for AMC as to the impact and implications.

**Senator CARR**—How many CSIRO staff have been involved in that project?

**Mr Whelan**—I do not know. But the approximate value of the research was \$700,000.

**Senator CARR**—Who paid for that research? Was it a contract through AMC?

**Mr Whelan**—As I understand it, AMC contracted CSIRO to conduct that research and they have paid CSIRO for that research.

**Senator CARR**—Are you able to tell me how much you have received from AMC since January 2003?

**Mr Whelan**—No, I cannot. I can confirm that the work I was just describing was completed, but I do not know when the cash was received—but I could certainly check those details.

**Senator CARR**—Question E465 refers to CSIRO Minerals continuing to work for AMC on a full fee-for-service basis. Is there any work currently under way with AMC?

**Mr Whelan**—To the best of my knowledge, the work that I just described was the last and most recent piece of work. I am not aware of any other work that AMC has asked us to

conduct. As you know from answers that we have provided to you previously, we have provided research service to AMC over an extended period.

**Senator CARR**—What is the chance of recovering the loans that are outstanding to CSIRO?

**Mr Whelan**—As we indicated in the answers to the questions on notice at the last hearing, CSIRO formed the view that there was a significant probability that the project at Stanwell might be delayed indefinitely. As a result, we reclassified the assets held on our books, which amounted to \$75 million, and we revalued those to effectively zero.

**Senator CARR**—Do you have any reason to change that evaluation?

**Mr Whelan**—Not at this point in time. Of course recent announcements by AMC about revised business plans may lead us to have to reconsider that position at the end of this financial year.

**Senator CARR**—Dr Garrett, with respect to previous questions I have asked concerning private consulting companies, can you confirm that a firm known as Woorolong Eucalypts Ltd, trading during the period 18 February 2002 to 21 November 2003, is Wollongong Eucalyptus Ltd, which is in fact indebted to Gene Technics, even though Gene Technics did not collect income from Wollongong Eucalyptus during that period?

**Dr Garrett**—What would you like me to confirm?

**Senator CARR**—Can you confirm that those arrangements took place, in relation to the previous question I have asked?

**Dr Garrett**—Yes. We confirm as per the exact response we have given you in answers to questions on notice on that question.

**Senator CARR**—Did Dr Cotterill, as the chief of the Forestry and Forest Products Division, establish a joint venture with Integrated Tree Cropping?

**Dr Garrett**—We responded; perhaps you could give me the number of the question.

**Senator CARR**—I do not have the number in front of me; it is not listed in my briefing note. I will place these questions on notice, because they do go to some serious matters.

**Dr Garrett**—And they are supplementary to the previous questions?

**Senator CARR**—They are supplementary to the previous round, which suggests to me that there has been a financial arrangement between a number of companies and the CSIRO, and I would be interested to know on what basis those matters have been reported to CSIRO.

**Dr Garrett**—I would be happy to do that.

**Senator CARR**—Thank you very much for your attendance here tonight.

[8.08 p.m.]

#### **Questacon**

**CHAIR**—Senator Carr has requested that supplementary answers to questions be tabled, there being no objection it is so ordered.

**Senator CARR**—Welcome, Professor Durant, to the proceedings of the committee. This is the first time you have appeared here, isn't it?

**Prof. Durant**—It is the first time I have been called to give evidence.

**Senator CARR**—You will enjoy your education. It becomes a regular feature and I trust will see the benefit of it. How long have you been with DEST now?

**Prof. Durant**—I have been with DEST since 1 July.

**Senator CARR**—Are you regarded as a separate agency within DEST?

**Prof. Durant**—No. We are part of the overall portfolio. I believe we are output 3.4 in their statement.

**Senator CARR**—Was that the situation when you were with DOCITA?

**Prof. Durant**—We were with DOCITA and, yes, we were output 3.1 of outcome 3. Our status has remained pretty much as we have transferred over.

**Senator CARR**—Have you ever sought agency status?

**Prof. Durant**—I understand when Questacon was being established there was a view that it should turn into either a statutory authority or an executive agency, but that process was stopped at some point. Certainly in the short time of my employment with Questacon it has been part of the DOCITA portfolio and then the DEST portfolio.

**Senator CARR**—Would there be an additional cost in making Questacon a separate agency?

**Prof. Durant**—There are certainly additional costs involved insofar as being part of a portfolio. You have advantages in terms of your professional expertise and help from within the organisation that may not necessarily be available to you as an independent agency. So there are advantages. On the other side of the equation, if you are more independent then, theoretically, it is easier to get some sponsorship income, because some of the organisations you approach feel that government should be paying for things and, if you are part of the federal government, why should they contribute their private dollars to it. There are pros and cons.

**Senator CARR**—Is there a halfway house?

**Prof. Durant**—No, we are very firmly in the DEST portfolio, so at the moment we are not a halfway house, other than the fact that we are a semi-autonomous agency within the portfolio and semi-commercial. The way we are funded requires us to raise a significant part of our revenue from earned income, which we do in a number of ways.

**Senator CARR**—I will come to that in a minute. The Antarctic Division is regarded as a definite division—it has moved around from portfolio to portfolio. Are you of an equivalent status within the Commonwealth Public Service?

**Prof. Durant**—We have been moved from one portfolio to another; I hope it is not a regular trend. It does take time and effort for the organisation to get to know the new portfolio and it distracts us from our main mission of communicating science to the broad public.

**Senator CARR**—The question I asked before was about whether or not it was possible to get a halfway house. You said you were not but I am asking again: is it possible to get a status within the Public Service that is short of an independent statutory authority—

**Senator Vanstone**—With respect, a question on the structure of the Public Service is not a question that should go to a public servant who is undertaking a particular job. Interesting as it is, and fascinated though I would be with the professor's views, the structure of the Public Service is not something that is so controlled by—

**Senator CARR**—I am not asking him to control it.

**Senator Vanstone**—In other words, this is just a matter of interest and it does not relate to the additional estimates—in fact, it does not relate to the estimates. It is, without a doubt, an interesting issue as to the structure of particular areas but—

**Senator CARR**—The professor is, presumably, entitled to a view. I have probably spent more time on this than otherwise would have been the case if you had allowed him to answer the question, but that is fine. I note on page 13 of the additional estimates papers that you say the budget is \$15.68 million of which \$9.7 million comes from appropriations. Presumably that is what you were referring to before.

**Prof. Durant**—That is correct.

**Senator CARR**—Where do the additional moneys come from?

**Prof. Durant**—The additional moneys come from visitor income, which represents 34 per cent of the money we get; it comes from sponsorship, which is about 13 per cent; it comes from various other sources, such as travelling exhibitions, small amounts of consultancy work and other things of that type.

**Senator CARR**—Could I get a breakdown of your operational budget? It is obviously not in the paperwork that we have seen.

**Prof. Durant**—We could take that on notice and provide you with that information.

**Senator CARR**—Yes, I am happy for you to do that. I would like to know how you spend the nearly \$10 million in appropriation moneys.

**Prof. Durant**—We are very happy to do that. Of that nearly \$10 million, \$3.28 million is for capital asset renewal and replacement; \$1.2 million is for specific time limited programs, which is part of the Backing Australia's Ability range of initiatives; and that leaves \$5.29 million for our operating budget.

**Senator CARR**—Let us just go through it. What is the sort of thing you spend the capital on?

**Prof. Durant**—Running and maintaining the building, and running and maintaining the exhibitions within the building.

**Senator CARR**—Does it include vehicles and the like, science circuses?

**Prof. Durant**—Yes, we have vehicles. Some of those are included there. We have the trailer for the truck for the science circus as part of it.

**Senator CARR**—I will come back to that. When does the \$1.2 million from Backing Australia's Ability run out?

**Prof. Durant**—It is ramping down at the moment, and I think we are in the last year of that program. It is a three-year program we were funded for as part of that.

**Senator CARR**—So that program expenditure runs out at the end of this financial year.

**Prof. Durant**—At the end of next financial year, 2004-05.

**Senator CARR**—How much is it in the current year?

**Prof. Durant**—It is \$1.2 million.

**Senator CARR**—As for operating expenses, how many staff do you have?

**Prof. Durant**—We have currently 124 full-time equivalent and 199 staff. Of the staff, about 21 per cent are full-time ongoing. We have a very large number of staff who are casual and part time, because the very nature of the business requires us to bring staff into the gallery and programs for particular times to match the needs of visitors and customers and, of course, the funding.

**Senator CARR**—The outreach programs are presumably where the casual staff are employed. Is that right?

**Prof. Durant**—We use casual staff throughout Questacon, but certainly on the programs short-term contract staff are employed specifically to deliver or administer those programs. With the gallery staff, because of the nature of our business, our visitor numbers go up and down during the year and we have to be able to match the staffing needs of the building with the numbers of visitors in it.

**Senator CARR**—What does it cost to run the circuses?

**Prof. Durant**—It is over \$1 million a year, of which we get a significant proportion from sponsors.

**Senator CARR**—What does the circus actually do?

**Prof. Durant**—It has a twofold function. First and foremost, it is a science communication training program which has been running for about 17 years. It was developed by the Australian National University to train science students in communication techniques. Each year we take on about 15 or 16 science or engineering graduates, and they go through an intensive period of training at the Centre for the Public Awareness of Science at the Australian National University. We use the students as part of that practical training to deliver outreach programs across Australia.

**Senator CARR**—That means that you take a caravan with scientific equipment in it and go to the beach. Is that the sort of thing what you are talking about?

**Prof. Durant**—A typical circus visit would involve moving about 50 interactive hands-on exhibits and the students. The exhibits would be set up in a community hall. The students would go and do programs in the schools. The children would be given tickets to come back to the exhibition, where more shows would happen, and would be encouraged to bring their parents and guardians along. It works very well in a whole range of ways, in introducing some



excitement into the classroom, some new techniques and the excitement of face-to-face interaction with young and enthusiastic scientists.

**Senator CARR**—So it does schools. What about community events?

**Prof. Durant**—It does community and Indigenous events. Each year one of the tours has a strong Indigenous component. It does special community events in a variety of different settings.

**Senator CARR**—How many vehicles do you have?

**Prof. Durant**—We have just one large trailer.

**Senator CARR**—With 15 to 16 graduate students. That presumably limits the number of people who can have a look, does it not?

**Prof. Durant**—It does. If you bear with me, I can give you the statistics for a typical year. Last year we had 112,366 visitors. Of those, 80 per cent were students and 543 were teachers attending workshops, which are run at the same time as the circus. Six hundred and thirty four schools were involved so that is a significant proportion of the schools. Eighty-three per cent of the audience were primary, so it works very much in the primary sector. The number of remote Aboriginal schools and communities involved last year was 22.

**Senator CARR**—What does it cost to run the program?

**Prof. Durant**—The program costs around \$1 million a year. I would need to get back to you with an exact figure.

**Senator CARR**—Thank you. That includes the cost for the 15 or 16 graduates, the trailer and all operational costs, does it not?

**Prof. Durant**—Yes, it does. We charge a small amount of money for the visit and that helps offset the costs. The exhibition in the evening is also offset by a small charge—about \$4 for an adult.

**Senator CARR**—You also run free exhibitions as well.

**Prof. Durant**—Yes. It depends on the nature of the program. We have a variety of other programs. If they are fully funded we can then offer them as free programs. If they are not fully funded we do the best we can to maximise their impact within the constraints of the budget and with what we are able to raise.

**Senator CARR**—You say there is a lot of sponsorship. You mentioned entrance fees. What other sponsorship is there for these particular exhibitions?

**Prof. Durant**—For those particular programs, there is sponsorship in kind. For example, we get help with a driver and we get help with the trailer hire. They are the main things.

**Senator CARR**—How much sponsorship do you get?

**Prof. Durant**—It is about \$560,000 for the program.

**Senator CARR**—It costs \$1½ million to run?

**Prof. Durant**—It is about \$1 million, I think.

**Senator CARR**—Half the cost comes from sponsorship?

**Prof. Durant**—It does. The rest comes from the income we earn on the tours. There are four parts of the science circus each year going to different areas. We have to balance going to areas where there are a lot of people; therefore, we can maximise the income from the visits. For example, in November they were in Tasmania where 33,000 people interacted. That offsets the cost of going to remote areas where there are very few people on the ground. Clearly, one of the challenges for the science centre and the sector as a whole—and indeed other agencies—is to get into those remote areas because it costs an awful lot of money to do so.

