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Official Committee Hansard

SENATE

EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION
LEGISLATION COMMITTEE

ESTIMATES

(Additional Estimates)

FRIDAY, 20 FEBRUARY 2004

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SENATE
EMPLOYMENT, WORKPLACE RELATIONS,
AND EDUCATION LEGISLATION COMMITTEE

Friday, 20 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 Carr, Johnston and Ludwig

Committee met at 9.03 a.m.

EDUCATION, SCIENCE AND TRAINING PORTFOLIO

Consideration resumed from 18 February.

In Attendance

Senator Vanstone, Minister for Immigration and Multicultural and Indigenous Affairs

Department of Education, Science and Training

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

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

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

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

CHAIR—The committee will now continue to examine the Education, Science and Training portfolio. This morning we will move to matters relating to the Higher Education Group and then to the Australian Education International Group. I welcome officers of the

Department of Education, Science and Training. I remind them that the committee has fixed 2 April as the date for submissions by the department of written answers to questions on notice. We now move to questions.

Department of Education, Science and Training

Senator CARR—I want to make an observation. The proceedings are scheduled to run through until 4 p.m.. We would obviously aim to finish before then but that is not entirely in our hands, and I ask the officers to bear that in mind. I know there are ways of answering questions: we could take a long time to get to the point or we can get straight to the point and all go home a bit earlier. I just make that gratuitous observation.

Senator JOHNSTON—I hope that applies to inane questions also.

Senator CARR—Since you ask so many, you would know what an inane question was.

CHAIR—Order! Can we move on to questions?

Senator CARR—Dr Nicoll, you have had a fair bit to do with the graduate skills assessment test, haven't you?

Dr Nicoll—Senator, before I begin, may I give apologies for Mr Burmester, who is unable to attend today.

Senator CARR—That is a shame. Is he unwell?

Dr Harmer—Some time ago I allowed him to have today for a special family event. I was punting—and I have got it wrong, obviously—that we would not be on this morning. I thought we would be on last night, but we did not make it. He was here and available last night.

Senator CARR—That is a shame. I always look forward to my discussions with him.

Dr Nicoll—To get back to your question, Senator, the graduate skills assessment is not part of my responsibility now.

Senator CARR—I understand that, but you had a fair bit to do with its introduction, did you not?

Dr Nicoll—I had been involved, as an officer in an earlier position, in some part of the development of the graduate skills assessment, yes.

Senator CARR—I take it you can handle questions on the training report.

Dr Nicoll—We may have to take them on notice, but if I can help you I certainly will.

Senator CARR—The training report says that since 1999 the ACER has been developing and administering a test for generic skills that have been assessed at university entry and exit level. Can you explain to me precisely what is meant by that statement?

Dr Nicoll—Yes. The graduate skills assessment is set up to give students, parents and universities an opportunity to have some regard to the value added by the university experience. If the graduate skills assessment were only taken at the end of a period of a student's experience in a university, there would be no benchmark for the value added using the same sorts of indicators, the same sorts of dimensions, that the graduate skills use. So there is also an opportunity for students to take the assessment at the beginning of their period

in university. Then if they take it at the end they can have some indication of the value added by the university learning experience in that period of time.

Senator CARR—So it is a measurement, as the test would see it, of development. Is that right?

Dr Nicoll—Yes, it is.

Senator CARR—It covers critical thinking, problem solving, interpersonal understandings and written communication.

Dr Nicoll—That is correct.

Senator CARR—It is by multiple choice.

Dr Nicoll—It is.

Senator CARR—How does it cover written communication?

Dr Nicoll—There is a component that is not multiple choice. I have to say that it is some time since I had anything to do with the GSA, so if we need to get some of the information you want we would be happy to get it to you by way of a question on notice. But my recollection is that there is a written communication part of it which is a response to a question or particular tasks that are required.

Senator CARR—It is also used for problem solving and critical thinking. How is that measured?

Dr Nicoll—That is done through analysis of particular problems. It is a pen and paper test, so there will always be the limitations of a pen and paper test with regard to those four dimensions.

Senator CARR—How robust is the test?

Dr Nicoll—Again this is going back a number of years to when I have some involvement. The steering committee that was involved in the development of the GSA looked at the reliability and validity of the test, and there was some research undertaken into that. The outcomes were that, within certain parameters, there was validity. I think we have released that data about the reliability and validity of the test and we would be happy to provide that to you.

Senator CARR—Thank you. What updated material do you have on its evaluation?

Dr Nicoll—I have had nothing to do with it for some years, so I would have to take that as a question on notice.

Senator CARR—I would like to know the most recent evaluation exercise that has been undertaken and the results of that evaluation.

Dr Nicoll—We will provide you with the most recent information.

Senator CARR—How does it compare with internationally recognised tests?

Dr Nicoll—Again going back several years, when the test was devised there was in fact no similar sort of test. There are other tests that are done in the US, such as the SAT and the GRE—the graduate record examination—but they do not necessarily focus on dimensions

such as those picked out for the graduate skills. The process for the development of the graduate skills was that, first of all, there had to be an identification of the domains or dimensions that would be covered by the test. The four elements that you have identified were those that the steering committee agreed upon for further development. Then ACER was commissioned to develop a test to assess those particular domains.

Senator CARR—In terms of the validity study and the accumulative data that has been gathered to date, my understanding is that about 6,000 students have undertaken the test. Would that be right?

Dr Nicoll—If you have those figures—I do not have them here.

Senator CARR—I am told that that is about right. Can I have that confirmed.

Dr Nicoll—We can give you the up-to-date figures on participation in the test, certainly.

Senator CARR—Because they are self-selected, is it valid to use that sample as a measure of validity for the test?

Dr Nicoll—We will look into that and provide you with an answer.

Senator CARR—Thank you. I understand that a different type of test but a test of a similar dimension is used for graduate testing in the United States. Can I get an indication from you as to how it compares?

Dr Nicoll—Yes, certainly.

Senator CARR—This is the GRE. I understand that it is used for graduate entry.

Dr Nicoll—That is correct.

Senator CARR—Are the same measures applicable here? More specifically, to what extent would the graduate skills assessment test have to be modified to be used as a graduate entry test similar to the one used in the United States?

Dr Nicoll—We can certainly look into providing you with a response to that.

Senator CARR—I presume you have done some research on that.

Dr Nicoll—When the test was developed, we scanned all of international practice in terms of assessment and found that there was nothing that provided exactly the sort of instrument that was desired at that time. But we will provide you with an answer.

Senator CARR—Could it be modified—that is the issue—and is the department considering any further modifications to this test? It is not compulsory, is it?

Dr Nicoll—No, it is not.

Senator CARR—Are you consider extending it with modifications?

Dr Harmer—We will do our best to provide the information you want but, just from listening, I think it is a relatively complicated question. I think you are asking us to provide some comparisons between the American test and ours which we may or may not have done. So we will do our best. Going back to the date that Senator Tierney indicated for the answers to questions and thinking about how busy the organisation is, if this requires a reasonable

amount of research and people drawing up a table of comparison, I am just signalling that it may be difficult for us to meet that timetable.

Senator CARR—I understand that. As we discussed at the opening of the session, there were a number of questions outstanding for a fair amount of time—18 months—so we are not unfamiliar—

Dr Harmer—We are doing our best with those.

Senator CARR—and equally you are not unfamiliar with my complaints on the matter, but I do understand that there are some things you cannot do quickly. I am not seeking a special research project. What I am asking for is research work that you may already have undertaken and an evaluation of work undertaken already, and I would have thought you would have done this.

Dr Nicoll—We are happy to provide you with an analysis. We can certainly do that.

Senator CARR—Are there any European examples used at all? I am just looking at the international comparison because I presume you would have looked at all of those things when you introduced this test.

Dr Nicoll—An international survey was done—this is a number of years ago but we can certainly have a look at that for you.

Senator CARR—It is only five years—it was 1999.

Dr Nicoll—Yes, I think it was.

Senator CARR—What is the cost of running the test at the moment?

Dr Nicoll—I cannot tell you that. I will take that on notice.

Senator CARR—Presumably you are spending money on it.

Dr Nicoll—Yes, we provide ACER with a certain amount of money each year but I do not know what the cost is. We will provide that to you.

Senator CARR—I presume it is supposed to check or provide some measure of validating the university claims about quality, is it?

Dr Nicoll—It certainly goes to the notion of graduate outcomes. It was to look at the individual performance and at the value-adding experience. As you would be aware, there has not been a high uptake of the assessment and we are certainly looking at strategies to address that. In particular, there was an issue that was part of the Backing Australia's Future package to provide further interest in the test with employers. So that is one of the issues that will be raised through Backing Australia's Future.

Senator CARR—It is possible that we will see further initiatives in this area.

Dr Nicoll—I cannot foreshadow that, Senator.

Senator CARR—But is that what you are implying—

Dr Nicoll—No, I am not implying that.

Senator CARR—that Backing Australia's Ability 1 had programs to try to encourage employers to have a look at these tests?

Dr Nicoll—Our concern was that there has not been a great student uptake of the graduate skills assessment. There is not great interest by many students in doing it at this stage. We are concerned about that, given the Commonwealth investment in this particular test, so one of the initiatives out of Backing Australia's Future was some money to look at ways that the test could be communicated to employers so that they could see the value in having this sort of information when they look at a graduate employee.

Senator CARR—Can you remind me how much money was allocated in BAF for this?

Dr Nicoll—It was \$270,000 per year from 2005. The statement in BAF was that the Commonwealth will provide \$270,000 per year from 2005 to promote the test to employers and support its use in selection processes.

Senator CARR—For how many years?

Dr Nicoll—I would have to check that, Senator.

Senator CARR—It is presumably across the forward estimates, is it?

Dr Nicoll—It is across the forward estimates. It is \$270,000 per year.

Senator CARR—So you are saying three or four years.

Dr Nicoll—From 2005 to the end of the forward estimates, there is a commitment.

Senator CARR—That is four years, so it is over \$1 million.

Dr Nicoll—No, Senator, it is \$3 million, as I take it. From BAF for 2005, 2006 and 2007, there was a commitment over the forward estimates there.

Senator CARR—So over three-quarters of a million dollars for a test that has been used by 6,000 people. I think it would be fair enough to ask you how good this test is and what the justification is for that money being allocated.

Dr Nicoll—Senator, we will certainly provide you with the answers to the questions you provided earlier.

Senator CARR—I would also further ask: is the department looking at any modifications to this test to improve its uptake?

Dr Nicoll—Certainly.

Senator LUDWIG—In respect of the test, is there any weighting for life experience of university students during their participation in extracurricular activity?

Dr Nicoll—No, Senator. In fact, if you want to look at the limitations of any pen and paper test, it is going to be that, in terms of value adding, the experience of a student—

Senator LUDWIG—That was my concern. How do you then say that all of that is contributable to university?

Dr Nicoll—You cannot, and that is one of the issues about causality in value adding. How do you know that the fact that that student has grown and developed in terms of their problem solving is directly linked to their university learning experience and not their part-time work in a financial services company two days a week? You cannot make that connection. However, it is an indicator, and one of the reasons we were looking to provide more

information to employers was to give them that additional information. They would not use this alone. It would never be intended that a result from a GSA would be used alone, but it would give another bit of information to an employer, a student or a parent about where that individual is at the end of their university experience.

Senator LUDWIG—Is there a research paper or outline as to why you have chosen to give money to the employer rather than to examine other potential areas which might improve the uptake rate of the test amongst students? As I understand it, with the 6,000 amongst students, you are trying to target an increased uptake rate, so why would you target the employers? Is there a research paper that indicates that is the most efficient way of increasing it, or is that just a guesstimate?