**Senator CARR**—The tours are out for only 18 to 20 weeks per year. Is that right?

**Prof. Durant**—That would be about right, yes.

**Senator CARR**—Why not more?

**Prof. Durant**—Because the students have to do the formal training in the university. They are enrolled on a diploma at the university. To date, 217 students have gone through that program over the time and many have gone on to achieve eminence in different walks of life, including teaching, which is obviously very important.

**Senator CARR**—Sure. I can see the enormous benefits there. But do I presume then that your capacity is limited by the numbers that the ANU can handle at any one time?

**Prof. Durant**—That is true with the present model of the circus. It is limited by the capacity of the teaching department and also the cost of delivery.

**Senator CARR**—Is it the cost of delivery?

**Prof. Durant**—The money the sponsors provide. If we had one truck, then we doubled the size of the circus we would have two trucks; therefore, the costs would double. So you would need two drivers and all those sorts of things.

**Senator CARR**—Yes, that makes sense. But could the ANU handle another 15 students?

**Prof. Durant**—I think that is a question you should ask of the ANU and I would be quite happy for you to do that.

**Senator CARR**—It is just a question of whether it can expand the capacity and, presumably, it is not the only university in the country.

**Prof. Durant**—What tends to happen as you expand capacity, you probably compromise quality. The students benefit from very intensive training.

**Senator CARR**—The issue arises as to whether one truck, which has an extraordinary impact, may not be too much of a compromise to quality. One is a minium provision, is it not?

**Prof. Durant**—It is. To digress a little, I believe in China they have over 100 such trucks doing outreach work.

**Senator CARR**—Yes. They have a few more people, of course. Do you think we could probably improve one-on-one? That is not a question that the officers can answer. Is there such a thing as a science squad?

**Prof. Durant**—There is.

**Senator CARR**—What is the difference between a ‘science circus’ and a ‘science squad’?

**Prof. Durant**—The science circus is as I have described. The science squad are professional science communicators. We have two members of the squad who are working, particularly in Western Sydney, delivering programs into schools.

**Senator CARR**—How much does that cost?

**Prof. Durant**—It is cost neutral at the moment because we charge for the operation.

**Senator CARR**—Who do you charge?

**Prof. Durant**—The schools. It is a modest sum.

**Senator CARR**—You say that it is cost neutral. What does it cost and what is the revenue?

**Prof. Durant**—We will just have a look.

**Senator CARR**—You may want to take that on notice. How many schools use the science squad and which states?

**Prof. Durant**—The science squad operates in New South Wales.

**Senator CARR**—Just New South Wales?

**Prof. Durant**—Yes. It is just a Sydney program. There are state science centres that deliver similar programs.

**Senator CARR**—What is the nature of the state science centres and how do they differ from the Commonwealth programs?

**Prof. Durant**—They differ because they are funded by the states—a very variable provision across—

**Senator CARR**—I can see we are going to get on really well.

**Prof. Durant**—I am trying to be helpful. They are very variable across Australia.

**Senator CARR**—Do you think they are variable in quality?

**Prof. Durant**—Yes. Many of them—in fact, probably most of them are derivatives from Questacon, about which we are very pleased. Western Australia has quite a good strong sense of its developing there. They were recently successful in receiving some state funding to redevelop their exhibits and deliver programs. In South Australia, the investigator centre had to close as a visitor centre, but it is going to be launched shortly as a model based on outreach along the lines of the circus model but taking programs into schools rather than bringing schools to a central venue. There are small science centres in Devonport, Tasmania and in Ballarat, Bendigo and Wollongong. The Queensland Museum will be reopening a small science centre in August.

**Senator CARR**—Could you take on notice to provide me with a breakdown on what you understand to be the costs of those state based centres and how they cooperate with the Commonwealth?

**Prof. Durant**—Yes. We cooperate very well. In fact, just this morning, I returned from the ASTEN—Australian Science and Technology Exhibition Network—annual general meeting, which was held in Tasmania. We work very well together as a group and we can certainly

provide that information, assuming that the state science centres release the level of information you need.

**Senator CARR**—I will leave it with you to try to establish that that is the case. That concludes my questions. Thank you very much for your attendance here.

**Prof. Durant**—I have an answer about the science squad. The cost is \$100,000.

**Senator CARR**—Did you tell me how many schools participated?

**Prof. Durant**—The issue about the state science centres may not be something I can formally reply on.

**Senator CARR**—Why is that, Mr Cook?

**Mr Cook**—I will have to ask them. Budgets are not transparent to us.

**Senator CARR**—I appreciate that.

**Prof. Durant**—We will try and be as helpful as we can.

**Senator CARR**—I think this is a really good program. I just want to know more about it. I do not think there is any hidden agenda here. I would just like to know if it is possible to gather more information.

**Prof. Durant**—We can certainly get statistics from elsewhere around the world, because they are published.

**Senator CARR**—What I would like to know is how we compare nationally and internationally with these outreach programs.

**Prof. Durant**—The circus is the world leader in outreach programs and it has been copied around the world. It is something Australia can be really proud of.

**Senator CARR**—How long has it been in operation? You said 17 years?

**Prof. Durant**—It was formally constituted 17 years ago. It is a very strong program. We get a lot of professional visitors to the centre studying how the circus operates and what it does and there are copies in the UK and pretty well on every continent on earth. It is a great program.

**Senator CARR**—It sounds it. Thanks very much.

[8.30 p.m.]

**CHAIR**—We now move to issues related to the Science Group.

**Senator CARR**—Mr Walters, was the Chief Scientist denied permission to participate in a conference in Germany in November and December last year?

**Mr Walters**—I have absolutely no information at all on that. I would have to investigate and let you know.

**Senator CARR**—If you could find out for me I would appreciate it, and what the reasons were, if it is true.

**Mr Walters**—Do you have any details of what conference it was?

**Senator CARR**—Was there a conference that the Chief Scientist was invited to last year in Germany or November and December and was he denied—

**Mr Walters**—That is quite recent and I have no recollection at all of any such event.

**Senator CARR**—I might be wrong, I might be misinformed—occasionally this happens. You could find out for me, Mr Walters?

**Mr Walters**—Certainly.

**Senator CARR**—If it is true, why? I have a few questions on the CRC programs. Can you tell me what was paid to Howard Partners for undertaking the CRC evaluation study last year?

**Mr Walters**—I missed the start of the question.

**Senator CARR**—How much was paid to Howard Partners.

**Mr Walters**—I think Mr Manns can help.

**Mr Manns**—I think the answer to that question is going to be provided in response to your earlier query about reviews and related matters that bear on BAA. I do not have the precise figure here in front of me but it was in the order of \$250,000. We will get you the exact figure.

**Senator CARR**—The report has been delivered, has it not?

**Mr Manns**—Yes, it has been published on our website.

**Senator CARR**—Was the minister ever intending to make a formal response to the report?

**Mr Manns**—No. It is a program evaluation rather than a review, so it would not be normal practice to issue a response. It feeds into the development of program arrangements.

**Mr Walters**—In effect the response to the report is contained in the arrangements for the recent round of invitations for tender.

**Mr Manns**—There are some other matters in the report that we will continue to work on, more the entrails of the program, if you like.

**Senator CARR**—Given the statement that the minister made in the press release of 4 December, I presume there will be a substantial change in the program's objectives and selection criteria. Would that be a fair description?

**Mr Manns**—Yes. New selection round guidelines were published last December and they are somewhat different from the previous version.

**Senator CARR**—How are they different?

**Mr Manns**—There is a new program objective and a new set of selection criteria. We have taken a different approach to the selection process; it is now a two-stage process. Fundamentally we have re-designed the application format. In other respects the program has stayed the same. It is still, for example, offering funding for up to seven years and it is still an open competitive process and the selection process is managed by the CRC committee. Some things have stayed the same and some things have changed.

**Senator CARR**—Where will the public good research now rest?

**Mr Manns**—I find that term a bit amorphous. Different people seem to have different impressions of what public good research means. I am not quite sure what you have in mind when you use the term.

**Senator CARR**—Is it the case that the evaluation proposal put a sharper focus on economic industrial outcomes? The CRC is driven by big industry.

**Mr Manns**—In broad terms, yes.

**Senator CARR**—And not-for-profit research would have lesser impact?

**Mr Manns**—This is why I consider the term a bit amorphous. Some people concede that that term simply means, as you have just implied, research that generates a profit for the researcher or the related entities through commercialisation. I think that is a very narrow interpretation. The new guidelines certainly pitch the program towards achieving a contribution towards industrial, commercial and economic growth. But that does not mean that the path to that is simply through the commercialisation of research, albeit important. That path can involve other ways of utilising research. For example, there are currently a range of CRCs in the agriculture sector that do not necessarily go out and sell a product as a result of their research but they transfuse their research outputs to the broader industry that they serve—agricultural industry of whatever sector. Now that would be considered to be a legitimate path to adoption under the new guidelines for example.

**Senator CARR**—Let us go through some of that. Is the John Howard to be carried out the review—that is, from Howard Partners—the same John Howard who has been retained by the department to implement the studies recommendations?

**Mr Manns**—No, he is not doing any work, certainly not for my branch, at the current time.

**Senator CARR**—Can you help me here Mr Walters?

**Mr Walters**—I do not believe he is doing any work certainly for my group.

**Senator CARR**—As far as you know, Dr Harmer, he is not working for the department?

**Dr Harmer**—I am not aware of that but I would not rule it out. Can we take that on notice?

**Senator CARR**—Absolutely. That is obviously a safe course of action; you are not ruling it out.

**Mr Manns**—I can be quite clear: he is not doing any work for us on implementing the results of the evaluation.

**Senator CARR**—Could you give me some advice as to whether or not he is a consultant with the department? Obviously, there are a series of points that normally flow from that: what is the date of his contract and how much is the contract for? What are the terms of the consultancy? Can I get a copy of the brief that informed the—

**Mr Cook**—I am absolutely 100 per cent confident he is not doing any work for our department. He has, though, done some work for the industry department.

**Senator CARR**—So this is where the confusion could set in.

**Mr Cook**—It could be.

**Senator CARR**—It helps a lot if I get the right department.

**Mr Cook**—Yes. He has done a number of evaluations for a number of departments. That is the business that he is in.

**Senator CARR**—He is not carrying out any work for the education department?

**Mr Cook**—No.

**Senator CARR**—I have this email which appears to come from John Howard of Howard Partners, which was sent to a client suggesting the public good research—that is a term that he uses, Mr Manns—will not be part of the program in the future. Given that he has undertaken the review, would he be qualified to speak on such matters?

**Mr Manns**—He is entitled to say what he likes, but he is certainly not saying that on our behalf.

**Senator CARR**—It is not official policy?

**Mr Manns**—I think the guidelines do say that it is unlikely that a CRC that is seeking to achieve solely public benefit outcomes, which is a slightly different term, would be competitive against the new guidelines.

**Mr Walters**—However, could I draw your attention to the minister's media release where he says:

I focussed the program's objectives and selection criteria on industrial, commercial and economic growth. While these criteria will be at the forefront of this selection round, social and environmental outcomes also remain vital.

**Senator CARR**—I read that press release and it sparked my interest. When I see those sorts of assertions I wonder whether or not people are protesting too much. What is happening, for instance, to the CRC for technological citizenship?

**Mr Manns**—Nothing is happening with it as such. It is very early stages in the selection round. The only thing that has happened so far is that prospective applicants have lodged what we are calling a 'notification of intent'—that is, as the name implies, simply a signal that a group is proposing to lodge an application. The CRC committee has looked at all of those notifications of intent and has simply published some comments on the website—they are already up on the website—where it considers that there might be some scope for collaboration between some of those prospective parties. The committee made no comment on that particular notification of intent.

**Senator CARR**—I have a list here: healthy ageing, learning, women's health education, healthcare research and quality. Under these new guidelines these are obviously CRCs with a very strong public benefit test I would have thought, public interest research. Would they be able to secure funding?

**Mr Manns**—I cannot speculate on that. They have not even got to the stage of putting in applications. Having read the guidelines, they have expressed an intention to go ahead and put in an application.

**Senator CARR**—My office has been approached by a number of potential CRCs expressing concern about the narrow focus, as it is put to me, of this program since the

Howard review and the degree to which major areas of research, particularly with long-term public benefit implications, are being marginalised. That is not a concern you share, is it, Mr Manns?

**Mr Manns**—The guidelines are the guidelines and that is the decision of the government. Mr Walters has already said, and the minister has said in his media release and in his foreword to the guidelines, that there is absolutely nothing really to stop public good outcomes, if you want to call them that, being included within a CRC proposal under the new guidelines, but they do need to meet the test of substantial contribution to industrial, commercial and economic growth. It is interesting to note that almost all of the existing CRCs that were potentially likely to lodge a rebid in this round have done so. They do not appear to have been deterred by the new guidelines. I am not aware of any formal approach to either the department or the minister taking issue with the new guidelines.

**Mr Walters**—You have put us in a slight spot of difficulty in inviting us to comment on applications from particular organisations looking for funding under the round of the program. We are in a position where we have to deal dispassionately with all of these under the guidelines and the decision will be announced in due course. It is obviously difficult for us to offer a comment which might be interpreted by applicants as either encouragement or deterrence in a process which is only half-way through.

**Senator CARR**—I was not asking you to comment on the funding applications of particular CRCs; I was asking you to comment on whether CRCs of that type, which have a very heavy emphasis on public benefit research, would still be eligible for funding under these new guidelines. That is what I am interested to pursue.

**Mr Walters**—All we can say is that the guidelines have been published, they are widely available and applicants will have to take a view on whether their applications come within the guidelines. Those applications will be judged by the CRC committee, which will provide its advice to the minister in due course. Really it is very difficult for us to go beyond that at the moment.

**Senator CARR**—Can you talk about the visitors program within the CRCs at the moment, Mr Manns? Are you familiar with that?

**Mr Manns**—Yes, I am.

**Senator CARR**—Mr Howard makes a comment about the visitors program in this report where he says:

From the Commonwealth's perspective, the Visitor can perform a useful role immediately following the establishment of the CRC from a 'pastoral' or mentoring perspective, but beyond that there is little value. There is, however, a substantial administrative cost.

Is that a view the department agrees with?

**Mr Manns**—I do not know that it is worth speculating on what the department's view is because the minister is in fact taking the decision, which is being promulgated on the visitors program.

**Senator CARR**—Refresh my memory; what is that?



**Mr Manns**—He has not accepted the recommendation in the Howard review to abandon the visitors program. He has taken some advice on the issue from a range of sources including the CRC committee and he has decided to go to half-way house, to recognise that the visitors do play a potentially important role in the early life of a CRC. So the decision is that it will really be up to the individual CRC to determine whether they want a visitor and how long they want to keep that visitor on and we will provide some financial assistance to the CRC for up to the first three years of the visitor's appointment.

**Senator CARR**—Effectively you are winding it down, are you not?

**Mr Manns**—Winding it back somewhat I suppose is a better way of putting it.

**Senator CARR**—Winding it back; putting it down, I can see we could be here for some time on that theme.

**Mr Manns**—There were a range of views on the issue ranging from, 'The visitors program is of no use whatsoever; kill it,' and that, I guess, was the flavour that the evaluation report was providing, and countervailing views. The minister weighed all that up and took his decision.

**Senator CARR**—When you say 'winding it back', do we expect to see a reduced number of visitors functioning in these CRCs?

**Mr Manns**—It is hard to say how many of the existing CRCs will choose to keep a visitor on beyond the point at which we will make a financial contribution. That will be a judgment about the value that they see the visitor adding to the CRC. There may well be some new CRCs that decide, as it is now not a mandatory part of the program, that they do not want to see the visitor at all. Really, we are in the hands of the individual CRCs on that matter. We will not be trying to tell them whether or not to have a visitor.

**Senator CARR**—Thank you very much. That concludes my questions to the division.

**Proceedings suspended from 8.51 p.m. to 9.10 p.m.**

**ACTING CHAIR (Senator Johnstone)**—We move to issues relevant to the Schools Group, Outcome 1.

**Senator CARR**—Can I ask the officers from Schools Division about ABC education and the so-called for-profit schools. Mr Evans, I take it you have read the recent media reports concerning a new for-profit private primary school was to be established in southern Queensland associated with the Springfield housing development?

**Mr Evans**—I recall seeing a report.

**Senator CARR**—That is a group calling itself ABC Learning Centres.

**Mr Evans**—I cannot remember the detail but I did notice that there was a school proposed to be established that was a for-profit school.

**Senator CARR**—This is a company that currently is in the business of running child-care centres and wishes to expand into schools. Are you familiar with that?

**Mr Evans**—I have not examined it in detail but for a school to be eligible for forms of public funding it would have to be a not-for-profit school registered in the state.

**Senator CARR**—Yes, I thought you might say that because we have had discussions about this in recent years. The articles here highlight the fact that the company is seeking to secure profits of 20 per cent per annum. It is generating profits of 29 per cent from its child-care centres, which are substantial profit rates by normal standards, and it is seeking to establish two separate entities, one not-for-profit company to do the teaching and another company to lease the facilities and provide services to the schools which would be for profit. Would that be consistent with the guidelines?

**Mr Evans**—I would have to have a closer examination. I have not seen any proposal for that particular school to be registered and approved. As you would be familiar and as we have discussed in the past, in the first instance it would have to cut muster with the Queensland Education Department before the details would come to us for consideration.

**Senator CARR**—Yes, they would have to get registration and all the usual stuff, but we have had this discussion before about new schools and establishment grants and whether or not they are genuinely new schools, whether or not they are new campuses of existing schools, whether they are reformed schools. There is a whole range of different measures that do go to this, and yet we have had a whole lot of schools automatically get funding because they are able to secure state government registration. That is right, is it not?

**Mr Evans**—From the examples that we have discussed in the past, that is correct. I have not seen one like you have just discussed with me that has such a blended composition in terms of having elements of not for profit and for profit. This is a new endeavour in this area, I believe.

**Senator CARR**—As far as you are concerned, there have been no discussions with Commonwealth officers between this entity concerning the establishment of schools in Australia?

**Mr Evans**—I have not participated in any conversations on that. I can check back with my office in the morning and see whether any approaches have been made, but I am not aware of any approaches on that front.

**Senator CARR**—I would appreciate that. If you could check for me whether or not there have been any approaches to the department concerning—

**Mr Evans**—I could probably have an answer transmitted to you at tomorrow's hearing.

**Senator CARR**—That would be terrific. In your judgment, do the present guidelines preclude such an administrative arrangement?

**Mr Evans**—I believe they do. I think the spirit of not for profit means just that, so I have some difficulty with segmenting off part of the operation and to operate for profit. That said, as we also discussed in the past, some schools do lease out school halls and lease out swimming pools and the like to cover some of the costs, and I do not have a problem with that. But, again, the overall operating principle is that the school is still operating as a not-for-profit school.

**Senator CARR**—I understand the point you make but is not the difficulty that arises here that the registration procedures at the state level are not for Commonwealth programs; they are to do with curriculum and other such matters?

**Mr Evans**—But I believe that the policy thrust that is adopted by the Commonwealth is similar to the policy thrust adopted by the states and I think the state would have a difficulty with this sort of a concept as well.

**Senator CARR**—We will see. The current act specifies in section 47 that a school is not for profit. But, in your reading of that act, is it your responsibility as a Commonwealth officer to look at the formal status of the entity that has applied for the funding or do you look behind the entity that is presented to you to establish whether or not the claims that it is making about being a not-for-profit entity are in fact true?

**Mr Evans**—I think we would tend to do both. At a first point we look at in terms of is it not for profit, then we look to see whether there are any unusual aspects of its operation. That gets us to some of the discussions we have had around the issue of establishment grants.

**Senator CARR**—Taylors in Melbourne get Commonwealth funding, do they not? Do they get some recurrent funding?

**Mr Evans**—I am not sure. I could not say definitely.

**Senator CARR**—Reddam House?

**Mr Evans**—Reddam House does.

**Senator CARR**—Kilmore International School?

**Mr Evans**—Some of these schools can have full fee-paying overseas students and there can be—

**Senator CARR**—Yes, and domestic full fee-paying students too.

**Mr Evans**—That is right, and there are government schools that have full fee-paying overseas students as well.

**Senator CARR**—Aim Secondary Music College in New South Wales, Murdoch College in Western Australia, the University Senior College are all getting Commonwealth government assistance, are they not?

**Mr Evans**—I believe the ones that you read out, yes.

**Senator CARR**—What checks did you take on any of those entities to establish whether or not they were genuinely not for profit?

**Mr Evans**—They have to comply with Commonwealth financial acquittals that have to be certified by an accountant so that person has to be qualified to be able to make those acquittals and statements of fact. They also have to make some of those statements to acquit the state funding as well.

**Senator CARR**—Let us take Reddam, just to see how much work is undertaken.

**Mr Evans**—I do not have details of Reddam in front of me.

**Senator CARR**—Perhaps you could take some information from me and check out whether or not it has any bearing on your decisions.

**Mr Evans**—Sure.

**Senator CARR**—Reddam House in Sydney, which is a school according to its web site, was founded by Mr Graeme Crawford—a South African migrant who previously opened up a number of private schools in South Africa. They were called Crawford schools. He sold 50 per cent of this interest to a public company and the entity called itself Crawford College and was listed on the South African stock exchange. Has there been any inquiry as to whether or not this is the same entity, Crawford College in South Africa, as the one that has established in Sydney?

**Mr Evans**—My recollection is there is a connection between Reddam and some South African interests.

**Senator CARR**—I understand that the company is also calling itself Advtech and it includes Crawford in its list of school divisions. I am wondering if you could assist me here about the current status and progress of the South African court case against the proprietor of Reddam House, Mr Graeme Crawford, who was reportedly sued for five million rand over alleged restraint of trade. Is that the same entity we are discussing?

**Mr Evans**—I do not know. I do not have that information—

**Senator CARR**—Would it have any implications for the Australian version?

**Mr Evans**—I would have to investigate and come back to you on that one.

**Senator CARR**—While you are there, could you have a look at Taylors College in Melbourne for me? Could you provide details of the registered entity Taylors College, its shareholding and office bearers? I understand it presents itself as a for-profit entity and I am just wondering how it secures Commonwealth funding. I understand they have 98 students listed for Commonwealth recurrent purposes; is that correct?

**Mr Evans**—I am not sure. I can check to see. I will take that one on notice.

**Senator CARR**—If you could because what concerns me here is how do you define ‘not for profit’. Under the act, how is that defined?

**Mr Evans**—That will form part of the answer.

**Senator CARR**—Thank you. Let us just take Taylors as an example. I am reminded that, in estimate answer E0305A, you have already told me that the school will get \$305,000 in 2004 for 80 students and that is up from \$150,000 in 2001. In all my years in Melbourne it never struck me that Taylors was a not-for-profit entity, I am just wondering how it has been able to convince you, Mr Evans, that it is.

**Mr Evans**—I have it as 102 students.

**Senator CARR**—It is 102 now, is it?

**Mr Evans**—It was a former category two funded ERI. Its current SES score going through this quadrennium is 106.

**Senator CARR**—So they are quite well off as well.

**Mr Evans**—Needy is about 100, so 106 is just above needy.

**Senator CARR**—Are they for profit or not?

**Mr Evans**—You have asked me that question. I think I will need to come back to you on it.

**Senator CARR**—I have got competing advice coming in on exactly how many there are at Taylors. What did you say the number of students was?

**Mr Evans**—One hundred and two.

**Senator CARR**—One hundred and two—well, everyone is wrong.

**Mr Evans**—That is secondary students in 2003 as at the census.

**Senator CARR**—It is only secondary students that they have?

**Mr Evans**—That is correct; zero primary students.

**Senator CARR**—Thank you. I would appreciate your advice on that. That would be on notice I take it?

**Mr Evans**—Yes.

**Senator CARR**—I would like to turn to the minister's press release concerning the AEU campaign, a press release issued on 15 February. It is number 625-04. I will just go through with some of the claims that are made in that, Mr Evans. Did you write the press release?

**Mr Evans**—No, I think it is the minister's press release.

**Senator CARR**—That is what I thought. It does not have your finesse to it. I did not think it was yours. Can we just go through some of the matters here? The minister's table refers to state government schools. Are you able to provide the details of the calculations of state budgets including copies of the sources that you relied upon. I presume the department provided advice to the minister on these issues, if not actually writing the press release.

**Mr Evans**—Are you referring to the table about budget increases to state government schools?

**Senator CARR**—Yes.

**Mr Evans**—What would you like to know?

**Senator CARR**—I would like to know the details of the calculation of state budgets that you relied upon and I would like the copies of the sources of that information. Are you able to provide that for me?

**Mr Evans**—The sources are state budget papers and analysis that is undertaken within DEST to unpack the state budget papers to look at the year-on-year increases for government and non-government schools by state governments. So it looks at the latest revised expenditure for the current financial year and the proposed increase for the forthcoming year and measures the rate of increase.