Dr Nicoll—There was no formal paper developed, Senator. However, there was an examination of a range of options. During the development of the graduate skills assessment, the steering committee that has been responsible for it has looked at a number of possible ways—and universities have looked at a number of possible ways—of encouraging students to do the test because, for some of them, it is also a very valuable part of the feedback loop for the work they are doing. A number of things had been examined. It was a concern that the Commonwealth is investing money in this test. We want to make it a useful test for students, parents and employers as the possible consumers, you could say, of the outcomes. It was felt that it was worth investing further in at this point to see if we could get a greater uptake of the test.

Senator LUDWIG—If any of that research is available to the committee that would be helpful.

Dr Nicoll—We will have a look to see what information is available.

Senator CARR—Do the officers or the department have any information about the effect of the free trade agreement in terms of Australian education?

Dr Harmer—Could we leave that until I have my international education people? They have been the ones dealing with that and they will be here next.

Senator CARR—Okay, that is fair enough. Could I get some assistance with pages 15 and 16 of the additional estimates statements, which outline the allocation of an additional \$153 million over four years and revenue expected at \$2.4 million. Turning to the HESB, have there been any costs to the rises in the HECS-HELP threshold? Have you calculated the costs of increasing the HECS-HELP threshold?

Ms Fernandez—Yes. There is a cost involved with increasing the threshold. The additional estimates cover the threshold being increased to \$33,150. The negotiations during the passage of the legislation were still being progressed when additional estimates closed and so they only have the cost of the threshold going to \$33,150.

Senator CARR—How much was the cost? I did not hear a figure.

Ms Fernandez—The threshold has an expense of \$0.1 million and a revenue of \$2.4 million. The revenue increase is simply because the debt is not repaid for a longer period of time and the indexation accrues on it. The indexation is considered as revenue.

Senator CARR—The indexation comes from Treasury, does it?

Ms Fernandez—No. The indexation is the indexation of the debt. Where debt would have been repaid when the threshold was lower, it will now not be repaid for a longer period of time.

Senator CARR—So who is paying the indexation?

Ms Fernandez—The student will eventually pay the indexation.

Senator CARR—So this is additional \$2.4 million revenue from students?

Ms Fernandez—That is correct. It is indexation on the debt. It is maintaining the cost with inflation.

Senator CARR—Right, and the students pay that, and not another arm of government.

Ms Fernandez—No.

Senator CARR—Good. How will the bridging and pre-university courses by which disadvantaged students are assisted to study be defined?

Dr Nicoll—That is going to be defined in the Commonwealth Grants Scheme guidelines. Those guidelines will be put out to the sector shortly and then they will be a disallowable instrument that will come through both houses of parliament. I can provide you with the definition. The draft guidelines outline that an enabling course as a programme of study which provides bridging or supplementary education that is offered for the purpose of enabling a non-overseas student to undertake an award course in a student place at the higher education provider or at another higher education provider and which meets Commonwealth specifications concerning the inclusion in the annual data collection of student load for bridging and supplementary programs.

Senator CARR—Can you indicate to the committee what additional measures you will be funding for students with disabilities?

Dr Nicoll—That program is being looked at at the moment, Senator. I would be happy to take on notice exactly where that is up to. It is the responsibility of an officer who cannot be with us. My understanding is that the issue of the disability fund is being examined at the moment as to exactly how it will be allocated.

Senator CARR—What additional funding for the Maritime College is being proposed and will it fully compensate for the \$8 million per annum it loses under the new arrangements?

Dr Nicoll—The Australian Maritime College has, as you would be aware, a particular set of challenges. We are looking at exactly how we can assist AMC in moving towards providing, in terms of our funding, all higher education courses. The money that is provided for both the AMC and Batchelor Institute of Indigenous Tertiary Education is national institute money. The operating grants for Batchelor and AMC in the past—in the existing framework—incorporated funding for VET places as well, for vocational education and training. Under the new act we cannot provide any funding for VET courses. The Commonwealth Grants Scheme is about higher education courses. We were very conscious of the need to acknowledge both Batchelor's and AMC's special circumstances and therefore created the category called 'national institutes' in the legislation. That also picks up on the ANU's particular circumstances for the Institute of Advanced Studies. Separate buckets of

money have been put aside for AMC, Batchelor and the IAS. In terms of AMC's position, in addition to the transition funding that AMC will be eligible for in the period of the forward estimates, AMC will be no worse off than they are under their current operating grants. The combination of the national institute money and some transition money will ensure that AMC is no worse off.

Senator CARR—Let us be clear about this. You agree that AMC will lose \$8 million if nothing further is done.

Dr Nicoll—I do not agree with that, Senator. The AMC will be no worse off leading up to 2008 than they are currently.

Senator CARR—They will need to find \$8 million out of the national institutes fund and transitional funding?

Dr Nicoll—I do not agree that they are \$8 million worse off. They are no worse off. The government has ensured that under the BAF package no institution will be worse off in the period leading up to 2008. AMC will be no worse off. They are not \$8 million worse off.

Senator CARR—They will need to find \$8 million from those sources to be no worse off.

Dr Nicoll—They will be in a position where they are no worse off than they are now.

Senator CARR—What happens after 2007 or 2008, whichever year you choose to use? That is when the transition money runs out, isn't it?

Dr Nicoll—Correct.

Senator CARR—What happens then?

Dr Nicoll—We will be monitoring the performance, the position and the way particular institutions respond to the Backing Australia's Future opportunities. We will be looking to see if any issues emerge for particular institutions.

Senator CARR—You will wait and see?

Dr Nicoll—We expect that most institutions, if not all institutions, will rise to the challenges that are being provided by the package and certainly look at strategically positioning themselves to take advantage of the opportunities provided.

Senator CARR—You are saying that at this point you cannot show me in the budget what will happen after 2008 in terms of transitional funding?

Dr Nicoll—Of course I cannot. I cannot speak on what the government will do beyond the forward estimates.

Senator CARR—They will have to find alternative ways of coping with the situation.

Dr Harmer—There are a large number of variables that will come into play in terms of the positioning after 2008. I think what Dr Nicoll is saying is that we will certainly be looking at the financial positioning of each institution. They themselves will be looking at the new arrangements to position themselves financially after that. It is much too early for us to speculate.

Senator CARR—But I can be certain that the transitional funding will end in 2007?

Dr Nicoll—Yes, you are correct, because that is the forward estimate. I will be meeting with AMC shortly. We will be meeting with all universities for the funding agreement negotiations. I will be sitting down with Dr Otway and his chief financial officer to look at their situation, to look at the funding options, to look at the way they manage their load and to assist them in any way we can. We have been working with Dr Otway for some months and looking at strategically positioning AMC for the future.

Senator CARR—It is indicated here that there will be further changes announced in the 2004 budget to account for policy announcements that were made on 2 December. Could I have a list of the changes that will be required. I do not want to know what the budgetary implications are. You say on page 15:

As at 2 December 2003, the Government had announced a number of enhancements to the Our Universities higher education package that was announced in the 2003-04 Budget. These changes involve the provision of an additional \$153.5 million over four years and increased revenue of \$2.4 million ...

Then you give some of the items. Is that a comprehensive list of the changes?

Ms Fernandez—The items that did not make it into the additional estimates were: removing the interest rate for the loans and replacing the interest rate with the 20 per cent loan fee, increasing the threshold from \$33,150 to \$35,000, and reducing the maximum student contribution from 30 per cent above current HECS rates to 25 per cent above current HECS rates. The total of that over five years is \$215.9 million.

Senator CARR—Can you tell me why they are not in the additional estimates now?

Ms Fernandez—They were negotiated after 2 December, when additional estimates closed.

Dr Harmer—It is a matter of timing. The additional estimates figures had to be into Finance, and these decisions were taken after that.

Senator CARR—We can presume, though, that they will be in the budget?

Ms Fernandez—Yes.

Dr Nicoll—Senator, can I provide you with some information that has been sent to me about the GSA. I can give it to you straightaway.

Senator CARR—Is it in a written form? Could you table it?

Dr Nicoll—No, it is not in a form to table. As you suggested, 6,600 students have done the test to date. The current contract with ACER runs from July 2001 to August 2008 and it will total \$1,075,161. Also, \$1.08 million over 2005-08 has been provided under BAF for the GSA.

Senator CARR—Do you know who is handling that at ACER?

Dr Nicoll—I have not been involved in the test for three years; I do not know. We can provide you with that information.

Senator CARR—Thank you for that. There is a fair bit to run on the contract, then?

Dr Nicoll—There is.

Senator CARR—And it is definitely a contract?

Dr Nicoll—It is.

Senator CARR—So you are saying that \$1 million of the \$1.7 million has been paid?

Dr Nicoll—The information I have is that the contract that runs from 2001-08 is \$1.075 million.

Dr Harmer—It is just over \$1 million in the four-year period.

Senator CARR—When I asked in November last year about the impact of the government's higher education policy on doubtful HECS debt, the officers indicated to me that this information was included in a cabinet submission and was therefore cabinet-in-confidence information. Other changes have actually been made and passed through the parliament. I would be interested if you could now tell me what the estimated or projected doubtful debts are under the Higher Education Support Act, both in absolute terms and as a proportion of the total HECS debts over the next three years. You may want to take that on notice.

Ms Fernandez—I will answer the question. As is currently in the forward estimates, the doubtful debt percentage for 2004-05 is 22.2 per cent, which is absolute \$2.5 billion; for 2005-06 it is 26.8 per cent, which is \$3.4 billion; for 2006-07 it is 27.8 per cent, which is \$3.9 billion; and for 2007-08 it is 28.7 per cent, which is \$4.5 billion.

Senator CARR—Thank you. I noticed that in the triennium report there is a reference to a review into higher education indexation. On page 5 it says:

The Minister will undertake by February 2005 a review of the cost adjustment factor indexation mechanism for the Commonwealth funding of universities from 2007-08.

Dr Nicoll—Yes, Senator.

Senator CARR—Could I have the terms of reference for that review?

Dr Nicoll—They have not been developed yet, Senator.

Senator CARR—It said that it would happen by February. So when will we have these?

Dr Nicoll—They are in development right now and we anticipate having the review process under way by the middle of the year and that it will take six months.

Senator CARR—Who will be involved in the review?

Dr Nicoll—We cannot anticipate that yet, Senator. The minister has not signed off on any part of the way forward for that review.

Senator CARR—So you have no idea about whether it will be open to the public. Is it a private review?

Dr Nicoll—We have not got the sign-off from the minister on the process for that.

Senator CARR—Is it intended that there be a reference group established?

Dr Nicoll—Yes there would be; I can tell you that.

Senator CARR—Can you tell me who is involved in that?

Dr Nicoll—No, I cannot yet, Senator.

Senator CARR—You say it will take six months—

Dr Nicoll—We anticipate that, however this review is undertaken, it would begin in the middle of the year and we would want some sort of outcome by the end of the year so that we could meet the legislative requirements. This review has been put into the legislation as well. Section 198-25 sets out the review and there are some terms of reference set out in the legislation at section 198-25(3), which says:

(3) Without limiting the scope of the review, the reviewers must, among other things, consider the following—

Then it goes on with (a), (b) and (c); I will not read them out. They are there.

Senator CARR—Do you have a budget?

Dr Nicoll—No, we do not.

Senator CARR—Has a brief gone to the minister on this review?

Dr Nicoll—No, it has not, Senator.

Senator CARR—So why did you say in the triennium report that by February a review of the cost adjustment mechanism for the Commonwealth funding of universities would be undertaken.

Dr Harmer—I suspect that that was the best estimate of the time that we would be starting. As Dr Nicoll said, we are well down the track.

Dr Nicoll—With respect, Senator, it says:

The minister will undertake by February 2005 ...

Senator CARR—I am just going through some of these changes to the new higher education legislation. On the question of implementation on the BAF web site it says that there will be an update shortly to reflect changes that came about in the BAF package from December 2003. When will that web site be updated?

Dr Nicoll—The fact sheet material came back from our communications branch yesterday and we are updating the fact sheets on the web site. There is a process involved; we have to clear them, making sure that the information is correct. They came back from the communication branch yesterday and I hope that we will have the web site updated in the next couple of weeks. I cannot give you a precise date but we are working very hard on getting that done as soon as possible. It will go to the fact sheets being updated—the BAF at a glance updated—so that the information on the web site is as up to date as possible.

Senator CARR—When is the next of these newsletters that you have been issuing due out?

Dr Nicoll—Today, I think. I approved that yesterday. It will have some information about some guidelines. What we are trying to do with those newsletters is provide as much information to the sector as we can so that it is a very open process. We are trying to consult as much as we can with the sector about the implementation. We want this to go well.

Senator CARR—So you are going to consult with the sector. We will come back to that, particularly in the light of the minister's statements yesterday about QUT's position. In

newsletter No. 6 you said that a timetable would be established. Have you been able to release the superannuation program component of other grants guidelines?

Dr Nicoll—They are going out today. They are in today's newsletter.

Senator CARR—What about the national forum at the National Institute for Learning and Teaching in Higher Education?

Dr Nicoll—That was held on Thursday last week. It was followed the next day by an advisory group meeting of the Learning and Teaching Performance Fund. The national forum was held in Melbourne and was chaired by the members of the Australian Universities Teaching Committee. I am told that it was a very effective meeting.

Senator CARR—Who attended the meeting?

Dr Nicoll—Off the top of my head, I think there were 160-odd representatives from around the country. I will take that on notice.

Senator CARR—When will reports of the forum be available?

Dr Nicoll—I cannot tell you that. We will take that on notice.

Senator CARR—Are the papers from the forum available?

Dr Nicoll—I will take that on notice. I do not know what the outcomes of the forum will be.

Senator CARR—I believe the meeting of the advisory group for the Learning and Teaching Performance Fund was held on 13 February. Is that right?

Dr Nicoll—Correct.

Senator CARR—Who was involved in that?

Dr Nicoll—The membership of that committee is on the web site. I chair the committee. It was a very open discussion about the ways forward. It is anticipated that three meetings of that advisory committee will be held this year. We are going to issue a discussion paper on the Learning and Teaching Performance Fund in the next month or so, and that will be followed by extensive consultations around the country in June and July about the format of the fund.

Senator CARR—The criteria for the allocation of places were due on 16 February.

Dr Nicoll—That was the deadline we gave the states and territories. Unfortunately the states and territories did not all abide by that. It had been my hope that we would have the announcement to each university of the particular criteria by the middle of next week. We are still waiting on one state that says it is going to provide us with some suggestions. The criteria are being framed at the moment. We hope to have material ready to go out to the universities by the end of next week; the 16 February deadline was for the states and territories. In the allocation of places we have engaged in a process of open consultation with the states and territories which I suggest has not been attempted before in this sort of way. We are hoping to have something by the end of next week.

Senator CARR—Which states did not manage to get their submissions in?

Dr Nicoll—Victoria and New South Wales.

Senator CARR—Is that because there were profound disagreements about the criteria for allocation of places?

Dr Nicoll—I think the dispute is about the actual allocation, which does go to the criteria chosen as well.

Senator CARR—The two are pretty closely linked, I would have thought.

Dr Nicoll—They are linked indeed, Senator.

Senator CARR—So the issue here is not that they have been tardy; it is that they fundamentally disagree with the Commonwealth?

Dr Nicoll—In the case of one state, it could be tardiness. I am not sure about their reasons. In the case of the other state, Minister Kosky has indicated it publicly.

Senator CARR—So you think New South Wales is being tardy, but Victoria has got some profound ideological problems with your allocations? Is that what you are saying?

Dr Nicoll—What I am saying is that Minister Kosky in the Victorian government has said publicly that Victoria would not participate in the Commonwealth's invitation to consult about the criteria. She has indicated publicly that she is not happy with the Victorian allocation.

Senator CARR—Absolutely. And you think the New South Wales people—I mean I am sure you did not mean the New South Wales government are tardy.

Dr Nicoll—I would never have suggested that, but they did not meet the—

Senator CARR—I thought I would give you a chance to correct the record there.

Dr Nicoll—Thank you for that correction.

Dr Harmer—Dr Nicoll meant that they did not meet our deadline.

CHAIR—They are tardy on a lot of things, the New South Wales government.

Senator CARR—The funding estimates for the CGS, have they been sent to the universities?

Dr Nicoll—We have not yet got the finalised 2003 data clean. The process for the data is that we need to go through validation of the data that is sent to us by the universities. It is about to be finalised. In the lead-up to the funding agreement meetings, which will be held in March and April, we will provide the universities with a pack of information and that will include the updated funding sheet for each institution. They have not been provided with that information yet because we have not finalised the data. As soon as we have, we will generate new funding sheets for the Commonwealth Grants Scheme.

Senator CARR—Why haven't you finalised the data?

Dr Nicoll—That is an annual process; it takes time to clean the data up that comes from the universities because there are various processes we go through to check that the data are accurate. They are not always accurate in what is provided to us. Our statistics unit goes through a whole process every year; it is part of the annual process.

Senator CARR—You said the data that is provided to you is not always accurate, so can you give me some examples?

Dr Nicoll—Not off the top of my head, but there are discrepancies. We seek out clarification of those with institutions. The institutions are inevitably grateful for that clarification to ensure that their position is reflected accurately in our data collection. But it is an annual process that has to be undertaken. It is a normal part of validation of any statistical—

Senator CARR—So it is not tardiness on behalf of the Commonwealth officers then?

Dr Nicoll—No, it certainly is not. We are working very hard. It is part of an annual process.

Senator CARR—But you do believe the information that is provided to you is not always accurate?

Dr Harmer—It is not unusual when large amounts of information come in—

Senator CARR—I trust you are checking information. I would expect the Commonwealth to check the information—there is a lot of money involved here.

Dr Harmer—Indeed.

Senator CARR—But I would be interested to know where you think—and you can perhaps take this on notice—information that is sent to you is inaccurate.

Dr Nicoll—Yes, we can give you a general area.

Dr Harmer—We will give you some examples.

Senator CARR—I do not expect you to name universities—

Dr Nicoll—Good.

Senator CARR—that are giving bodgie claims to you when they do not do that sort of thing. They tell me they are always impeccably precise.

Dr Nicoll—We certainly think their intent is always honest and that they would be providing us with an open communication of their situation.

Senator CARR—Absolutely. They would not want to mislead a Commonwealth officer. I understand that.

Dr Nicoll—I would not think they would.

Senator CARR—When was the meeting held for the OS-HELP consultations?

Ms Fernandez—It was held yesterday. There was an OS-HELP reference group meeting.

Senator CARR—Is this just-in-time management? It is nothing to do with the estimates, is it? Or is it just your normal schedule?

Ms Fernandez—That meeting has been scheduled for some time.

Senator CARR—So have the estimates been scheduled for some time.

Dr Harmer—I can assure you that the way we plan our very busy workload does not revolve around estimates.

Senator CARR—I am delighted to hear that. When can we expect a report on these consultations?

Ms Fernandez—There will be minutes from that meeting that will be on the BAF web site within three weeks.

Senator CARR—And that will tell me who was there?

Ms Fernandez—Yes, that will tell you who was there.

Senator CARR—Have the guidelines for the Commonwealth Grants Scheme been released for comment?

Ms Fernandez—No, they are currently with the AVCC for comment. The process is that they go to the AVCC for comment. The AVCC have a week, we take on board their comments and then they are released to the sector for comment for two weeks.

Senator CARR—So we can expect them next week?

Ms Fernandez—They will come back from the AVCC next week and then, depending on the comments that come from the AVCC, if there is anything that needs to be changed the guidelines then need to go back through the formal clearance process, which includes audit clearance and legal clearance, so it depends on what comes back from AVCC.

Senator CARR—But certainly within a couple of weeks we could get these guidelines.

Ms Fernandez—I would anticipate that would be possible but I could not say for certain.

Senator CARR—So you are not going to be able to meet the time lines that you proposed by the end of February?

Ms Fernandez—The guidelines are ready but they are going through sector consultation, and that starts with the AVCC.

Senator CARR—But they will not be tabled by the end of February.

Ms Fernandez—For the CGS, no. We anticipate the scholarship guidelines will be.

Senator CARR—Are they the same as the Commonwealth learning scholarship guidelines?

Ms Fernandez—The Commonwealth scholarship guidelines include the Commonwealth learning scholarships as well as the Australian postgraduate, the international research postgraduate and the Indigenous staff scholarship. They are all one set of guidelines.

Senator CARR—There was a delay, wasn't there, on the learning scholarship guidelines being released?

Ms Fernandez—A delay from what, Senator?

Senator CARR—I thought they were supposed to be ready by November.

Ms Fernandez—The first draft of guidelines was released in November. That draft of the guidelines has now been formally through the audit and legal process and that is about to be finalised.

Senator CARR—Has the institutional assessment information instrument for institutions—which is the term that is used—been prepared?

Dr Nicoll—Yes, that has gone out to the sector, as I recall.

Senator CARR—When will it be instituted?

Dr Nicoll—We will be talking to the sector as one of the agenda items in the funding agreement negotiations about the IAF. The IAF visits are scheduled for the second half of this year. Half of the sector will be visited this year and the other half next year unless the IAF assessment actually reveals that there might be an issue to raise with a particular university, in which case we would visit that university as well. Mr Burmester and I will be sharing the visit to the 20-odd institutions for this year in the second half of this year.

Senator CARR—The Indigenous Support Fund component of other grants guidelines—are they ready?

Ms Fernandez—No, Senator. I believe that they are not ready.

Senator CARR—What is the reason for the delay there?

Ms Fernandez—They are due for sector comment in mid-March. Anticipated tabling is not until August of this year and they are required for October of this year.

Senator CARR—I have got a series of the guidelines that will fit into that category: the student learning entitlements, FEE-HELP, OS-HELP, HECS transitional guidelines, the PELS transitional guidelines, reduction and repayment guidelines. They are all due by mid-March, aren't they?

Ms Fernandez—I believe so, Senator.

Senator CARR—An easier question might be: are you anticipating any delay on any of the other guideline timetables that have been already published?

Ms Fernandez—If you like, Senator, I will table our latest guidelines timetable.

Senator CARR—Thank you. That would help me a great deal. When are the university allocations of the Commonwealth learning scholarships to be made?

Ms Fernandez—The sector has been informed of allocation of the scholarships. A letter went from the minister to the sector. I have not got the exact date but they have been announced.

Senator CARR—Could we have a copy of that letter? Have the allocations been published somewhere else?

Ms Fernandez—I am not quite sure whether they are on the web site. I would have take that on notice.

Senator CARR—I would like to know what the allocations are. I do not particularly care what format I get that information in, but I would like to know, if that is possible.

Ms Fernandez—Yes, Senator.

Senator CARR—Are all the guidelines published?

Ms Fernandez—The Commonwealth scholarship guidelines were released in November. Those guidelines are currently with our legal branch for clearance and go to the minister immediately following clearance from legal, then they are to be gazetted and tabled as soon as possible.

Senator CARR—HEIMS seems to take up a fair bit of space in newsletters—13 pages of the six newsletters, I am advise. You may not be able to confirm that precisely, but it is a matter of attention. How many meetings have you had between your department and governance groups to establish the HEIMS program?

Ms Fernandez—I would not know that off the top of my head. I would have to take that on notice.

Senator CARR—Newsletter No. 4 lists the schedule of meetings. Do you have that there with you?

Ms Fernandez—No, I do not have a copy of that newsletter.

Senator CARR—How many meetings have you cancelled?

Ms Fernandez—Again, I could not say exactly how many.

Senator CARR—Have you cancelled any meetings?

Ms Fernandez—We may have postponed some meetings.

Senator CARR—How many?

Ms Fernandez—I do not know off the top of my head. We have a very comprehensive governance structure. As you will be aware, we have several groups and committees that govern the HEIMS project.