**Senator CARR**—Could I have a copy of that evaluation please that you have just referred to?

**Mr Evans**—I can probably provide it to you.

**Senator CARR**—I would appreciate that. At a previous estimates hearing I have discussed with you and Ms Paul the question of the accountancy standards, the normal accounting and audit protocols that are applied to your evaluations of state budget papers. My recollection

was Mr Evans that you were less than keen to advise me that the analysis did meet the normal accounting and auditing protocols.

**Mr Evans**—I do not think that is correct, Senator. If I recall, my response to you was that the analysis that I did of state budget papers was exactly the same as the analysis that the federal government follows in the way it presents its figures in the portfolio budget statements. That is, it provides figures on the budget estimate, it provides figures on the latest revised estimate and it provides figures on the forthcoming budget, and then it measures the difference between the latest revised and the forthcoming budget. That is exactly the same way in which we have done the analysis of state budget papers.

**Senator CARR**—Do they meet the normal accounting and audit protocols?

**Mr Evans**—I am not sure what you mean by ‘normal audit protocols’. I am saying that the analysis of state budget papers is like-for-like treatment.

**Senator CARR**—And would it meet what would be regarded as normal audit protocols?

**Mr Evans**—As I say, I have not put it to normal audit protocols. I have put it to consistent, like-for-like treatment of how you assess state budget papers.

**Senator CARR**—Let me go through some of the comments made by state ministers on this matter. Would you comment on the views of the Queensland minister for education?

**Senator Vanstone**—I doubt it.

**Senator CARR**—You do not think so?

**Senator Vanstone**—No.

**Senator CARR**—Who can?

**Senator Vanstone**—A number of people, but I would not have thought it appropriate for estimates.

**Senator CARR**—It is because the minister has made a statement concerning the Queensland budget papers, based on officers’ advice.

**Mr Evans**—It can be the prerogative of the minister to write to the federal minister.

**Senator CARR**—The minister in Queensland said:

The Federal Minister claimed that the Queensland Government had increased state funding to state schools by only 2.4 per cent. I found this very curious because it does not comply with Queensland data. I asked departmental officials to advise me how he could have reached this conclusion. The most commonly used dishonest manipulation of state budget figures by the Commonwealth over the last few years has been to compare actual spending in one year with budgeted spending, rather than budget to budget.

Mr Evans, is that what they have done?

**Mr Evans**—That is what I have done. I have done it in exactly the same way as the Commonwealth analysis is done.

**Ms Paul**—It is exactly the same as what is done in here.

**Senator CARR**—So you have compared actual spending in one year with budgeted spending, rather than from budget to budget. Is that right?

**Mr Evans**—It is the latest revised, which, as I say, is the way in which the portfolio budget statements in the Commonwealth area are presented to budget announced budget.

**Senator CARR**—How do you respond to the suggestion from the Queensland minister that this is a ‘dishonest manipulation’?

**Mr Evans**—I do not accept that, particularly as the way in which it presents a comparison between increases in the federal budget versus increases in the state budget. They are on exactly the same basis.

**Senator CARR**—So you have compared actual budget figures in all states?

**Mr Evans**—Correct.

**Senator CARR**—Actual budget figures?

**Mr Evans**—The latest revised figures. You will recall that the budget comes down in May, so you do not have a final figure as at May. Again, when the federal budget comes down it is the latest revised estimate, and that is the same with the state analysis.

**Senator CARR**—Is it true, then, that actual expenditure is almost always higher than the previous year’s estimates in state budgets?

**Mr Evans**—Yes.

**Senator CARR**—Is it often the case that there is a deliberate underestimation of salary increases, particularly when state governments are in dispute with teachers?

**Mr Evans**—I would not know whether states make deliberate withholdings of their moneys.

**Senator CARR**—But it is not uncommon, is it?

**Mr Evans**—I do not know, Senator.

**Senator CARR**—You would say, though, that it is common that the expenditure is almost always higher than the previous year’s estimates?

**Mr Evans**—That has been a likely outcome, yes.

**Senator CARR**—Do your figures take that into account?

**Mr Evans**—How the Commonwealth presents its figures and how the states present their figures are treated in exactly the same way.

**Senator CARR**—I take it that the answer is no.

**Senator Vanstone**—The officer has answered your question in the way he thought appropriate.

**Senator CARR**—But that is true, though, isn’t it? You have not.

**Ms Paul**—We go with the public record, of course. That is all we can go on at budget time. That is why we have to use exactly the same method as the Commonwealth does.

**Senator CARR**—But the states do not do their budgets in the same way, do they? Their actual budget figures are almost always higher than the previous year’s estimates. That is true, and Mr Evans has confirmed that. But that is not the basis of his calculations.

**Mr Evans**—If I were to mix the calculations, you would be criticising me for having a—

**Senator CARR**—I would be criticising you for all sorts of things.

**Senator Vanstone**—Yes, in any event.

**Senator CARR**—As you well know.

**Mr Evans**—Thank you, Senator Carr.

**Senator CARR**—The point is, though, that you have been accused of the use of ‘dishonest manipulation’.

**Mr Evans**—I do not accept that claim.

**Dr Harmer**—I do not think it is at all fair to call it dishonest manipulation, given Mr Evans’s description of how he has calculated it.

**Senator CARR**—The Queensland minister went on to say that the federal minister had done it this time, but differently, because:

... that particular lie would not have resulted in 2.4 per cent. Departmental officers have spent all day trying to work out how on earth he could have come to such a figure. ... None of the permutations that could possibly have been used can conclude in the mythical 2.4 per cent.

**Mr Evans**—It was not hard, I can tell you.

**Senator CARR**—It was not hard for you.

**Mr Evans**—It was not hard for them, either, to pick up the phone and just ask me.

**Senator CARR**—The Queensland minister went on to say:

Whichever way one interrogates the data, nobody can reach the same conclusion as Brendan Nelson.

**Mr Evans**—Again, it is not hard to come up with that answer.

**Senator CARR**—So you can now explain to me how it is that you reached this figure of 2.4 per cent.

**Mr Evans**—This is for—

**Senator CARR**—Queensland.

**Mr Evans**—I thought I did explain it to you, Senator. It looks at the state expenditure, the latest revised expenditure and the budget announcement.

**Senator CARR**—That includes actual spending, does it?

**Mr Evans**—It is actual spending in the course of the current year and it is proposed expenditure in the forthcoming year.

**Senator CARR**—Can you confirm that federal funding for government schools in Queensland will increase by \$19 million? That is right, isn’t it?

**Mr Evans**—I do not have that absolute increase in front of me; I only have the percentage rate.

**Senator CARR**—Can you confirm that the state increase is \$170 million?



**Mr Evans**—I do not have the increase year on year; I have a funding level. So what you have asked me for I just do not have in front of me.

**Senator CARR**—You can confirm it for me, can't you?

**Mr Evans**—I will take it on notice.

**Senator CARR**—You will have no trouble with that. Let us look at the Victorian situation now.

**Mr Evans**—Senator, if the purpose of your question is to say that we compare a rate and they compare an absolute amount, I understand that argument. That has been pressed with the minister at various MCEETYA meetings.

**Senator CARR**—The increase in Commonwealth funding for government schools in Victoria in 2003-04 was \$31.7 million. Is that right?

**Mr Evans**—That would be pretty right.

**Senator CARR**—That is six per cent.

**Mr Evans**—Yes.

**Senator CARR**—The Victorian budget papers show that the true picture of total state expenditure to government schools in that period was an increase of \$230 million. That is around six per cent. That is a difference of \$200 million. Would you agree?

**Mr Evans**—Broadly, yes.

**Senator CARR**—There is quite a substantial difference between \$31 million and \$230 million, isn't there?

**Mr Evans**—But the state is responsible for 88 per cent of the expenditure on government schools and the Commonwealth is responsible for 12 per cent. So if you translate—

**Senator CARR**—I have heard this argument around the traps before, too. You have told me about capital and all sorts of other provisions, and when you want to it is 44—

**Mr Evans**—No. Actually, Senator, the figure you are quoting there is total expenditure on government schools. It is not just recurrent; that includes capital. But I still make that point that the funding from the Commonwealth represents 12 per cent and the funding from the state represents 88 per cent. So you need to take account of the relative size when you look at the relative increases.

**Senator CARR**—In your analysis, are you calculating your figures based on total state government expenditure or just recurrent expenditure?

**Mr Evans**—When I am doing the state government analysis, it is on total.

**Senator CARR**—There is a \$50 million increase built into those figures—that is, 2.3 per cent. I am wondering how you account for the difference in those figures, for the \$230 million that has shown up in the budget papers themselves.

**Mr Evans**—Are you saying it is \$230 million representing 88 per cent, which is presented as 2.3 per cent, versus 31 per cent representing 12 per cent, which is presented as significantly more?

**Senator CARR**—The advice that I am getting is that the new output figures in the Victorian budget are comparable to the Commonwealth's budget measures statement in budget paper No. 2. Much of it is for government schools 2003-04. How much money is involved for government schools in 2003-04 in the Commonwealth budget papers?

**Mr Evans**—I might have to get that figure for you. It was in the budget release of budget night.

**Senator CARR**—Yes, that is right.

**Mr Evans**—I thought the total funding was six point something billion dollars, but someone might be getting that figure for me.

**Senator CARR**—If they could, please. How much of that is due to indexation?

**Mr Evans**—Broadly, it would be around \$400 million, give or take \$20 million either way—if you will accept a figure of that order.

**Senator CARR**—That is all right. What I have is the minister's statement that Victoria's increase is \$50 million. What I have been told is that the Victorian budget papers show that the real increase is \$230 million. What I am interested to know is how you got \$50 million and they got \$230 million.

**Mr Evans**—It goes back to the point we went to before. That might be the difference between using budget to budget and using latest revised to budget. It is the difference in the way in which states present their budget figuring.

**Senator CARR**—That is right. They do not necessarily follow the Commonwealth's procedures, do they?

**Mr Evans**—No.

**Senator CARR**—So it is a futile exercise to base your analysis on Commonwealth procedures when they are not used in the states.

**Mr Evans**—It is not a futile exercise when you are reporting on what is presented in budget papers and presenting the Commonwealth and state on a like-for-like treatment.

**Senator CARR**—But they are not like-for-like treatment because they are not reported in a like manner.

**Mr Evans**—I do not know if you are inferring that the states squirrel away money and do not present it against appropriations, but the Commonwealth does not do that.

**Senator CARR**—You would be aware of the claims that are made in this press release about the Australian Constitution. The minister's press release says:

Under the Australian Constitution, state schools are the responsibility of State and Territory Governments. They own the schools, manage them and have the major financial responsibility for them.

Could you show me in the Constitution the reference to state schools?

**Mr Evans**—As I understand the argument presented, the fact that state schools are not mentioned in the Constitution means that they are the responsibility of the states.

**Senator CARR**—That is how you read it?

**Mr Evans**—That is an interpretation that has been presented to me.

**Senator CARR**—An interpretation? You can show me where in the Constitution there is a requirement that the Commonwealth is responsible for private schools. Can you show that to me?

**Senator Vanstone**—With respect, Senator, we can play these games all night and we can play them all day Thursday. If you want some advice on constitutional responsibilities, you should go to the Attorney-General's Department. If you want some advice on expenditure in this department, you should ask the officers about expenditure. That is what estimates are for.

**Senator CARR**—I am asking the officers about a press release that the minister for education has put out about funding of schools, where he has drawn a distinction between what he refers to as 'state schools' and non-government schools. Where do I find those terms in the Constitution? He has made the point about the Constitution.

**Senator Vanstone**—I understand what you are doing, but you are seeking to make political points and you are using the officers to do so. It is completely unsatisfactory. You have plenty of opportunity and plenty of fora to express your views about a minister's press release. This is not one of them. The officers are here to answer questions about expenditure in this portfolio, and they are very happy to do so.

**Senator CARR**—The minister also says:

*Every child in a Catholic or independent school receives less public funding than they would in a public state school.*

Have you done an analysis of every school?

**Mr Evans**—Yes.

**Senator CARR**—Every school?

**Mr Evans**—Yes.

**Senator CARR**—Can we have a look at that?

**Mr Evans**—I would need to check whether it was to be made available at this time.

**Senator CARR**—Why is that?

**Mr Evans**—That document has not been on the public record as of yet.

**Senator CARR**—What is the problem? The minister has made the statement:

*Every child in a Catholic or independent school receives less public funding than they would in a public state school.*

I am wondering what the analysis for that statement is.

**Senator Vanstone**—The document may have been prepared in the course of giving advice to the minister, in which case it would be for the minister to decide.

**Ms Paul**—The aggregate result of course is shown in the bar graph.

**Senator CARR**—I appreciate that. I see the bar graph. But I would like the evidence that the department is using to justify the statement that 'every school'—

**Senator Vanstone**—That is a question I will take on notice for the minister.

**Senator CARR**—I am advised that the Queensland government is asserting that there are non-government schools in that state that receive more from public sources than comparable government schools.

**Dr Harmer**—I think this was the assertion made at the ministerial meeting. We were interested in that because it does not really fit with what we know as the facts about the relative funding of the private sector versus the state school system. We asked Queensland to provide us with the information on that because we were very interested if they had information. I am afraid that, up until now, they have not been able to give us any information.

**Mr Evans**—We have asked them on several occasions. We have asked them in writing to provide the basis of the claims that their minister has made in MCEETYA meetings, and nothing has been forthcoming.

**Senator Vanstone**—It does seem appropriate that, if the New South Wales government—of which you are not a member and no-one here appears to be a member—wants to make an assertion and you want it tested, you should get a colleague to test it in the New South Wales Parliament. I make the point that it is not the job of Commonwealth officers to be accessed through the estimates committee to do work in effect to confirm or otherwise allegations made by the New South Wales government.

**Senator CARR**—That is fine. I actually referred to Queensland.

**Senator Vanstone**—Well Queensland!

**Senator CARR**—An assertion had been made by officers here that they have done checks on every school. I am challenging that assertion based on the information that has been provided by a state government.

**Senator Vanstone**—You have asked if you can have the table, and the question has been taken on notice. Then you have asked quite specifically about an allegation made in Queensland. I am saying that, if you want that tested, test it in Queensland through some colleagues there.

**Senator CARR**—That is terrific, Minister.

**Senator Vanstone**—I thought it was friendly.

**Senator CARR**—I have asked the officers if they are familiar with it, and the secretary has confirmed that he is aware of it and he has asked for further particulars from the Queensland government.

**Mr Evans**—We raised it in writing with Queensland in November. We raised it again at a meeting of Commonwealth and state officials I believe in December. I raised it again as recently as last week.

**Ms Paul**—We thought it was odd because on the face of it the highest comparative rate is 70 per cent of AGSRC, as you know, and the lowest rate is 13 per cent. We thought it was odd and would really like to know if there is an example. But so far, most unfortunately, we have not had advice of that.

**Senator CARR**—How do you know how much is spent in each government school? How does a Commonwealth officer know that?

**Mr Evans**—The calculation that is included in one of the tables in the minister's press release uses state provided average government school recurrent cost both primary and secondary and we know for each of the schools in the state their enrolments both primary and secondary or combined. We can do a calculation to determine that to a particular price base and then adjust it up to 2003 prices. So it is an average level of funding for the numbers of students that are going to that school.

**Senator CARR**—That is what I thought you would say. It was in fact an average. Your calculations are based on averages; they are not calculated on the basis of how much money is actually spent.

**Mr Evans**—The average AGSRC figure is an amount that is actually spent.

**Senator CARR**—Yes, but you do not know how much you spent at Moonee Ponds Central in Victoria, do you?

**Mr Evans**—I have not seen a list by the education department to tell me that.

**Senator CARR**—No, you have not. But you have made a calculation and you have said to me that you can tell how much money is spent on every school in this country. You cannot provide that information at all.

**Mr Evans**—If it goes up in one school then it has to go down in another.

**Senator CARR**—That is an average figure. You do not know how much is spent in every school. You know how much is spent on average.

**Mr Evans**—I think the point that is being made here is that, when you look at the figures on the left-hand side of the page, you see that they are all figures below \$4 million or \$5 million while the figures on the right-hand side are all significantly higher for schools with similar enrolment sizes. That is the take-out from that particular table.

**Senator CARR**—Is it not the case that schools are funded on all sorts of different bases, even within the state systems? Within the public education system each school receives different amounts based on enrolments, teachers, special needs, facilities and particular programs?

**Mr Evans**—Yes, there are differences. But, first of all, this is a recurrent figure; this is a figure that is provided by the state. It is using a state figure that they say is the average cost of a primary or secondary enrolment in their state.

**Senator CARR**—That is not what you said to me. You said that you—

**Mr Evans**—No, that is what I did say.

**Senator CARR**—You said that you have done a check on every school in Australia.

**Mr Evans**—No, it is not my media release.

**Senator CARR**—So it is not right.

**Mr Evans**—No—

**Senator Vanstone**—Senator, can I ask you a question? Do you have a school that indicates that the press release is incorrect?

**Senator CARR**—It is not my place here to argue the toss, but I am—

**Senator Vanstone**—With respect, you are arguing the toss.

**Senator CARR**—I am not here to argue—

**Senator Vanstone**—The press release is put out. You are attacking public servants over their calculations and yet it appears you do not have a basis for doing so. If you do, put it forward.

**Senator CARR**—This is not attacking public servants; you have got no idea what attacking public servants is like.

**Senator Vanstone**—No, in the context of your rudeness it certainly is not—I quite agree!

**Senator CARR**—This is just a friendly chat late in the evening.

**Senator Vanstone**—But the simple question is: do you have an example—

**Senator CARR**—You are not tired and emotional tonight, are you?

**Senator Vanstone**—to demonstrate that the press release is incorrect? Or are you simply wasting—

**Senator CARR**—I have got a statement here that the minister—

**Senator Vanstone**—Excuse me. Are you simply wasting a large amount of time at Commonwealth expense with all these people sitting here watching you go through some calculations when you do not have a school to demonstrate that it is wrong? If you have it, come up with it.

**Senator CARR**—Minister, you can tell me this. The minister's press release said:

Every child in a Catholic or independent school receives less public funding than if they were at a state school.

That is a statement that the minister has made. I am asking the officers how is it possibly justified?

**Senator Vanstone**—The adviser can tell you how that has been put together. You do not seem satisfied with that and you seem to be inferring consistently that you have a school that demonstrates that is incorrect.

**Senator CARR**—If you actually listened to what was going on here, you would not be wasting your breath.

**Senator Vanstone**—I have been listening; I am suggesting that you are wasting everybody's time.

**Senator CARR**—You have taken on notice my request to have the information provided that supports your modelling.

**Senator Vanstone**—Yes, I have taken it on notice and I have said that I will refer it to the minister.

**Senator CARR**—I am looking at the figures here on Fairvale High School in New South Wales. You are saying it has total funding of \$15.9 million. Is that correct?

**Mr Evans**—I have explained to you, and I will go over it again, that is the New South Wales average government school recurrent cost for a secondary student in New South Wales. It uses the enrolments at that Fairvale school and it slightly price adjusts it to 2003 prices.

**Senator CARR**—What do you mean by ‘slightly priced adjusts’?

**Mr Evans**—To have a comparable basis with the left-hand column, which is also in 2003 prices.

**Senator CARR**—It seems to me that we have a situation here where we can be very precise about how much money is going to the non-government schools because the Commonwealth provides us with that detail. However, the averages in the state systems, as you put them, or the public education system, are done on averages. This is what you have done here, isn’t it? You applied an average.

**Mr Evans**—I have applied a state provided AGSRC figure, and the price adjustment that is used is AGSRC again.

**Senator CARR**—What is the AGSRC figure in 2003?

**Mr Evans**—The AGSRC for New South Wales for secondary—and this is a 2001-02 figure—is \$10,555.

**Senator CARR**—I wonder whether you could check that for me. What was the AGSRC figure for 2003 for a New South Wales high school?

**Mr Evans**—This is the only published figure there is.

**Ms Paul**—The data lags, of course.

**Senator CARR**—You are claiming the figure is \$11,044.

**Mr Evans**—That is right. So the 2001-03 figure is adjusted up by 18 months worth of AGSRC.

**Senator CARR**—So you have calculated an increase. So you are giving an estimate of what the AGSRC was in 2003, are you?

**Mr Evans**—No. The AGSRC is likely to move by around 6.4 per cent.

**Senator CARR**—So you can tell me what you think the AGSRC figure is in 2003. You say it is now \$11,400. Is that right?

**Mr Evans**—It is \$11,589.

**Senator CARR**—It was put to me that the figure is in fact only \$8,021.

**Mr Evans**—That is very surprising as New South Wales reported a figure of \$10,555 to MCEETYA. I am not sure what figures you have in front of you, Senator.

**Senator CARR**—Is the figure included in the legislation for AGSRC \$8,021?

**Mr Evans**—In the Commonwealth legislation?

**Senator CARR**—Yes.

**Mr Evans**—That is a cash AGSRC figure.

**Senator CARR**—But \$8,021 is the figure.

**Mr Evans**—It is a cash figure for the purposes of Commonwealth legislation.

**Senator CARR**—Yes, but the figure you have included in the ministerial press release is \$11,500.

**Mr Evans**—The most recent figure is the MCEETYA figures that each state has provided. We only have a Commonwealth AGSRC. So that I would not be classed as having not taken account of particular state circumstances, I used state AGSRC figures for this exercise.

**Senator CARR**—If we take the figure that is printed in the budget—\$8,021—and compare it with the figure you have used in this table, there is a \$5 million difference.

**Mr Evans**—For example, looking at the Northern Territory for secondary, the Northern Territory AGSRC is \$19,315. I would be criticised if I were using \$8,000 and understating what is happening in the Territory.

**Senator CARR**—You are using accrual figures, aren't you?

**Mr Evans**—It is the state's figure.

**Senator CARR**—You are using accrual figures, aren't you?

**Mr Evans**—Yes, I am.

**Senator CARR**—The figures in the Commonwealth payments are in cash.

**Mr Evans**—That is correct.

**Senator CARR**—So there is a discrepancy there, isn't there?

**Mr Evans**—A slight discrepancy.

**Senator CARR**—About \$2,000, or 20 per cent.

**Mr Evans**—No, much below that.

**Senator CARR**—How much?

**Mr Evans**—If it were \$2,000, it is still nowhere near this difference.

**Senator CARR**—If it were \$8,000 versus \$11,000, that is a bit more than \$2,000.

**Mr Evans**—I said it would be less.

**Senator CARR**—I know that. I am saying to you that it would be more.

**Mr Evans**—I do not accept that.

**Senator CARR**—Clearly, the difference between the cash and accrual figures, which you are now using, could be in excess of \$5 million for that particular school.

**Mr Evans**—Do you believe that the state needs to explain these accrual figures?

**Senator CARR**—No, you need to explain it. You are the one with the bodgie press release.

**Mr Evans**—It is not a bodgie press release. It is using state figures.



**Dr Harmer**—What Mr Evans is saying is that the states have given to the MCEETYA secretariat the figure of \$10,000.

**Senator CARR**—Could you provide me with a detailed costing of each of the schools in the release, in addition to the ones you have already provided? In fact, you were asked to take them on notice. Can I get a detailed breakdown of each of the schools that are mentioned in the release and how you have included that per student estimate and compare those with the published AGSRC figures? Can you provide a breakdown of the federal and the Commonwealth and state funding in that formula?

**Mr Evans**—The federal funding for government schools is included in the AGSRC.

**Senator CARR**—I know, but you have provided us with this beautiful little graph that shows how much money these schools have got. I want to see how you have done it.

**Mr Evans**—I will take that on notice.

**Senator CARR**—Thank you. I would like to know in what ways the schools in the tables are actually comparable. Is there any relative needs difference between those schools in your calculations?

**Mr Evans**—I think the basis of comparison was a state school in a similar size to a non-government school of a similar size.

**Senator CARR**—So it is just enrolments?

**Mr Evans**—Essentially.

**Senator CARR**—You take no effect on socio-economic needs?

**Mr Evans**—I have not seen any reports printed by the state that gives us that level of information.

**Senator CARR**—That is their job to know those things. You do not, do you?

**Mr Evans**—I think that is interesting, when the Commonwealth spends a large amount of money in government schools.

**Senator CARR**—How do you know where it is being spent?

**Mr Evans**—That is exactly the point we are trying to make here, Senator.

**Senator CARR**—You have just told me you have done an analysis of every school in the country.

**Mr Evans**—That is right.

**Senator CARR**—Which is it? You do not know where the money is spent or you have done an analysis of each school in the country?