Senator CARR—There are eight listed on the newsletter. Are you saying that all of those have occurred?

Ms Fernandez—I do not have the timetable. I would have to take that on notice.

Senator CARR—You say that some have been postponed. When have they been postponed to?

Ms Fernandez—I can give you the timetable, if you like.

Senator CARR—Yes.

Ms Fernandez—But I do not have it here with me.

Dr Nicoll—Senator, you would appreciate that we are very conscious of the need for a sound and effective implementation of HEIMS. As Ms Fernandez has indicated, in terms of the project management there is a complex but necessary level of accountability through the governance structure. She clearly cannot remember all elements of that but will provide you with that information.

Senator CARR—Okay. It has been put to me that the committees you have established are very large and unwieldy and that it is not surprising that it is hard to get them to meet. Would that be a fair criticism?

Ms Fernandez—No, I do not think so. The committees are very effective. We have a business advisory committee—it is not large and unwieldy. It is comprised of only 13 representatives from the sector, as does the systems advisory committee. Every institution has nominated a person to be part of that group but not to sit at the table with the committee. At

particular points in time, we will bring all of the nominees together but not to the committee meetings.

Dr Harmer—It is always a difficult judgment. From time to time, government and departments can be criticised for making the meetings too unwieldy. At other times we can be criticised for leaving people out. It is a really difficult judgment. We have made our assessment of what is the most effective and, not surprisingly, some people will not be happy.

Senator CARR—Some people: I am told that the business group is an absolute shambles.

Ms Fernandez—I chair the business advisory group and I believe it is a very effective group. It has contributed considerably to the development of HEIMS.

Senator CARR—Is it true that newsletter No. 6 said that the planning by the university of implementation modifications to their IT systems would commence in May and that the testing of other preliminaries would be over by September, so the system was meant to be live by then?

Ms Fernandez—For the allocation of the Commonwealth higher education student support number, yes.

Senator CARR—So the whole preliminaries are over by September. Is that correct?

Ms Fernandez—For allocation of the CHESSN?

Senator CARR—You are sticking to that timetable, are you?

Ms Fernandez—Yes.

Senator CARR—What is so crucial about September?

Ms Fernandez—In September institutions commence their application processes for the following year.

Senator CARR—And you are not anticipating any delays on that time line?

Ms Fernandez—Not at the moment.

Senator CARR—What would happen if the system is not introduced by September?

Ms Fernandez—Do you mean if students cannot be allocated CHESSNs?

Senator CARR—Yes, what happens if the student identifier is not in place by September?

Ms Fernandez—We would move into allocating it at a later point in time.

Senator CARR—I see. So you think you can do that? What is the latest point you can allocate it for next academic year?

Ms Fernandez—I would say that the latest point would be sometime in December. But we do not anticipate at the moment that there will be delays. We anticipate that institutions and tertiary admission centres will be able to allocate CHESSNs for commencing students in September.

Senator CARR—Have you changed the milestones that were identified in BAF newsletter No. 4?

Ms Fernandez—I do not have newsletter No. 4 in front of me.

Senator CARR—Have you changed your milestones?

Ms Fernandez—Not knowing what is in newsletter No. 4 exactly, I do not believe so—but I do not know.

Dr Nicoll—Neither of us brought the newsletters with us—we apologise for that. Next time we will ensure that we bring the newsletters with us so that we can provide that cross-reference for you.

Senator CARR—You were expecting the proof of concept by February 2004. Has that been done?

Ms Fernandez—Yes, that has been done.

Senator CARR—And you anticipate that the allocations interface specification will be done by April 2004?

Ms Fernandez—Yes.

Senator CARR—And Tax and the universities will modify their systems by May to September? Do you think that can be done?

Ms Fernandez—Yes.

Senator CARR—Are you still anticipating to have the pilots up and running in July?

Ms Fernandez—Yes.

Senator CARR—This may well be a question we revisit then—we will see how you are going. Have you been able to identify the range of data that is actually required to be provided by universities this year to implement the student identifier?

Ms Fernandez—All of the data that will be required this year is to be finalised before 10 March. We have a joint business advisory committee and systems advisory committee meeting on 10 and 11 March. All of the data elements that will be required will be available at that meeting.

Senator CARR—But at this point you are not clear as to what the total data sets are; is that the case?

Ms Fernandez—Yes, we are clear for the allocation of the CHESSN but there are other elements that are still being worked through. So all of the data specifications will be available, as I say, on 10 March.

Senator CARR—And you are clear in your mind what you require now?

Ms Fernandez—Yes. I would clarify that we are still to do testing for the allocation of the CHESSN—that is, we will be doing a lot of data-matching testing to ensure that we minimise any duplicates created in the system. That testing may affect elements that are required.

Senator CARR—It has been normal practice to give universities about a year's notice for the provision of new data collection systems, hasn't it?

Ms Fernandez—I am not certain of that.

Dr Nicoll—Certainly there have been practices in the past, but you would understand that the implementation of the particular requirements of HEIMS and the government's Backing

Australia's Future package will mean that there may be changes to what have been conventions in the past. There is no strict rule about that. We attempt in all situations to provide institutions with as much notice as possible. We try to give them as much say and we consult with them as widely as we possibly can in the development of time frames. We are in constant discussion with the AVCC about these things. So there have been conventions in the past in regard to a number of things—this package requires a different way of operating in some regards.

Senator CARR—So it is a highly radical overhaul of the system? You are now saying to the universities, 'Forget the conventions, you're now required to provide new datasets almost immediately.' The normal convention of giving them a year's notice is no longer going to apply.

Dr Harmer—I think that what Dr Nicoll is saying is that it is a very significant change and some of the conventions that have applied in the past may not be relevant under the new conditions.

Senator CARR—But equally it could surely be argued that because of how significant it is it actually needs sufficient time. As you have indicated, not all the information universities provide to you is accurate. How can you be certain that the information that will be provided will be accurate? What validation process are you going to be able to undertake in the time lines that you have set yourself?

Dr Harmer—Ms Fernandez has indicated that we are, at the moment, confident that we can do this. We have estimates that we believe will be met. Obviously, there are some pressures on us. It is not going to be easy to meet all these deadlines but, at the moment, we believe that we can do it.

Senator CARR—That the pressure is on you is somewhat of an understatement, Dr Harmer. The universities are outraged by these changes. There are an enormous number of complaints coming into the department. That is true, isn't it?

Dr Harmer—I have met with a number of university vice-chancellors over the period and this would not be the first issue they have spoken to me about.

Dr Nicoll—I can only speak on my own behalf in terms of the discussions I have had with vice-chancellors, deputy and pro vice-chancellors and the committees that I chair, but overall I would say that there is a positive engagement in the reforms that are being implemented by the Australian government.

Senator CARR—So you are saying that you will tell the universities in March that this is the new data they are required to provide and that by September you will have it up and running?

Ms Fernandez—The changes to the data collection are not as substantial. The majority of the data collection does not change. The data that changes is mainly for new programs such as OS-HELP or the Commonwealth Learning Scholarships. Overall, the data collection is the same as it was and in 2004 will still be collected in the same way—that is, through the DESTPAC system that universities currently use.

Senator CARR—When do you expect the universities to have their IT infrastructure in place?

Ms Fernandez—The proof of concept is the start of universities testing, if you like, the new technology that we will be using for the allocation of the CHESSN. That is the only part of the data collection that will come through a system-to-system interface or a web browser interface. The rest of the data collection will continue to come through in the same way as it comes now until 2006.

Senator CARR—So you are saying that there is a relatively minor infrastructure change required?

Ms Fernandez—That is correct. We had an IT technical workshop, I think it was the week before last, and we brought in representatives from every institution to work through the architecture. There will be changes required for most universities that will be done through their major vendors and other institutions will do it for themselves. Again, as Dr Nicoll suggested, we have had very positive feedback from institutions. There is no question that time frames are tight, but the feedback that I have had is that they are achievable—as long as we are able to keep to the time frames that we have set with getting the specifications out there.

Senator CARR—Ms Fernandez, you have given an assurance that you will keep to those time lines. You are very confident. You have asserted to this committee that there will be no problems with the time lines, so that when we come back at the next round of estimates I will be able to measure the progress you have made against the statements that you have made here today.

Dr Harmer—I do not think it is quite fair to say that Ms Fernandez has given you an assurance that there will be no problems. She has said that we are, at the moment, confident that we can meet time lines but, as you know, we rely on information that comes to us from institutions; we rely on information that we get from the various meetings we set up et cetera. We are, at this point, confident that we can meet the deadlines.

Senator CARR—At this point, you are confident. When we leave these estimates, you may not be confident.

Dr Nicoll—Not at all, Senator. We have been quite honest and open about this.

Dr Harmer—We try to answer your questions honestly and openly. We have no reason to—

Senator CARR—Of course you do. I do not dispute that you try to answer my questions honestly and openly. You sometimes take a long time to get there—I can say that.

Dr Harmer—We are also trying to be as efficient with our answers as we can.

Senator CARR—Yes. Ms Fernandez, you are familiar with the software problems that universities have had with their record systems—Calista, PeopleSoft. You recall the extraordinary sums of money that have been spent at some universities getting their IT systems right.

Ms Fernandez—I am aware of some of the issues, yes.

Senator CARR—We are talking tens of millions of dollars for some of them. You would agree with those sorts of assessments?

Ms Fernandez—I am only aware of one example.

Senator CARR—One? In the west there were others. In New South Wales there were problems. They were not just in Victoria. With that sort of record in mind, I am impressed with your confidence about IT changes, that student record systems can be met within this time line and your breach of the normal conventions of one year's delay for these sorts of matters. Have you sought formal advice from the university as to the potential problems or issues around integrating the new package with the existing system?

Ms Fernandez—We have, as I say, an advisory committee and online share space. We have regular consultations and we will, at particular points in time, request universities to confirm that they are able to—for example with the proof of concept—interface with us. There will be points in time where we do seek institutions' confirmation that they can do certain things.

Senator CARR—But you have not at this point.

Ms Fernandez—There has not been a point yet at which that has been required or necessary.

Senator CARR—You have just announced that these changes are going to be made and you have set time lines. You have said that we are going to abandon the convention of a year's notice and then you are going to ask them whether they can do it.

Ms Fernandez—As I say, we have very comprehensive consultation processes in place with all of the institutions and we have not yet had any information that would lead us to believe that they are not able to implement this. A lot of the changes that may be required will depend on how institutions decide to implement the reforms. It is not so much the allocation of the CHESSN or the changes to data collection but whether they decide to change their fee structure and charge different prices for different courses or cohort students. There are lots of changes that would impact on their systems, if they decided to go down a particular path, that are not driven necessarily by the HEIMS project.

Senator CARR—So if there is a problem it is their fault, not yours.

Ms Fernandez—As I say, the reforms allow institutions to make many varied decisions that would impact on their systems internally. It will be up to institutions to make those decisions.

Senator CARR—The budget has estimated \$20 million to implement the HEIMS. Universities get \$20,000 each.

Ms Fernandez—\$200,000 each.

Senator CARR—\$200,000 each—you are quite right. The department has allocated itself \$20 million—is that right?

Ms Fernandez—That is correct—over forward estimates.

Senator CARR—The universities receive \$200,000 each as a contribution to the cost associated with the implementation of the HEIMS program and the new student financing

systems—that is the language you are now using. Have you done any estimations of the cost of implementing this new scheme for universities?

Ms Fernandez—No, I have not. The government decided that there would be a contribution to the cost of this development for institutions, but there is also \$2.6 billion going in over the next five years that institutions can decide to use in any way they choose for implementation.

Senator CARR—Is that right?

Ms Fernandez—Yes.

Senator CARR—So there is discretionary funding to universities now.