**Mr Evans**—We have done an analysis to calculate a figure for each school in the country.

**Senator CARR**—An analysis to calculate an average figure.

**Mr Evans**—No, using an average figure.

**Ms Paul**—Using the MCEETYA figures.

**Mr Evans**—For each state.

**Senator CARR**—When is the bill for the next quadrennium funding agreement to be introduced to the parliament?

**Mr Evans**—Probably in the first half of this year.

**Senator CARR**—The first half of this year. So it has been drafted?

**Mr Evans**—I have not seen a draft of it.

**Senator CARR**—Who is responsible for managing the drafting?

**Mr Evans**—The Office of Legislative Drafting.

**Senator CARR**—Yes, I know technically they do write. Aren't you responsible for the drafting instructions and supervising the drafting work?

**Mr Evans**—I will cut to the chase. The drafting instructions have not been prepared.

**Ms Paul**—I would expect it would be either late in the budget sittings or early in the next sitting. Obviously the earlier the better in terms of certainty and so on.

**Senator CARR**—What is the latest date you would anticipate it being published?

**Ms Paul**—You would certainly hope it would not go much past the beginning of the winter session or spring session, and hopefully it would be in the budget session.

**Senator CARR**—Can I have a breakdown on the consultations that you have undertaken so far for the legislation?

**Mr Evans**—We have undertaken consultations and discussions with state governments and we have undertaken some discussions with non-government bodies. We have not gone as far as to get into discussions about actual legislation at this point.

**Senator CARR**—Are you able to provide me with a written—you can take this on notice—on what concerns have been raised with you in regard to the proposed new legislation?

**Ms Paul**—We have not really had discussions yet on legislation because, of course, we are not at that stage yet. It has been more the general discussions that you would imagine that have arisen at MCEETYA, and so on, which go to the range of issues that you would expect, including funding, nature of funding, particular issues about particular students, and so on. Of course we have not had any legislation in front of us yet to discuss in detail, or to consult on in detail.

**Mr Evans**—There have been some papers to MCEETYA. I am not sure whether they could actually be released.

**Senator CARR**—I have asked for those. I would be interested to know because, you see, so far the consultations you referred to have concentrated on the private sector.

**Mr Evans**—That is not quite correct. We have been actively listening to the states in terms of some of the issues that they have put before the federal minister, particularly in relation to issues such as a call that the AGSRC be maintained as a basis for supplementation. I think the ministers respond positively to that. They have made other cases to the minister as well, and I think the response that we and the minister have made is that an Australian government

position should be settled on before we can get into the serious stages of what the basis of the next quadrennium will be.

**Dr Harmer**—I arrived in the portfolio in the middle of March last year and I remember a meeting of heads of state and Commonwealth education departments in Melbourne shortly after, where we had quite a discussion on a paper prepared by the states about views of things they wanted and did not want in the next quadrennium. We have been discussing versions of that paper on further issues since. We have had quite a lot of discussions with them.

**Senator CARR**—Has there been a formal submission or response to the state ministers' position paper from MCEETYA—as, if my memory serves me correctly, it was a position paper they put out—about the equity issues?

**Mr Evans**—You may or may not be aware that there had been planned a MCEETYA meeting for 5 December. State ministers all came to Canberra for that meeting. The focus of the meeting was to be in large part the schools quadrennium and the Indigenous quadrennium. As it turned out, the minister could not attend because of pressure on higher education which meant he had to be in the House, which we had warned state ministers would be a likely occurrence. That MCEETYA meeting has been deferred to a subsequent meeting in mid to late April, where there will be an opportunity for the federal minister to have that discussion with all of his state colleagues. Also, I do not think it is any state secret that there will be a discussion on this issue at the Commonwealth and state officials meeting on Friday. Through each of these you can see how we are engaging with the states and better listening to exactly what their case is.

**Ms Paul**—You can imagine it is a standing item of discussion on our agendas.

**Senator CARR**—Yes. I am sure the press release the ministers issue will enthral the state officials and mean that the meeting will be conducive to an exchange of views and that warm and cuddly thoughts will be uttered, especially when they understand your involvement in it, Mr Evans. Will there be changes to the SES system for non-government schools?

**Mr Evans**—I can categorically say that the design architecture will remain but, yes, there will be changes to the extent that we are using the 2001 Commonwealth ABS census and the latest available enrolments. In that sense, we have been engaged in a fairly significant exercise to recalibrate the school scores using the 2001 census and 2002 enrolments.

**Senator CARR**—The central plan is to keep, as you call it, the architecture.

**Mr Evans**—Correct.

**Senator CARR**—That architecture is predicated on the provision of additional moneys for the Catholic system. Will that be there as well?

**Mr Evans**—I cannot comment on that.

**Senator CARR**—Will it be there for other school systems?

**Mr Evans**—If you think it through, there are probably three scenarios. There could be a situation where a school's score does not change between the two census periods, so therefore the school would probably expect to be on the same SES point. It would be subject to increases in AGSRC and it would be affected by whatever its enrolment composition is. You

could have schools whose scores might go down, so technically they would have an entitlement to a higher level of SES funding. The flipside of that is that there could be schools whose scores go up, and the issue there would be what level of funding to have going to the next quadrennium. That is an issue that is before the minister at the moment.

**Senator CARR**—Will the provision of funding maintenance for schools be there still?

**Mr Evans**—There a couple of statements of policy that the minister has made or that are otherwise clearly on the public record. One is around the issue of continuation of the AGSRC and the second one is that there is a strong policy commitment that the funding maintenance arrangements will continue through the next quadrennium.

**Senator CARR**—So for another four years?

**Mr Evans**—Another four years.

**Senator CARR**—Even for some of the wealthiest schools in the country?

**Mr Evans**—I would not necessarily say the wealthiest schools, Senator, but we both understand how funding maintenance works.

**Senator CARR**—Will the SES system apply to the entire system or will there remain the exemptions in the current system?

**Mr Evans**—Can you tease that out a little further?

**Senator CARR**—Yes, the Catholics: are they going to be in the SES or are they going to run their own system?

**Mr Evans**—I cannot comment on that.

**Senator CARR**—That is a policy decision?

**Mr Evans**—Yes.

**Senator CARR**—But that is an integral part of the current architecture—65 per cent of the system does not actually have the SES model applying to it.

**Mr Evans**—Yes, but you have asked me to speculate what is happening for the next quadrennium and I am not going to speculate.

**Senator CARR**—Will an SES system be used for the Commonwealth funding of government schools?

**Mr Evans**—That is an interesting question, Senator. I don't think I had thought of that one.

**Senator CARR**—So the answer is no; is that right?

**Mr Evans**—I repeat what I said. The states might be convinced that it would be useful if they applied it to government schools.

**Senator CARR**—I doubt it. Is there any proposal to establish a voucher system for the funding of schools?

**Mr Evans**—Again, I cannot comment on what is a policy issue.

**Senator CARR**—Has the department undertaken an analysis of voucher funding?

**Mr Evans**—I can remember that six or seven years ago there might have been a bit of work done, but I cannot recall any work being done in recent times.

**Dr Harmer**—There has been no work, as far as I am aware, in the department on a voucher system since I have been there.

**Senator CARR**—For six or seven years?

**Dr Harmer**—In the last 12 months.

**Senator CARR**—Mr Evans, you cannot recall any, other than that undertaken six or seven years ago?

**Mr Evans**—That is right.

**Senator CARR**—Do you have a copy of that work from six or seven years ago?

**Mr Evans**—You already have copies on your bookshelf. I think it was some of the work around the various options about when the government made decisions on a replacement for the ERI.

**Senator CARR**—It was part of that?

**Mr Evans**—Yes.

**Senator CARR**—Was it a consultancy?

**Mr Evans**—I recall it was.

**Senator CARR**—You cannot recall who did it?

**Mr Evans**—I thought it might have been a former Schools Commission commissioner but the name escapes me. I think he might have moved to the University of Wollongong. You would have copies—or I am sure your office would have copies.

**Senator CARR**—I am sure we would, now that you have reminded me. If you had any idea of the paper in that office—perhaps you could come in and find it for me! Has the department now obtained information on students addresses from each school?

**Mr Evans**—Yes.

**Senator CARR**—These are student addresses for students in government schools or in non-government schools?

**Mr Evans**—Non-government schools.

**Senator CARR**—Just non-government schools?

**Mr Evans**—Correct.

**Senator CARR**—Do you have student addresses for the whole country now?

**Mr Evans**—Yes.

**Senator CARR**—How long have you had that?

**Mr Evans**—In relation to the independent sector, since about March-April last year.

**Senator CARR**—Is it in a form where you can write directly to parents?

**Mr Evans**—We do not write; it is provided by the schools.

**Senator CARR**—Yes, but is it in a form where you could write directly?

**Mr Evans**—Technically the answer is yes, although I believe that we would probably be in breach of the Privacy Act if we did that, in the sense that the purpose for which we collected the addresses is not the purpose for which, if we were to write to them, unless we were writing—

**Senator CARR**—So the purpose for which you have collected this information is to re-assess the SES score?

**Mr Evans**—That is it.

**Ms Paul**—We have to know which statistical collection district the address falls into so we know the SES score for that collection district.

**Senator CARR**—So you now have a reassessment of each SES score? Is that the case?

**Mr Evans**—Yes.

**Senator CARR**—Have you advised the schools of their re-assessments?

**Mr Evans**—Not at this stage.

**Senator CARR**—When will you be doing that?

**Mr Evans**—The timing of that is a matter for the government.

**Senator CARR**—When will the information be made available to this committee?

**Mr Evans**—I expect that it would feature at the budget hearing.

**Ms Paul**—We would be happy to let you know.

**Senator CARR**—I put it to you right now that I am requesting that that information be made available ASAP, since you have got it.

**Ms Paul**—We would be happy to let you know when it is made public, and so on.

**Senator CARR**—It is not a question of when it is made public; it is when it is available to the parliament—an entirely different concept. When do you intend to tell these schools of their funding entitlement for 2005?

**Mr Evans**—That would be a matter for government, but the short answer to that is that it is probably not that far off.

**Senator CARR**—And you are saying that funding maintenance will be maintained so no-one will be losing money?

**Mr Evans**—That is a policy variant on how schools whose scores go up might be treated. I am not going to speculate on that at this hearing.

**Senator CARR**—In other words, it would be wrong for me to assume that no-one will lose money.

**Ms Paul**—Simply that that is a matter for government at this stage.

**Senator CARR**—That has not been confirmed yet.

**Mr Evans**—It is a matter for the government to report on.

**Senator CARR**—Will the information be provided in such a manner as to determine SES scores for a whole system?

**Mr Evans**—That, again, is a policy issue that I cannot comment on at this point.

**Senator CARR**—Have you undertaken SES scores of schools that you believe will be funding maintained?

**Mr Evans**—Yes. To the extent that one of the scenarios that you can find is that what might currently be a funding maintained school, if a score goes down, could end up being an SES score in the next quadrennium.

**Senator CARR**—Just give me some advice on this. For schools that would have a higher score, will they receive increased grants?

**Mr Evans**—On the surface you would argue that there is a case that their funding would go down, but how that school is going to be treated for the next quadrennium is the issue.

**Senator CARR**—So will that be phased in, or will it become immediate?

**Mr Evans**—Again, that is a policy issue.

**Senator CARR**—For those with a lower score, will they receive lower grants—

**Mr Evans**—If you get a lower score, on the surface you are going to get an increased grant.

**Senator CARR**—Will there be a new batch of funding maintained schools?

**Mr Evans**—Again, that is a policy issue.

**Senator CARR**—If they are funding maintained, will it be set against 2004 funding?

**Mr Evans**—Essentially that is how funding maintenance works—

**Senator CARR**—That is the base figure—2004, the new quadrennium?

**Mr Evans**—In essence, your base figure is your current year's figure, under funding maintenance arrangements.

**Senator CARR**—Will there be schools calculated on their 2001 funding maintained figure, or will they all be moved to a 2004 figure?

**Mr Evans**—If you were funding maintained, of itself it means you stay funding maintained unless, as in the example I gave you, if your score does go down, it could be that there a group of schools who move on to the SES arrangement.

**Senator CARR**—What I am trying to establish is whether under this approach, the figure of 2001, the calculation made in 2001, will remain with you indefinitely—that is, while the policy is maintained—or would they all be rephased to 2004?

**Mr Evans**—If you are funding maintained, you have a certain matter of treatment that means you are funding maintained in 2002, funding maintained in 2003, funding maintained in 2004. Then there is a choice at that point as to whether you continue to be funding maintained in 2005 or possibly you might go into SES if you are going to be financially better off on the basis that your SES score has gone down.

**Senator CARR**—I am just trying to be clear. You are suggesting that there may be two separate bases for the calculation of funding maintenance.