Dr Nicoll—I think what Ms Fernandez was suggesting is that the government is putting in considerable new money into the sector. There are components of the money that the government is putting into the sector which are not discretionary, as you just indicated. The university manages its own budget, and there are decisions that each university can make about the allocation of particular funds.

The Australian government, as Ms Fernandez said, made a decision about how much money would be contributed by the Australian government towards the implementation. There are other moneys that the universities can make decisions about with regard to where they spend the money. The contribution is \$200,000. That is what the government is providing.

Senator CARR—Any additional costs will have to be met by the universities—

Dr Nicoll—Correct.

Senator CARR—from whatever sources they can get. What are you going to spend \$20 million on?

Dr Harmer—Can I just comment before Ms Fernandez answers that. Universities are, from time to time, upgrading and changing their systems. For some universities who are probably in the process of upgrading their systems the changes may be minor; for those who have to implement a particular new system for this, they may be greater. But it is impossible for us to determine where exactly universities are in their planning for their upgrades of their IT systems, so the \$200,000 was an estimate which we thought would be a reasonable one.

Senator CARR—You have no evidence to establish whether or not that is a reasonable one.

Dr Harmer—I was not part of the assessment and I was not part of the government decision making for the \$200,000.

Senator CARR—I am just wondering how you reached the conclusion that \$200,000 was a reasonable estimate.

Dr Nicoll—The Australian government made a decision about how much money would be allocated. That was part of the cabinet decision and that is the decision that was announced.

Senator CARR—I know that the government announced that. I want to know what was the calculation based on. Was it a pig in a poke? Was it a bit of a guess? How do you know \$200,000 is a reasonable amount?

Ms Fernandez—It is a contribution. It is not intended to cover the cost or calculate what the cost might be. It is a contribution.

Senator CARR—How much of a contribution is it?

Dr Nicoll—That will vary from institution to institution and how they manage their operations and their budgets.

Senator CARR—Would it be fair to say you do not know?

Dr Nicoll—The Australian government, as I have said, is providing that as a contribution.

Senator CARR—But you do not know how big a contribution it is.

Dr Nicoll—We cannot make that assessment because it would vary from institution to institution.

Senator CARR—Can you tell me what you are going to spend the \$20 million on that has been allocated to the department?

Ms Fernandez—We are building a system that manages Commonwealth assistance to students in higher education, so we will implement a system that manages the learning entitlement. Institutions will simply be given the learning entitlement for them to use in offering places to students, but it will be maintained within the HEIM system. It will do all of the management, if you like, of the learning entitlement for students. It will also managed Commonwealth assistance for students, so all of the loans and the scholarship programs. The way that the programs work, there is a requirement for interfacing between institutions and the Commonwealth, for the institutions to make decisions about Commonwealth assistance, and that is all managed within HEIM system.

Senator CARR—So it is used for all allocations of moneys within the department for students?

Ms Fernandez—Commonwealth assistance to students.

Senator CARR—Including research programs?

Ms Fernandez—No. Commonwealth assistance is classified as the loans programs, the scholarship programs and the learning entitlement.

Senator CARR—So it does not include any postgraduate work?

Ms Fernandez—Not at the moment in the current scope.

Senator CARR—But could it—could the system be adapted?

Ms Fernandez—It could in the future.

Senator CARR—But it is not currently intended?

Ms Fernandez—It is not in current scope.

Senator CARR—So we will need more money for that program, presumably.

Ms Fernandez—I cannot say at this point in time.

Senator CARR—Is it true that under the CHESSN program that students can apply directly to institutions?

Ms Fernandez—Students will not apply for a CHESSN; they simply go to enrol in university and, when they do, the university or the tertiary admissions centre will send information to the HEIM system and the system will send back a new or the existing CHESSN for a student.

Senator CARR—CHESSN is basically a number?

Ms Fernandez—It is a number.

Senator CARR—It will be allocated by a tertiary admissions centre?

Ms Fernandez—Yes. It will be allocated by HEIMS—that is, by DEST—but it will be passed back.

Senator CARR—I see, transmitted through the admission centres and by the institutions?

Ms Fernandez—Yes.

Senator CARR—Will there be any cost to the students?

Ms Fernandez—No.

Senator CARR—There will be no cost at all either way they go?

Ms Fernandez—No.

Senator CARR—What is the data-matching strategy that you are proposing to apply to the CHESSN numbers?

Ms Fernandez—We will be purchasing data-matching software and the testing for that will commence shortly.

Senator CARR—You can cross-reference student records against other Commonwealth records, is that what you are saying?

Ms Fernandez—No. What I am saying is that there is software that, as students' personal information comes in, can do checks to ensure that no duplicates are provided.

Senator CARR—Yes, but you can cross-reference it against other Commonwealth data?

Ms Fernandez—The only other Commonwealth data that may be used might be by the tax office but not by us.

Senator CARR—Taxation, social security—

Ms Fernandez—No, we cannot match against social security numbers or tax file numbers.

Dr Harmer—There are very strict privacy guidelines around data matching within the government.

Senator CARR—Okay. Visas—the immigration department records?

Ms Fernandez—No.

Senator CARR—So you are not intending to do that?

Ms Fernandez—No.

Senator CARR—But it can be done, can't it?

Ms Fernandez—It can be done under the data-matching act, yes.

Senator CARR—But you do not intend to apply that act?

Ms Fernandez—The Taxation Office is intending to do some data matching with CHESN and tax file numbers to reduce duplicates, and we have also explored with DIMIA but have not yet confirmed whether under the data-matching act there may be some matching that can be undertaken.

Senator CARR—I want to be clear about this. You are not saying to me that it will not be done; you have not confirmed it at this point?

Dr Harmer—DEST will not be collecting data or doing data matching that we do not need to efficiently administer the program. Our objective will be to collect the information and to match to the extent that we can convince the public and accountability et cetera that we are administering the program. That is the data we will be collecting and we will be matching it to that extent.

Ms Fernandez—It will all, of course, comply with legislation such as the Privacy Act and the data-matching act.

Senator CARR—Of course, I do not expect you to come here and tell me you are going to break the Privacy Act, but does this program have the capacity to be cross-referenced against social security records?

Ms Fernandez—No.

Senator CARR—It does not have the capacity?

Ms Fernandez—No. Well, when you say 'the capacity'—

Dr Harmer—We are not building specifically for that capacity.

Senator CARR—It will not be part of this program?

Ms Fernandez—No.

Dr Harmer—Not that I am aware of. I think we need to be a little careful, because Ms Fernandez and I are not doing the technical build. The intention is to build a system which allows us to collect information and match information that allows us to be convinced that we are administering the funds appropriately and according to the legislation.

Senator CARR—Of course that is your intent, but you are saying the Taxation Office will be able to cross-reference this material?

Dr Harmer—I suspect that we may need some cross-referencing with the taxation department to administer the program efficiently.

Ms Fernandez—It is simply so we do not create duplicate records.

Senator CARR—Of course it is. That is always the reason you do cross-referencing.

Ms Fernandez—And also to ensure that the Commonwealth is not defrauded.

Senator CARR—Of course. That is the usual reason you do cross-referencing. I just want to know why it is under the data-matching act you cannot cross-reference with social security records?

Ms Fernandez—I am not certain whether it is there or not, but we have no intention of cross-referencing.

Senator CARR—I ask you for the record: is it possible to cross-reference your scheme with other departments' records and with which departments?

Ms Fernandez—We will take that on notice.

Senator CARR—I do not want to know whether you have made an agreement but whether it is possible?

Dr Harmer—I will take that on notice, because I would want to be very specific.

Senator CARR—I think you need to be very precise, actually, with a question like that. Of course, there will be no cross-referencing with any state agencies, will there?

Ms Fernandez—No.

Senator CARR—Presumably you cross-reference with visas?

Ms Fernandez—We will take that on notice and refer back to the data-matching act.

Senator CARR—Presumably for security reasons you would want to be able to cross-reference material, wouldn't you?

Dr Harmer—We will take all that on notice.

Senator CARR—The Attorney-General's Department will have an interest in these records.

Dr Harmer—Possibly.

Senator CARR—Particularly if international students are involved.

Ms Fernandez—There are no international students involved.

Senator CARR—No international students will be part of this?

Ms Fernandez—They will not be given a CHESSN.

Senator CARR—So how will you cross-reference the international students records?

Ms Fernandez—International students are not in receipt of Commonwealth assistance, as I have defined.

Senator CARR—So they will have no student identifier.

Ms Fernandez—No, they will not. They will have a student identifier that may be given to them by their institution, but not from the Commonwealth.

Senator CARR—The university will give them one, but there will be no Commonwealth registration.

Ms Fernandez—They will not have a Commonwealth higher education student support No.

Senator CARR—To be clear about this: you are only applying it to domestic students?

Ms Fernandez—That is correct.

Senator CARR—That is, Australian residents.

Ms Fernandez—Domestic students.

Senator CARR—That is what I am saying. Australian residents are the only ones who will have this applied to them.

Ms Fernandez—Yes.

Senator CARR—Or is it people that might be in receipt of Commonwealth assistance?

Dr Harmer—It is more likely the latter, but we will just check the wording.

Senator CARR—I want to be clear because there are two different concepts here.

Ms Fernandez—It is students in receipt of Commonwealth assistance.

Dr Harmer—We would need to keep a record of all of those.

Senator CARR—Will that include some foreign nationals?

Ms Fernandez—Only where they are permanent residents or humanitarian visa holders.

Senator CARR—There may well be refugees, for instance.

Ms Fernandez—That are humanitarian visa holders.

Senator CARR—Has anyone done a cost-benefit analysis of the introduction of this scheme? Has the department undertaken a cost-benefit analysis?

Ms Fernandez—Of which scheme, Senator?

Senator CARR—HEIMS.

Ms Fernandez—HEIMS is required to manage this Commonwealth assistance. The BAF package cannot be introduced without a system such as HEIMS.

Senator CARR—So there is no point in doing an analysis of its benefits; it is a fundamental requirement.

Dr Harmer—From time to time when new programs are introduced there are necessary systems and what Ms Fernandez is saying is that HEIMS is necessary to run the new system.

Senator CARR—You mentioned before the improved coordination between the department and the universities. ‘Improved consultation with the sector,’ I think were your words. How does that fit with the minister’s comments yesterday about increasing fees under the new legislation by universities?

Dr Harmer—I do not think we can answer that question. I am not aware of exactly what the minister said and I would be surprised if Ms Fernandez is.

Senator CARR—He was quite savage in his comments about the University of Technology’s statements yesterday.

Dr Harmer—I am not going to comment. I have not seen what the minister said.

Senator CARR—What response have you had from the universities about the introduction of fees, now that we have had the RMIT, QUT and others saying that they will take advantage of the legislation to increase their fees by the full 25 per cent?

Dr Nicoll—We have not had any formal response, Senator.

Ms Fernandez—We do not need a formal response. This is a matter for institutions.

Senator CARR—It is a matter for institutions; is that right?

Ms Fernandez—The legislation allows institutions to set their fees up to a maximum identified in the legislation.

Senator CARR—So you would agree then with the Australian Vice-Chancellors Committee statement:

The decision on HECS levels and the consequences of that change rests with individual university councils and that the minister should allow universities to get on with their business without any further political interference.

Dr Harmer—We would not agree with that. We would agree with the first part of that statement, which is a repeat of what Ms Fernandez has just said. There are two components of the AVCC comment. One is about the fact of it being a matter for universities, which we would agree with. We certainly would not agree with their comment about the minister.

Senator CARR—How many universities have told you they intend to increase their fees by 25 per cent?

Ms Fernandez—There is no requirement for the universities to tell us.

Senator CARR—So you do not know?

Dr Harmer—No.

Ms Fernandez—We know what has been reported in the press.

Senator CARR—Only what has been reported in the press. That is the basis of your consultation.

Dr Nicoll—It does not require consultation.

Senator CARR—Have you been encouraging universities not to increase their HECS fees by the full 25 per cent?

Dr Nicoll—No, we have not. We neither encourage nor discourage; it is a decision by university councils and their executives.

Senator CARR—I want to be clear about this: as far as you are concerned, the legislation puts this matter entirely in the hands of the universities?

Ms Fernandez—The legislation allows universities to set their fees up to a maximum that is identified in the legislation.

Senator CARR—That is right. So the minister's comments about the actions of the Queensland University of Technology as facile, ridiculous and nonsensical—

Dr Harmer—We are not prepared to comment on that.

Senator CARR—It strikes me that it is a direct consequence of the legislation, though, isn't it? If you tell people, 'You can put your fees up by 25 per cent,' they are entitled to put them up by 25 per cent, aren't they?

Dr Harmer—I think we have answered that question already.

Senator CARR—With regard to assistance for institutions that have been badly affected by these changes, under the new regime how many universities are going to lose marginally funded places? Do you have a list of those for me?

Dr Nicoll—We cannot give you a list per se partly because we have not got the 2003 data clean so we do not know what the overenrolments were for 2003. We also will not know what the overenrolments are for 2004 until 2005, so to give you the precise number is not possible. What we can give you is based on a document the minister released—and we are happy to table it—which is a state summary based on 2002 data that shows you the phasing out of overenrolments over 105 per cent. But what we have got here is based on preliminary 2003 data. But we have not got it on an institutional basis; we have got it on a state-by-state basis.

Senator CARR—When will you have copies for each university?

Dr Nicoll—In terms of the funding sheets or the overenrolment?

Senator CARR—In terms of the reductions in marginally funded places.

Dr Nicoll—We will not know precisely. There are several factors that will come into that. One is whatever their strategic decision is for this year about overenrolment. The second is that there are new places that will be coming on line into the sector—depending on how many of those a particular institution receives—and that will clearly impact on the number of overenrolled places they have.

Senator CARR—I am interested to know the number of overenrolled places, not necessarily the numbers of new places coming on line because that is a separate set of calculations. Obviously I would be interested in a list of the newly available places and their distribution. Have you got a list of those?

Dr Nicoll—We do not know that yet.

Senator CARR—From when are they available to the institutions?

Dr Nicoll—From 2005. The time frame for that—and I outlined some of that earlier—is that we will be releasing criteria to the universities in the next fortnight or so, the universities will have until the end of April to provide us with bids for the new places, and we would like to have those new places announced by the end of the financial year if not sooner than that—between April and the end of the financial year. Those places will be incorporated into the funding agreements that I signed off.

Senator CARR—How many of those new places are there for 2005?

Dr Nicoll—There are 9,100.

Senator CARR—What are they for? Are they the teaching places?

Dr Nicoll—No, those will be in a range of discipline areas. Part of the reason we went out to the states and territories for the criteria was to identify what the states and territories

perceived to be the needs in particular disciplines. It is our intention that we do not allocate places in areas that perhaps are not needed in the Australian community. We wanted places to be directed in areas where there is evidence that there should be greater growth in the number of graduates. Those states and territories that have provided us with information about criteria have included areas where there are particular needs.

Senator CARR—Let me take that through. There are 9,100 places in 2005. New places?

Dr Nicoll—They are new Commonwealth supported places.

Senator CARR—How many overenrolled places will be reduced?

Dr Nicoll—The net position, based on preliminary 2003 overenrolment data, is that there will be an increase of 7,317 places. The spreadsheet that I just tabled sets that out for you. If you look at the fourth column from the far right, the Australian net position, based on the information about overenrolment that we have for 2003, is that, with the injection of 9,100 places plus the additional nursing and medical places that had already been announced, there will be a net improvement—a net increase of places of 7,317. Based on that 2003 data, by 2008 it would increase so that the Australian net position—increase in places—would be 25,952.

Senator CARR—These are separate places—not the pipeline effect of the 7,000?

Dr Nicoll—No, there is a pipeline effect built into that—9,100—

Senator CARR—Of those 25,000, how many new enrolments will we find?

Dr Nicoll—There will be places in the sector.

Senator CARR—But how many of those will be new?

Dr Nicoll—I cannot tell you that. There will be places—new Commonwealth supported places—and students continue through their period in the university. We count them in that way.

Senator CARR—I know how they are counted. I am just asking how many of those are new enrolments.

Dr Nicoll—I presume it begins with the 7,000 that are there, if you want to look at it that way. Those are then pipelined. So of the 11,000 there would be 7,317—approximately that—that are new starters.

Senator CARR—So we can add the additional places, and the difference between those between the years would give us the new enrolments?

Dr Nicoll—I will take that on notice so we can give you the precise information, but what we are going on in this table is the number of total Commonwealth supported places.

Senator CARR—I understand how the figures are worked. My contention to you is that the number of new enrolments can be calculated by taking out that pipeline effect, because you are counting them several times in the pipeline, aren't you?

Dr Nicoll—The Commonwealth is still supporting them.

Senator CARR—Of course, you are having to pay for them every year.

Dr Nicoll—Correct.

Senator CARR—So it is 7,000 places there in the first year, and they are there for three years. Is that the calculation nowadays?

Dr Nicoll—It might be a four-year pipeline, I think.

Senator CARR—So you are counting the 7,000 four times.

Dr Nicoll—That would be my interpretation, but I can get you that information.

Senator CARR—So long as we are clear about that. It is not an unusual technique. In terms of the proposition that these are additional places, does that assume that each of the universities will in fact meet the 105 per cent target for overenrolments?

Dr Nicoll—It does.

Senator CARR—It is a pretty big assumption, isn't it?

Dr Nicoll—In all of this modelling, we have to build in assumptions.

Senator CARR—But that may well be a serious flaw in your modelling.

Dr Nicoll—I do not see why. I think it is a reasonable assumption that the university behaviour will correspond to the incentives provided by the government.

Senator CARR—So you are assuming that every university will hit that target of 105 per cent.

Dr Nicoll—Not spot on. Some are not at that level now. What we are doing is providing a model of what the potential is.

Senator CARR—How many do you think will not hit the target?

Dr Nicoll—I cannot anticipate that.

Senator CARR—Do you have any idea at all?

Dr Nicoll—No, I do not.

Senator CARR—I notice that there are no growth places at all in 2005 and 2006.

Dr Nicoll—Correct.

Senator CARR—None at all.

Dr Nicoll—None at all. There are 2,800 that come on line in 2007.

Senator CARR—How many growth places would you need just to keep pace with normal demographic change?

Dr Nicoll—I would have to take that on notice.

Senator CARR—Per annum?

Dr Nicoll—I cannot give you an answer.

Senator CARR—It would be 1,500, wouldn't it? That would not be an unreasonable number.

Dr Nicoll—I think that the original calculation of 1,400 was fairly close. It was based on that. But I would take that on notice so that I can give you a precise answer.

Senator CARR—Thank you. I agree I was overestimating a bit. I figured that I made a mental calculation for improvements in the population change. Fourteen hundred was the figure that was used traditionally, and you have got none at all for the first two years.

Dr Nicoll—The decision was made that growth places would come on line in 2007. That was partly because there were other new Commonwealth supported places coming online as part of the package of 9,100.

Senator CARR—That is right. So there are none at all.

Dr Nicoll—There are no growth places per se as named. We have called the places that come on line in 2007 growth places.

Senator CARR—If we were to be fair to the system, though, to maintain normal demographic movement, we would need 1,400, so we are in fact short.

Ms Fernandez—We needed 1,400 in 2008. The additional places that Dr Nicoll has explained are being introduced between 2005 and 2007 to maintain population growth proportions.

Senator CARR—But that is 1,400 per annum.

Ms Fernandez—No. That was 1,400 in 2008. It then varied in the out years. It depends on how the population grows. It is not 1,400 every year.

Senator CARR—I understood it was 1,400 per annum.

Ms Fernandez—No, it was not.

Senator CARR—You can be absolutely certain about that?

Ms Fernandez—It actually changes from year to year.

Senator CARR—But it is around that order.

Ms Fernandez—No. From memory it changed. It might even have been 900 in the next year and a greater number in the out year.

Dr Nicoll—I do not think we can give you that information now. The original 1,400 announced as part of Backing Australia's Future was in response to anticipated population growth. The 7,000 that you see there was to address any possibilities and to put new places into the sector. As Ms Fernandez has pointed out to you, the calculation of the growth places is done on anticipated population growth and it varied from year to year in the out years. The government made the decision, however, to increase the 1,400 to 2,800 in the lead-up to the passage of the legislation.

Senator CARR—I would like to know whether or not these so-called additional places are growth places.

Dr Nicoll—Which additional places?

Senator CARR—The additional places of 7,000. There are no growth places listed there, there are no growth places listed in 2006, and then you start to apply growth places in 2007. Are they pipelined or new entrants?

Dr Nicoll—They are new entrants in 2007.

Senator CARR—In 2008 are they new entrants or pipelined?

Dr Nicoll—It is a combination of both. There are the new entrants and then there are those that are pipelined.

Senator CARR—Could you give me a breakdown on those two figures, please?

Dr Nicoll—It is 2,800 in 2007, then it is 6,000, which becomes pipelined with the new ones coming on line. I cannot tell you what the new ones are. It is a number that I do not have off the top of my head. We can provide you with that to show you the breakdown of the 6,700.

Senator CARR—If I go three lines up the table where it says ‘additional places pipelined’ I get the figures of 9,000, 15,000, 21,000 and 24,000.

Dr Nicoll—That is correct.

Senator CARR—How many of those are new entrants?

Dr Nicoll—As I said to you before, I can get that calculated precisely but, essentially, 9,100 are the commencers. There will be that number of commencers in each of those years—2006, 2007 and 2008—and then there is the pipelined effect as well.

Senator CARR—I would ask you to confirm this for me: in 2007 there are only 2,800 new commencements and in 2008 there are 1,800.

Dr Nicoll—I will take that on notice.

Senator CARR—You have said in previous answer EO95 that transitional funds were not intended to assist institutions affected by the phasing out of marginally funded places. How will those institutions be assisted?

Dr Nicoll—I am not sure that I understand the question.

Senator CARR—In answer EO95 you make a statement that, with regard to marginally funded places, transitional funding will not be available to assist universities to cope with the changes in their enrolments or by the reduction of marginally funded places.

Dr Nicoll—There are two elements to that. One is that, for the places that each institution keeps up to the 105 per cent, every institution in the country will be receiving more money than they currently receive. The other is that, under the marginal funding arrangements, the institutions received approximately \$2,600 and under the new arrangements the universities will retain the student contribution, so in one sense they are now better off than they were. For the phasing-out of their overenrolments some institutions will receive new places, so those institutions may not have quite the issue about the phasing-out of overenrolments. The third part of that is that a decision was made by the Australian government that the number of overenrolled students, the number of students who were being marginally funded, was excessive and that there needed to be a control placed upon it. That is why there is a five per cent tolerance band for overenrolments and beyond that the Australian government has made a decision, and parliament has enshrined this in the legislation, that institutions should phase those places out to ensure that there are high-quality student learning experiences for all Commonwealth supported students.

Senator CARR—I understand the intent of the program. I just want to know what funding support will be provided to universities to cope with this change.

Dr Nicoll—There is no direct financial compensation for universities that are phasing out overenrolments. There are, however, as I pointed out to you, considerable financial benefits and an improved situation for universities because of the change. There may be new places taken on, so it may be that for most institutions this is not going to be a problem.

Senator CARR—You are very confident about how these problems are not going to occur. I will take some interest in this and see how it evolves. Are you able to indicate to this committee the discussions you have had with the universities adversely affected by the new Commonwealth Grant Scheme since 5 November. For instance, what assistance have you been able to offer the Victorian College of the Arts?

Dr Nicoll—The minister has made it clear in public announcements that, in the funding agreement negotiation with the University of Melbourne, the Victorian College of the Arts will be no worse off than they currently are and in fact they will benefit in the same proportion that the University of Melbourne benefits from the Commonwealth Grant Scheme.