**Mr Evans**—There is a group of schools who would continue to be funding maintained; there is a group of schools who could possibly go onto their SES scores, which would mean that the penetration of the SES schools as a proportion of total schools goes up.

**Senator CARR**—I take it that all this is calculated on a real maintenance of funding. So they are indexed, are they?

**Mr Evans**—They use the AGSRC—the same basis of adjustment as applies to government school grants.

**Senator CARR**—They are automatically assumed 5.8 per cent or whatever the figure is.

**Mr Evans**—Correct, whatever the rate of increase in the government schools is.

**Senator CARR**—What is the government's position on increases in fees in independent schools?

**Mr Evans**—Schools are freely able to determine the fee levels that they apply. Schools vary in the fee levels that they actually charge in schools. Senator, you and I have had this discussion many times. It is about this time each year after—

**Senator CARR**—Absolutely. I just want to see whether there has been a change in the rhetoric. I have noticed a subtle change over the years. When we started this discussion we were told that the SES funding scheme would increase access, reduce fees—'reduce fees' were the buzz words, if I remember, in 2000—and now we are being told it will reduce the rate of increase. That is correct, isn't it? That is the new buzz word that is used in this regard.

**Mr Evans**—I think that is right.

**Senator CARR**—What is the policy now? Are we actually looking at reducing fees or reducing the rate of increase? What is the current line?

**Mr Evans**—There have been a whole lot of reports in the press about particular schools in particular states. I am not using a particular line, but there are as many different rates and numeric increases—

**Senator CARR**—That is not my point. I am not going to the individuals. I have all sorts of quotes here that say 15 per cent increases and various other things, but that it not the issue.

**Mr Evans**—I have got zero increases.

**Senator CARR**—Fifteen per cent increases?

**Mr Evans**—Zero.

**Senator CARR**—You quote zero; I will quote 15. What is the Commonwealth government's policy? Is it to reduce the rate of increase or to reduce fees?

**Mr Evans**—There is no stated policy in the design of the SES about fees. You would hope that there would be some downward pressure because of the level of federal funding.

**Senator CARR**—You would hope but there is no evidence that that is the case, is there?

**Mr Evans**—I have some examples here. I will read one to you. It says:



Pittwater House at Collaroy will slash year 7 charges by \$3700, prompted by the trend towards one- and two-children families and “more favourable grants” from the Federal Government.

That is one example, and I am sure you will be able to quote me one with the 15 per cent.

**Senator CARR**—The government talks about increase incentives for increased effort in schools. Is that still the rhetoric that is being used?

**Mr Evans**—I am not sure I have seen that phrase.

**Senator CARR**—I thought I had seen it quite regularly, but you are telling me I have not. I have misplaced that. I am verballing a Liberal minister. You write the words, so you can tell me whether it is right. Is it the case that the SES scheme was supposed to provide incentives for increased effort? Wasn't that Dr Kemp's big push?

**Ms Paul**—I have not heard a phrase said like that. I think it is more of a recognition of the capacity of a school community.

**Senator CARR**—So there is no evidence that it actually does increase incentives for private effort.

**Mr Evans**—There are examples here. They are isolated examples. You have other examples that are showing—

**Senator CARR**—Which are not quite so isolated.

**Mr Evans**—And then there are midpoints. This is the same history that we found this time last year.

**Ms Paul**—We know there is a wide range of low-fee, non-government schools and so on, particularly some of the newer ones.

**Senator CARR**—Why don't I put it on notice, because the quote is actually in the guidelines.

**Mr Evans**—It must be one of the documents I do not read on a regular basis.

**Senator CARR**—That is right, very few people obviously do. If you take it on notice, you could show me how the guidelines are being implemented. You have had a wider look at it now. As you say, we could go around the track on this. Can I ask you about the remuneration packages for the heads of high fee independent schools? What is your view about that? Is that an issue for the Commonwealth government?

**Mr Evans**—I do not believe it is, but that is an issue for the school community to determine what level of remuneration package they find necessary to attract the best to their schools. It is a market decision.

**Senator CARR**—So it is a matter for the schools. Is that right?

**Mr Evans**—In a large part, the schools and the school community.

**Senator CARR**—In relation to the minister's call for increased reporting by schools to parents, I am just wondering whether or not the minister is thinking that the detailed remuneration packages including the housing, the motor cars and all the suit allowances—and all the other things that are included in these remuneration packages—should be part of this reporting to parents. Is that the sort of thing you had in mind?

**Mr Evans**—I do not believe it went in that direction in particular.

**Ms Paul**—The sort of thing that he said last year was that if the schools could make more accessible things like academic outcomes, vocational and other training options that are offered, retention rates—I think it was more oriented towards the outcomes that schools were offering their students, rather than the issues that you have raised there, I think, Senator.

**Senator CARR**—I take it that you do not have the details of these remuneration packages. Is that right?

**Mr Evans**—That is correct. We know how much money is spent on teachers' salaries.

**Senator CARR**—But you do not know individuals, do you?

**Mr Evans**—No, I do not think we should.

**Senator CARR**—The principal, for instance?

**Mr Evans**—No, but the principal is required, as a matter of course, to complete an income tax statement and is affected by fringe benefits tax. If he is living on a house on the grounds, that is all taken into account and he is provided with a—

**Senator CARR**—We are not suggesting that you have access to their income tax statements, are we?

**Mr Evans**—No. Just like you would not be suggesting I should have it for government school principals either, I do not think.

**Senator CARR**—No, but I would be interested to know whether or not these salary packages which may well be underwritten by Commonwealth grants should be a matter of public interest.

**Mr Evans**—I would put it slightly differently. I would say that they are really underwritten by the parents of the school community and they have a right to know. Mostly these schools have got school boards, school councils, that would be responsible for making those sorts of decisions, and that is probably the most appropriate level.

**Senator CARR**—So the Commonwealth is not looking at ensuring full financial transparency on the issues of the conditions for senior management of these schools in regard to future Commonwealth funding accountability entitlements?

**Mr Evans**—I have not had a discussion of that type with the minister.

**Senator CARR**—You are not aware that there is—

**Mr Evans**—No.

**Senator CARR**—On the question of establishment grants. I have asked you over the last few estimates a number of questions relating to establishment grants. Glendale Christian College is one I raised. You noted in your answer that, under the Commonwealth legislation, 'once a school is approved as a new school for funding purposes it automatically becomes eligible for an establishment grant'. Under what legislative provision of guidelines are requirements for a school to be considered a new school actually outlined? Where do I find that?

**Mr Evans**—I thought they were actually in the guidelines.

**Senator CARR**—In the guidelines?

**Mr Evans**—I believe so. I believe the legislation provided a head of power for establishment grants but the actual conditions on it were in the guidelines. You probably would have also received a copy of the review of the establishment grants program.

**Senator CARR**—I did. That is this one here, is it?

**Mr Evans**—It looks remarkably like it.

**Senator CARR**—Under the existing legislation is there a distinction between new and existing or continuing schools?

**Mr Evans**—There are other elements that are taken into account in respect of establishment grants.

**Senator CARR**—What other elements are there? What are the guidelines in relation to new and existing or continuing schools?

**Mr Evans**—There are issues around the basis of the state and territory registration for the school. If that has changed, the criteria are around things like the location and the student cohort. You might have had a very general school close and then reopen as a Muslim school with a significant Muslim population. So there are issues there that we have to take into account. It is not as simple as that it is a brand spanking new school.

**Senator CARR**—You tell me that Glendale is making a submission to you. Is that right?

**Mr Evans**—I am not sure whether it is making a submission or whether it was approved for an establishment grant.

**Senator CARR**—It was approved for an establishment grant. I am referring to E418 here.

**Mr Evans**—It was approved in 2001.

**Senator CARR**—That is right. It has received \$1.8 million in capital grants and capital stock from the former Glendale Christian College. It does seem to me to be pretty much the same school.

**Mr Evans**—In each of these we have made a judgment on the basis of the totality of how the school has now opened. They are judgment calls, but they are judgment calls that are made after very careful scrutiny of a number of elements. I think the review of the establishment grants program shows the various elements that we take into account.

**Senator CARR**—You say that there is careful consideration of these matters. I am just wondering how it is that you assess whether a school is new or not. What are the criteria that you are now using?

**Mr Evans**—As I say, the criteria take account of the basis on which the school closed and reopened, the approved authority for the school, the catchment area for the school, whether there is a change in the cohort of students attending the school, whether there is a change in the teacher work force and staffing and whether it is a new campus of an existing school. They are all the sorts of factors that influence and inform the decision that is taken.

**Senator CARR**—Are schools provided with those criteria?

**Mr Evans**—The criteria are set down in the guidelines, I believe. When an application is made we write to them and tell them whether they are successful or not successful on the basis of that.

**Senator CARR**—But you only tell them whether they have been successful; you do not tell them on what basis.

**Mr Evans**—If they are unsuccessful we tell them why they are unsuccessful.

**Senator CARR**—How many applications have you rejected?

**Mr Evans**—We received 77 applications after 11 May 1999. Of those, 59 were initially eligible for establishment grants, so about 18 were not successful initially. I think one of the 59 might not have proceeded any further.

**Senator CARR**—Of the 18 who were not successful initially, how many were subsequently made eligible?

**Mr Evans**—I am saying that the 18 probably have not been made eligible. We are not talking large numbers here, Senator, as you can see.

**Senator CARR**—No. We are talking nonetheless about significant numbers of students. Some of them are quite large, aren't they?

**Mr Evans**—Not very significant: one in Western Australia was fairly significant—a particular Islamic college had a fairly significant enrolment level—but the others are mostly down around 200 or below. We are talking here about new schools and their enrolment levels in year 1 and year 2, and, as you might expect, it takes them awhile to stream up to their full capacity.

**Senator CARR**—You would acknowledge though that there have been serious concerns expressed about whether or not some of these schools are in fact new schools. The college you just mentioned was one that attracted—

**Mr Evans**—It attracted some initial questioning on the issue. We have in place some fairly detailed and professional ways in which we assess these applications. You I think have been the most ardent examiner of some of the issues of the schools. We have not resiled from the decisions we have taken in respect of the ones we have approved.

**Senator CARR**—I do not expect you to. It would be a fairly substantial movement away from a fairly entrenched position the department has taken on this matter. I suspect it would require a change of policy.

**Mr Evans**—That is why we did the review. As a requirement of this parliament, we were required to do a review.

**Senator CARR**—It was an amendment I recall. The question arises about others like the Christian College Institute of Senior Education. That was another one, was it?

**Mr Evans**—That is in Victoria. It was approved in 2000.

**Senator CARR**—Weren't there also concerns about whether or not that school was in fact a new school?

**Mr Evans**—I do not recall the same discussions on that one.

**Senator CARR**—Perhaps we will come back with specific details, but that is another one that I put to you that may well have met the criteria which you have established but there remains considerable concern about the adequacy of those criteria. The third issue goes to the question of the accountability. Are you persuaded that these particular schools in all cases have used the funds according to the objectives of the program?

**Mr Evans**—We ardently follow financial accountability and acquittals in respect of all schools. If we do not receive satisfactory acquittals, we take action to cease funding until we have received them and that includes either the physical acceptance of those acquittals or the fact that they are not in a satisfactory enough form or nature to meet our requirements. We also independently verify financial reports that come in on a random basis. I believe that the checks that we have in place to ensure that we follow up are adequate.

**Senator CARR**—That school I mentioned to you a moment ago was a case where I am advised that they split the state into a new campus for years 10 to 12 and 300 students moving from one site to the next. But no doubt you will confirm for me whether that is the case. In terms of your presumption that there has been an adequate evaluation of the criteria and your application of those criteria, on page 43 of the evaluation report the terms of reference for this review specify that the department must establish and consult a reference group with representative school authorities and organisations. Did that happen?

**Mr Evans**—That is a recommendation I think, isn't it?

**Senator CARR**—Yes, but has it happened?

**Mr Evans**—We are presently looking at how we will respond to the recommendations in that report and that in part will form the basis of our response for the next quadrennium. We are seeing that we are operating under the current arrangements for 2004. The government's response to this particular report will form the basis of how we will respond for 2005-08.

**Senator CARR**—So there is no reference group established at this point?

**Mr Evans**—That is correct.

**Senator CARR**—We will get an answer to those recommendations in the budget?

**Mr Evans**—It may not be stated in the budget, but you will see it in the form of the legislation and/or in the program guidelines that we will be putting forward to underpin that legislation.