Senator CARR—That is not what the University of Melbourne says, of course.

Dr Nicoll—I cannot speak on behalf of the University of Melbourne.

Senator CARR—I can only rely on their public statements as well and they are saying that they are not happy with that arrangement. Have they changed their mind, to your knowledge?

Dr Nicoll—I am not aware of that. That is something we will discuss with them in their funding agreement negotiations.

Senator CARR—So that has not occurred yet?

Dr Nicoll—No, it has not. Those agreements are scheduled for March and April.

Senator CARR—Have you had any discussions with the VUT?

Dr Nicoll—We are building an approach whereby vice-chancellors, whenever they come to Canberra, are very welcome at DEST, so we meet with vice-chancellors on numerous occasions. I conducted the profiles visit with VUT towards the end of last year and we have had discussions with their Deputy Vice-Chancellor and Professor Harman.

Senator CARR—Have you had those matters resolved?

Dr Nicoll—We are discussing their strategic response to the package.

Senator CARR—While you were at VUT did you discuss with them the defrauding of moneys from the university?

Dr Nicoll—No, that was not on the agenda at that particular meeting.

Senator CARR—Why not?

Dr Nicoll—It was not something that was to be discussed at that meeting.

Senator CARR—Why not?

Dr Nicoll—The Victorian University of Technology has been dealing with the fraud allegations in an appropriate way. There are investigations that have been going on that have been confidential. The major fraud squad in Victoria have been undertaking those.

Senator CARR—I have raised this matter here with the department over some length of time. Can you now assure me that no Commonwealth moneys were involved in those matters that were recently the subject of decisions by courts in Victoria?

Dr Nicoll—We have been assured by VUT—we sought this, and in fact the vice-chancellor made assurances to the minister in this regard—that they have taken measures to address what might have been perceived as shortcomings in their accountability or risk management. I put on the record that the improvements that they have made include improvements to their fraud protection framework, their tender process, their contract management and their financial delegations. They have sought improvements to the finance system. They have appointed a compliance manager to monitor the financial transactions. They have made improvements to the budget process, and their council's audit committee is now briefed regularly by their internal auditors. We have been assured of this by Professor Harman. We did not raise it at the profiles meeting, because it was not public at that point in terms of the issues that were being raised. We raised it with Professor Harman. We asked her what measures had been put in place since the investigations and the processes that they had undertaken to uncover the issues, and we were given assurances that they had addressed those things.

Senator CARR—How much of the moneys defrauded was from Commonwealth sources?

Dr Nicoll—We cannot make a calculation of that.

Senator CARR—You do not know?

Dr Nicoll—We do not know.

Senator CARR—Could you take that on notice, then?

Dr Nicoll—I can.

Dr Harmer—We will do our best. I am not sure whether it is possible for us to ascertain exactly what Commonwealth moneys—

Dr Nicoll—It is our understanding that most of the activity occurred after the merger of the two institutions—the merger with the Western Melbourne Institute of TAFE. The institution has not yet placed any final figure on the risk that they were exposed to, and so we certainly could not put a precise figure on it.

Senator CARR—This is a multimillion dollar fraud!

Dr Harmer—It is a reasonable question. If we can get you the figure of the Commonwealth money, we will.

Senator CARR—We are talking here across the whole division and across other programs. I raised this matter a while back. I asked what inquiries you had made with regard to the fraud allegations at the VUT. I indicated to you then that it was a matter before the major fraud squad in Victoria. I was assured, if I recall rightly, that no Commonwealth moneys were at risk in those matters. We understand that these are very large sums of money, both from the VET sector and from the higher education payments. I was surprised at the time at your assurances. Now we have convictions, so it is not a question any more of allegations. I

ask: to the best of your knowledge, for how much precisely has the Commonwealth been exposed?

Dr Harmer—We will try to get you an answer to that.

Dr Nicoll—In terms of the Commonwealth's monitoring of the financial statements and the financial accountability of these universities, we rely on the audited statements that have been signed off by the Victorian Auditor-General. In this regard the Victorian Auditor-General had given us no reason to be suspicious of their financial statements, and we proceeded on the basis that they had that seal of approval.

Senator CARR—I raised questions here directly with you about these matters, so there was cause for you to be suspicious. I will leave that with you.

Dr Nicoll—Thank you, Senator.

Senator CARR—Because time is getting away from us I am going to have to put a lot of this material on notice. I turn to second-round offers at universities and the shortage of places. Have you had any data yet from across the country on what the net shortage of places is at the moment?

Dr Nicoll—No. The issue of unmet demand is one which needs to be examined after all of the rounds of applications and offers have taken place. The AVCC conducts a survey of unmet demand. I think we anticipate that to come out in March or April. Certainly it has not come through yet. It is inappropriate to comment about the unmet demand issue until all of the rounds of offers have taken place.

Senator CARR—Have you provided any advances on operating grants in the transitional funds?

Dr Nicoll—Are you talking about the normal advance mechanisms?

Senator CARR—Yes, the redundancy fund payments. You have got that fund of about \$30 million that is available.

Dr Nicoll—Are you talking about the \$25 million?

Senator CARR—Yes, if it is \$25 million.

Dr Nicoll—Let me just check on that.

Senator CARR—It is question on notice E452. I asked a question in November about operating grants advances. I think its technical name is the structural adjustment fund or something.

Dr Nicoll—If you just give me a couple of seconds I can give you that information.

Senator CARR—I have got the answer in front of me. I am interested to know: have there been any applications for funding?

Dr Nicoll—No, there have not. The situation is as it is represented there; there have been no other advances.

Senator CARR—Can the transitional fund that you have provided for under the new legislation be used for this purpose?

Dr Nicoll—No, it cannot.

Senator CARR—In terms of the enter score cut-offs, the minister has been keen to provide a public defence of the reallocation of student places between the states. Are you able to provide me with advice as to when those states will be told of those new places?

Dr Nicoll—I think it is the end of June but I will give you that exact information. I might have the timetable here. It is certainly on the BAF web site, but we can provide you with the timetable for the places.

Senator CARR—Thank you. I understand the minister wishes to have enter scores published across the country.

Ms Fernandez—Yes.

Senator CARR—When will that happen?

Ms Fernandez—It is anticipated that that will happen in approximately October of this year.

Senator CARR—The minister said that there were differences in the enter score arrangements. For instance, he said that for nursing it was 68.5 in Perth and 44.2 in Melbourne. What campus was he referring to that had an enter score of 44.2?

Dr Nicoll—We are not aware of what you are referring to.

Senator CARR—It is a ministerial media release No. 592/04 from 27 January. Would you have that with you?

Dr Nicoll—No, I do not and I do not know what the minister was referring to. We would have to refer that to him to find out what he was referring to in that release.

Senator CARR—The department did not provide data for that?

Dr Nicoll—I am not aware of that, but I can have that checked.

Senator CARR—It is normal practice for a ministerial media release to rely on departmental data, isn't it?

Dr Nicoll—It often does, yes. It may well be that that data came from SAEG.

Dr Harmer—The Strategic Analysis and Evaluation Group.

Dr Nicoll—They may have provided some information to the minister that I am not aware of.

Senator CARR—I am particularly interested to know how you get into nursing in Melbourne with 44.2.

Dr Nicoll—We would have to take that on notice. I am not aware of that information. It may be that another part of the department provided some data to the minister, so we need to take that on notice.

Senator CARR—If he is referring to a site outside of Melbourne, perhaps the press release should be corrected. If he is referring to a TAFE place and not a university place, perhaps the press release should be corrected again. I need to know precisely which university the minister is referring to with an enter score of 44.2.

Dr Nicoll—We will take that on notice.

Proceedings suspended from 11.00 a.m. to 11.09 a.m.

CHAIR—We return to issues relevant to the higher education group.

Senator CARR—Dr Nicoll, the press release that the minister issued with regard to his plan to publish the cut-off scores nationally, as I say, had a figure of 44.2 for Victorian nursing.

Dr Nicoll—Yes.

Senator CARR—Actually, it was Melbourne nursing. But he did not tell us that the score was taken from 2003.

Dr Nicoll—As I said earlier, I am not aware of that particular information. I suspect it was provided by another division in the department—our research division—so I would take it on notice. We can provide you with the information about that.

Senator CARR—I would be surprised if the division of the department would provide misleading information, though.

Dr Nicoll—So would I.

Dr Harmer—We do not provide misleading information.

Senator CARR—I know you do not. Mr Ross Hampton has a bit of a track record, and his is the name that is on the press release. It refers to a 2003 figure, I believe, which is not the latest information at all. TER scores change dramatically from year to year, from site to site and from TAFE to university. Presumably when the minister seeks to publish these scores later in the year all of that will be made clear, won't it?

Ms Fernandez—Yes, it will be.

Senator CARR—We will have no more misleading press releases like this one?

Ms Fernandez—I cannot comment on that press release.

Senator CARR—I asked before about the second round offers. I am right in assuming that they have all now been issued, am I? Yesterday was the final offer round?

Dr Nicoll—I think there are up to three rounds of offers.

Senator CARR—There are three rounds now?

Dr Nicoll—There are three rounds potentially. Some universities have already indicated that their earlier rounds have been filled, but my understanding is that the final three rounds have not been exhausted. We will await the AVCC's analysis of the data and see what they provide in their annual survey.

Senator CARR—Which universities offer three rounds?

Dr Nicoll—I am not sure. I would have to take that on notice.

Senator CARR—That is three rounds this year? They are going to offer a third round this year?

Dr Nicoll—That is the convention that has taken place in the past. I am not sure what the situation is with regard to specific universities.

Senator CARR—You will be able to tell me that, won't you? I am wondering why it takes so long to get the official acknowledgement of level of unmet demand.

Dr Nicoll—I do not know the history of this, but I understand that there has been some agreement in the past about this between DEST and the AVCC. The AVCC wait until all of the rounds have been exercised and all offers have been made and then they release the results of their survey, which is called the *Survey of applicants for undergraduate higher education places*. That is published in May each year.

Senator CARR—There is one other matter I was not clear enough on. You are able to tell me now that the scholarship program that was announced last year will be in fact up and running by next year?

Ms Fernandez—The Commonwealth Learning Scholarships Program?

Senator CARR—Yes.

Ms Fernandez—Yes, it will be.

Senator CARR—It will definitely be running?

Ms Fernandez—Yes. It is running this year. It starts this year.

Senator CARR—You have offered places this year, have you?

Ms Fernandez—Institutions have been informed of their allocations and they will be offering scholarships. Some will be offering scholarships in first semester. It will be up to the institutions.

Senator CARR—Which ones are?

Ms Fernandez—I do not have that information as yet. I do not know that institutions have all made their decisions.

Senator CARR—Could you tell me where the allocations are? Could you provide that information?

Ms Fernandez—Yes, we can provide that. I will take it on notice.

Senator CARR—Dr Nicoll, I am informed that all the three rounds have now been concluded.

Dr Nicoll—Are you? I am not aware of that. As I said, we await the AVCC's analysis in the document they release about unmet demand. I understand—but I am not sure about this—that that is an agreement that had been made between DEST and the AVCC in the past.

Senator CARR—Can I ask you some questions with regard to the Research Training Scheme? Are you able to handle those as well?

Dr Nicoll—Dr Arthur will come to the table.

Senator CARR—I am wondering if you could assist me with some pretty basic stuff, I suppose. I have a list of the five objectives of the RTS: enhance quality, improve responsiveness, encourage institutions to develop their own research, encourage relevance of

research and improve efficiency. Do you believe the program is achieving all of those objectives?

Dr Arthur—The RTS, like other elements of the Knowledge and Innovation package which was announced in December 1999, has recently been the subject of an evaluation. A report from the external reference group which assisted in that evaluation has been provided to the minister. That contains a number of comments on the RTS. I am sure that that issue will be addressed when that evaluation is released.