**Senator CARR**—Section 75A(2) of the act instructs the department to assess whether payments made under the program:

... have been successful in meeting the recurrent establishment costs of new schools, with particular reference to the:

- (a) eligibility; and
- (b) accountability and transparency; and
- (c) administration of the payment of establishment grants.

I am trying to find where in the report these issues have been examined.

**Mr Evans**—I believe they were. I cannot tell you the page—and I might have to take that on notice—but I know the recommendations of the evaluation concern—

**Senator CARR**—I would be interested to know where in the report I could find reference to the report's evaluation of your handling of the problems that have been identified with the administration of this program. Were they discussed in the report?

**Mr Evans**—They were discussed as part of the evaluation. We did not go back into the report with school by school analysis.

**Senator CARR**—Is there any evaluation here? Is there any reference in here that points to how well you are fulfilling that function in section 75A of the act?

**Mr Evans**—I could not tell you at the moment where it is in the report. I will take that on notice.

**Senator CARR**—If you could, please. That seems to me a critical issue in the original amendment, which was moved as a result of discussions between you, I think, Mr Evans, and me back when the bill as it was then was put into place.

**Mr Evans**—I think it was the amendment that went through in about 2002.

**Senator CARR**—Nonetheless, I think the pattern I have alleged occurred. There were discussions. We did agree that there would be a review. I understood that the review would address that key component of the act. I am wondering where I could find the detail in the review itself, because it does raise the issue as to whether or not the review has been adequate.

**Mr Evans**—I will come back to you on that in the answer.

**Senator CARR**—You could perhaps show me I have misread the report. The minister is saying that this demonstrates the success of the establishment grants program. Would that be fair? He uses the word 'success' in his press release of 20 December.

**Mr Evans**—As part of the evaluation we did confer with schools that had been recipients of it to see how they used the funds, what benefit they had in terms of assistance with the start-up and the early running of schools—that is, whether they were influential in helping newly-establishing schools. I think that is where the minister has drawn that statement from.

**Senator CARR**—It would not be the first time the department has used a review to demonstrate the efficacy of its administration. The whole point was to establish whether or not the administration of the program was meeting the objectives as set down in the act. My contention is that that is a little point that seems to have been missed.

**Ms Paul**—I think what Mr Evans is saying, though, is that, in going to the schools and finding out what they did with it, that is exactly what we have been doing. We have been finding out about not just the administration but what the outcome was.

**Senator CARR**—Fair enough. The critical issue I am trying to address is whether or not the schools should have got the money to begin with, whether they were in fact genuinely new schools. That is the matter that I claim has yet to be resolved. With regard to the proposed revised criterion procedures, do you think if they had been implemented back with the commencement of the program the difficulties would not have arisen?

**Mr Evans**—I cannot speculate.

**Senator CARR**—On the STEA grants, you are saying you will not name the schools because you want to protect the schools.

**Mr Evans**—We had that discussion before. I believe I have provided to the committee fairly detailed information about the broad geographic location and the basis under which the school was suffering from a particular short-term crisis and the level of Commonwealth assistance that was provided. I have gone one step short of naming the school. I feel that is a fair degree of assistance to understand the types of circumstances where these schools can get into strife. I still stand by my decision not to provide the name of the school in these circumstances.

**Senator CARR**—I understand the point of view you have put. I would be interested to know whether, on the four criteria that apply for eligibility, you are persuaded that in every example the schools have met those criteria.

**Mr Evans**—I am, otherwise we do not approve them. To be fair, though, we can run close in terms of issues under transitional—we can fix a school up and we can change the board and other things like that—but the nature of the school suffering a crisis can often mean that there can be a flood of parents and students away, which presents another crisis, and they cannot catch up. We cannot 100 per cent guarantee it, but we have been reasonably successful in the way in which we have been able to turn around schools that were failing.

**Senator CARR**—The problem you have is that in terms of the 46 descriptions you have provided, 10 would meet the criteria you have mentioned. Of those four Indigenous schools with special circumstances, two schools were destroyed by bushfire. Obviously they do meet the serious circumstances criterion. Can you provide further details of the other schools to explicitly show why the schools should have got this money—that in terms of their experiencing cash flow problems or poor management they would actually fit the criteria overall. Why should you provide money to schools which have problems that have persisted for a number of years which could be put down to poor management?

**Ms Paul**—They will have had to have met the four criteria of transitional, emergency, unexpected and special need, so it would not have been the case that it would have been just some temporary cash flow problem. There would have been something unexpected, like an economic downturn, a drought or whatever, and some sort of special need.

**Mr Evans**—It is interesting that for a number of these schools you can find that their true financial situation is disguised for a number of years in terms of their frailty to survive. We have done some work on a financial questionnaire to see whether we cannot have some orange light alerts that can give us a bit more of a warning about some of these so that we can pick them a bit earlier. When they become evident to the school community or to us you find that someone has skipped off and shot through with some money or something like that. They are not things that you would have been able to predict a year or two earlier.

**Senator CARR**—Like fraud?

**Mr Evans**—If it is fraud we follow that through and take action on it.

**Senator CARR**—But there are others that have persistent problems, that are not well-run.

**Mr Evans**—We have had a pretty good success rate in this area in terms of going in there and turning around schools which are not functioning well. We have worked well with some of the non-government associations as well on that. I believe our success rate is pretty good.

**Senator CARR**—We are running out of time, so I will have to put a lot of questions on notice. I have been asked to raise some questions concerning ethical standards at some non-government schools. The International Grammar School in Sydney requires a non-refundable deposit on enrolment. When a parent decides to transfer their child to another school, in the case of a government school the school requires six months notice. This timetable is virtually impossible to meet, and the parent loses the enrolment deposit of around \$1,000. If a parent decides to transfer their child to another school at a certain stage, such as at the end of primary school or in senior secondary school years, the school charges a further \$800 fee deposit. Have you any provisions to prevent that sort of unethical behaviour?

**Mr Evans**—I do not believe I have. I am aware of the issue that, when a parent chooses to take a child away, they may be subject to the next term's payment. I think it is a corollary to what you might see in other areas of public policy, where the school is budgeted on an overall level of attendance. If suddenly a number of students move away, you cannot necessarily just bring in other students the following week.

**Senator CARR**—But when does the money from the Commonwealth cease? If a student transfers, when do you transfer the money?

**Mr Evans**—We pay on the basis of the August census.

**Senator CARR**—So it is August to August?

**Mr Evans**—It is August to August. For example, we would be paying on the basis of August 2003 numbers now, and we will do an adjustment in August 2004 to correct either up or down for enrolment changes. So, in essence, you might have more students at the school in the period from February to 30 June, but the tradition in this area from the Commonwealth has been simply to pay on students in August unless there are some very unusual circumstances. You can imagine that in terms of some remote Indigenous schools, where for particular family reasons enrolments might leave the school for a particular time on census date, so we make special arrangements there. But the general standard is August to August.

**Senator CARR**—Do you have a statement on ethical standards that you require in non-government schools?

**Mr Evans**—I do not have a statement on ethical standards, but we are doing work around governance in non-government schools with some of the non-government associations. I would think issues around ethics and the like are things we would be covering as part of that governance work.

**Senator CARR**—When will that be completed?

**Mr Evans**—I would expect it to be completed this calendar year.

**Senator CARR**—What about issues such as fees policy?

**Mr Evans**—I am happy to raise the issues that the committee has raised with the department as part of that work.



**Senator CARR**—Thank you. Do you have any requirements in terms of guidelines or any other requirements for schools in receipt of Commonwealth moneys in relation to their teaching of science?

**Mr Evans**—Where are you leading, Senator?

**Senator CARR**—I am asking the question: do you have any guidelines that require schools to teach science?

**Ms Paul**—Require schools to teach science?

**Senator CARR**—Yes.

**Mr Townsend**—The actual teaching and the curriculum that is taught in schools are invariably state and territory decisions. Through their boards of studies they set the outcomes and, from those, set the curriculum for schools.

**Mr Evans**—It can also be up to individual schools to determine the breadth of the curriculum offerings that they have. That can be a factor both in terms of the composition of the teacher work force and also in terms of the interests of the student population.

**Senator CARR**—Is it possible for a school receiving Commonwealth money to teach biology up to year 12 without mentioning evolution?

**Mr Evans**—I would have to know which state that was in and what the views were of the curriculum authorities in that particular state.

**Mr Townsend**—Often the teaching of controversial issues in the curriculum is a decision for the school community.

**Senator CARR**—The teaching of evolution is a controversial issue?

**Mr Townsend**—I am sorry, I thought you were leading to alternate theories to evolution in biology and the controversy around that.

**Senator CARR**—I was actually talking about Christian schools that do not think that.

**Mr Townsend**—I thought you might be.

**Senator CARR**—So you are saying that you think the theory of evolution is a controversial theory.

**Mr Townsend**—I am not saying that. I am saying that in some schools the whole presentation of the theory of how life developed can be controversial. Yes, it can be either a theory of natural selection or it can be based on a religious edict or belief.

**Senator CARR**—The minister's press release just this month suggests that there should be new reporting requirements on various curriculum matters. Will there be a requirement for Christian schools to provide advice on theories of evolution and the like, say, in a year 12 biology course?

**Mr Townsend**—I cannot answer that entirely. My understanding is that the line that the minister is using is on the achievement of student outcomes—parents being informed about students achieving outcomes, how that actually relates against those outcomes and how that might also be related to reporting against national benchmarks rather than the specific curriculum content in the school.

**Mr Evans**—If a school has a particular philosophy, I would think the minister would encourage a stated principle of that school's philosophy if that is going to better inform parents as to what they might expect of that school. I think we understand.

**Senator CARR**—I think you might. Some Protestant schools suggest that the theory of evolution should not be taught. It might be a bit of a challenge to contemporary pedagogical thinking. Two sources I draw to your attention are the December 2003 edition of the journal, *nurture*, with an article on the paper *The values of faith-based schooling—a case study* by Charles Justins et al and the AARE conference: 'Problematic futures: educational research in an era of uncertainty' from December 2002.

**Mr Evans**—I have not read that one.

**Senator CARR**—It has been put to me that there are schools now saying that there should be a different curriculum for boys and girls. Would the Commonwealth take the view that the provision of the same educational opportunities for boys and girls in Australian schools would be a prerequisite for Commonwealth funding?

**CHAIR**—To clarify, do you mean different curricular or different teaching methodologies?

**Senator CARR**—I said 'educational opportunities'.

**Mr Evans**—I would like to get some professional educational advice before I commented on that one.

**Senator Vanstone**—To be fair, Senator, you started by asking about 'curricular' and then you said 'opportunities'. Senator Tierney was just trying to clarify what you meant.

**Senator CARR**—Senator Tierney and I share a great deal in common. We understand the difference. We have discussed this at length and understand there are different methods.

**Senator Vanstone**—That must be why he was shaking his head at me.

**Senator CARR**—I did say 'whether or not the same educational opportunities for boys or girls should be provided in Australian schools'. In terms of the criteria for eligibility for Commonwealth funding, aren't there some minimum requirements for curriculum?

**Mr Evans**—There are requirements in respect of every school to sign up to national goals for schooling. I think there are issues there about key learning areas. That would bind particular schools if they want to attract Commonwealth funding.

**Ms Paul**—Then that combined with whatever processes they have to go through in each of their state bodies and so on would be the basis of it.

**Senator CARR**—So you cannot provide me any advice on the current status of the guidelines in relation to those matters?

**Mr Evans**—I can refer you to the national goals of schooling and I can refer you to the areas in the national goals that deal with curriculum matters. As I say, understand the current legislation, to be eligible for funding you have to commit to those national goals.

**Senator CARR**—I will put the rest of my questions on notice.

**CHAIR**—I thank the officers for appearing. If the Employment and Workplace Relations portfolio concludes between afternoon tea and dinner, we could be coming back for universities around that time.

**Senator Vanstone**—There is a possibility that, if it concludes at afternoon tea, you will want to come back then?

**CHAIR**—I am saying that we never know when it will finish. If it does, we will be coming back to the universities.

**Senator Vanstone**—As soon as possible—not waiting until after the dinner break in any event?

**CHAIR**—No. We have universities and international education to complete.

**Dr Harmer**—So we will start with higher education?

**CHAIR**—That is correct, and then international.

**Senator CARR**—I request that we have some notice when we are going back to education. If it is called and I am not available, and you close the hearing, I will be moving in the Senate that we reopen the hearings.

**CHAIR**—We will monitor it through the day.

**Committee adjourned at 10.55 p.m.**