Senator CARR—Let us just go through it. I take it you are not prepared to provide me with the report?

Dr Arthur—The report has been provided to the minister and the minister is currently giving consideration to the treatment of that report.

Senator CARR—When will it be released?

Dr Arthur—That is a matter which the minister is currently considering.

Senator CARR—How long has it been with the minister?

Dr Arthur—I think that report was in the information we provided to you previously on the dates on which the various reports had been completed. I do not have in my possession that particular document. It is in the order of at the end of October or the beginning of November in 2003.

Senator CARR—That is what I thought. The report was damning, wasn't it?

Dr Arthur—I would not in any way characterise the report as being damning, no.

Senator CARR—It was highly critical.

Dr Arthur—No, I would not agree with that characterisation.

Senator CARR—It felt there needed to be fundamental changes.

Dr Arthur—Those two statements are not consistent.

Senator CARR—Which one is consistent with the report?

Dr Arthur—It is certainly the case that the consultation process that was undertaken on knowledge and innovation within that Research Training Scheme provoked a number of comments about the scheme and a large number of submissions. All of those submissions of course are available on the DEST web sites. Certainly views were expressed about the Research Training Scheme, about elements of that scheme and about the ways in which a number of submitters considered the scheme could be improved.

Senator CARR—Dr Arthur, you have been an official of a Commonwealth department for a very long time now and you are no slouch when it comes to evaluations, I acknowledge that. The report covers the comments made by vice-chancellors from leading universities in the country with regard to research. They describe it as perverse and bizarre and say the universities have gone backwards. I would say these were damning criticisms, wouldn't you?

Dr Arthur—I would certainly agree that there were some very strong criticisms made.

Senator CARR—Are those criticisms justified?

Dr Arthur—It is probably better if we await the overall evaluation of the scheme. I can comment that the scheme has provoked a range of views. I note that a number of submissions to the Research Training Scheme knowledge and innovation evaluation and the consultations which occurred on that pointed to a number of positive effects of the scheme. For example, a number of submissions and comments made in consultations pointed to the improvements which have clearly occurred in the attention which universities paid to the quality of the research training experience and the extent to which the experience of research candidates had been improved through the scheme. In the consultation process comments to that effect were made by representatives of postgraduate associations.

Senator CARR—But they were in a minority, weren't they?

Dr Arthur—I think you would certainly find on the submissions on the DEST web site that the criticisms of the scheme would outnumber the positive remarks made about the scheme.

Senator CARR—And that the system is manipulated, is rorted and is rortable?

Dr Arthur—That is certainly a comment that was made by a particular vice-chancellor. I would not agree with those comments.

Senator CARR—You would not agree that the system is rortable?

Dr Arthur—No.

Senator CARR—It is not rortable?

Dr Arthur—I would certainly say that no evidence has been provided to DEST that the scheme is rortable or has been rorted.

Senator CARR—You have not discussed this with the Australian National University?

Dr Arthur—We have certainly discussed the Research Training Scheme in detail with the Australian National University on a number of occasions.

Senator CARR—And they have not provided you with evidence that the scheme is rortable?

Dr Arthur—Correct.

Senator CARR—I find that absolutely extraordinary—that Professor Chubb would say something like that and not provide you with any evidence at all of how it is rortable. That is what you are telling me, isn't it—that Professor Chubb has not provided you with evidence of how it is rortable?

Dr Arthur—Correct.

Dr Harmer—If you are aware that the vice-chancellor has provided us with information, then possibly Dr Arthur might not be aware of it. We will just check that there is no such information available.

Senator CARR—I put it to you that a submission—this is in writing; it is on the ANU web site and on the department's web site—says:

Many universities currently invent their their own “research strengths” without any benchmarks. These are reported to DEST and gain some spurious credibility in reports and in the media. The system can be manipulated, is rortable and is rorted.

These are statements that have been with you for some time. You have not checked them out?

Dr Arthur—The first comment you made about the research strengths is not an element of the Research Training Scheme; it is an element concerning the research and research training management reports. We have certainly looked carefully at the operation of the Research Training Scheme. Indeed, we have carried out an evaluation of that scheme as part of the evaluation of the knowledge and innovation package as a whole.

Senator CARR—Let me put it to you another way. How are you going with the legal challenge to the scheme’s allocations that has been launched by the University of Melbourne?

Dr Arthur—I can obviously comment on the process of that. It would not be appropriate for me to make any comments in terms of the detail of that matter. The University of Melbourne has brought action against the department in the Federal Court, alleging that the minister’s decision in relation to the RTS allocations for 2003 were flawed and has presented documents to the courts in support of that. The department is in the process of preparing and presenting its evidence. That is where the matter rests.

Senator CARR—So the court processes are under way.

Dr Arthur—That is correct.

Senator CARR—Mr Kriz, you have been anxious to say something. Is this the opportunity that you have been seeking?

Mr Kriz—Not at all, just to say as little as possible. The matter is sub judice and we should not really be discussing it.

Senator CARR—We should not discuss it? I say to you that, if the department is currently engaged in court action in—did you say the Federal Court?

Dr Arthur—I said that the University of Melbourne had brought action in the Federal Court.

Senator CARR—Presumably there is some evidence to warrant the University of Melbourne being able to get it into court.

Dr Harmer—I do not think we should comment on that.

Dr Arthur—I am not prepared to comment on that matter.

Mr Kriz—I do not think we should get involved in this. What you are suggesting is, possibly, that the university either has or has not got sufficient evidence to actually mount an action. That is a matter for the court to determine. The processes are appropriately handled in that forum. As my colleague has mentioned, the discovery process has been completed. Melbourne university has filed its evidence; the Commonwealth has until May of this year to file its evidence. It is unlikely that the matter will come to trial before the end of this year. The appropriate place to determine the issue is the Federal Court of Australia.

Senator CARR—Fair enough. It is a Federal Court process. Perhaps I can ask you this: when was the last time a university sought to sue the Commonwealth over its allocative programs?

Dr Harmer—We would have to take that on notice.

Senator CARR—I think Mr Kriz will be able to answer it right now. He can tell me the answer.

Mr Kriz—I do not think that that has happened in my time, but we will confirm.

Senator CARR—I expect that you will confirm and I appreciate that. I have been around the trade for a reasonable amount of time and I cannot recall a situation in which a university has sought to sue the Commonwealth about its allocative mechanisms for a program. If you do not think that that is a serious problem in its own right, then obviously we live in different universes.

Dr Harmer—I do not think we said it was not a serious matter.

Dr Arthur—The fact that the government has commissioned a full evaluation involving an external reference group of the entire Knowledge and Innovation package and, within that, the Research Training Scheme is very clear evidence that the government is giving its most careful and serious attention to ensuring the appropriate management of this and other research schemes.

Senator CARR—When will the report be released?

Dr Harmer—That is a matter for the minister. As we indicated the other day, the minister has a range of reports arising from evaluations of some of the research programs and these will inform his decisions and government decisions about future funding.

Senator CARR—You would be familiar with the University of Melbourne study by Marshman that showed that in 2003 nine universities showed an increase in their RTS index but received less funding and seven universities demonstrated a decrease in the index but nonetheless got an increase in funding.

Dr Arthur—I am well aware of that.

Senator CARR—How can that be explained?

Dr Arthur—It is a basic fact of the policy as announced in the Knowledge and Innovation package. The policy as announced in the package was that there would be a calculation of returns of funds to universities based on a formula based on universities' shares of completions, research income and publications, and that that would occur depending upon the actual numbers of students eligible at a university calculated every two years. Words to that effect are in the 1999 Knowledge and Innovation statement. The effects described by Mr Marshman are simple arithmetical results of that announced policy.

Senator CARR—That is why people say the system is open to rorting. Is it true that a research paper in a top international journal such as *Nature* counts equally to a paper in the *Canberra Journal of Frostbite Studies*?

Dr Arthur—The second part of your statement is correct. I do not quite see how that logically supports the first part of your statement.

Senator CARR—Is it true that there is no quality indicator in the formula's application to citations?

Dr Arthur—It is certainly the fact that, as a matter of policy, the publications index now—as for many years—counts the numbers of publications. It is certainly the case that a number of submissions to the Knowledge and Innovation review have made the point, which has been made on many occasions in the past, that it is arguably better in a policy sense to have some kind of scoring of quality. This issue is canvassed in a wide range of assessments of research activity in a wide range of countries. I am aware from a study recently published in the United Kingdom that there is currently probably only one country which actively tries to measure quality by such things as citation impact as part of its formal evaluation of the research endeavours of universities. It is an important policy issue to be investigated. I do not know that it has any connection with the issue of sorting.

Senator CARR—So you would say that a revision of the quality indicators in this scheme would be appropriate?

Dr Arthur—It is certainly an issue which has been raised in the submissions. A number of submissions and a number of comments made in the consultation process have gone to that issue and have put forward arguments that it would be better to do so.

Dr Harmer—It is quite likely that those issues will be taken into account in any consideration.

Senator CARR—I would hope so. What are the quality indicators in the current scheme?

Dr Arthur—The indicators that operate as proxies for quality include the fact that, for the Research Infrastructure Block Grants Scheme, funds are allocated according to university success in winning nationally competitive grant projects. Those grant projects are, of course, awarded on the basis of peer review.

Senator CARR—That is IGS?

Dr Arthur—That is the Research Infrastructure Block Grants Scheme. Under IGS, one of the significant components of the formula is research income. Within research income, significant components again include income derived from nationally competitive grants and indeed other research grants which may not be awarded according to that particular formal process.

Senator CARR—Including grants from a state government which wants to shore up a position at a particular university for its domestic purposes?

Dr Arthur—Including state government grants that are designed to achieve research purposes which are important to that state government as part of its particular responsibilities.

Senator CARR—I asked you specifically, though, about the RTS. What are the quality indicators in the RTS?

Dr Arthur—Research income is a component of the RTS and a very significant component of the weighting in the formula, so the answer I have just given in terms of the fact that—

Senator CARR—You said that it is a proxy for quality. I wonder what direct quality assurance measures I could point to to justify this scheme.

Dr Arthur—Another is the publications count, which is at the moment widely accepted in the world community on research as a reasonable indicator of the research quality of institutions. It is an extremely commonly used measure for that. I will certainly agree with you if you are going to the point that a number of submissions to the knowledge and innovation review have contended that the current Australian scheme has a greater reliance on input measures and could be improved if it had more measures looking at the quality of the outputs of research. As Dr Harmer has indicated, that is certainly an issue which I would expect the government to give serious consideration to in looking at the outcome of the evaluation.

Senator CARR—We have already covered the publications list and, as I say, it gives equal weighting to publications whether they are local throwaway rags or major international referee journals.

Dr Arthur—I would just make one correction. It is not the case, as you are implying, that just any publication gets into that list. There is a detailed process involving consultation with the sector to determine which publications are or are not eligible to be included in the Higher Education Research Data Collection. It is the case that, once journals are within that collection, they are roughly equally weighted. There is quite a complex set of formulae looking at weightings for full authorship, joint authorship and serials versus monographs. This is not something which is particularly unique to the Australian approach. It is an approach which is, as I say, extremely common in the assessment of research quality around the world.

Senator CARR—I see. So *Nature* gets equal weight to the *Canberra Journal of Frostbite Studies*?

Dr Arthur—That is certainly the case at the moment and that will be the case in most other countries' approaches to the measurement of a publications element of research.

Senator CARR—Are you also aware of the Monash University study, 'The Flawed Nature of Australia's Research Training Scheme', published in November 2003 in the *Journal of Higher Education Policy and Management*?

Dr Arthur—I am. I have to say I would be constrained in answering any questions on that study in that it has been brought forward in evidence in the case brought to us by the University of Melbourne, so I think it would probably be inappropriate for me to make a particular comment on that study.

Senator CARR—You might not be able to discuss it, but I can say that his findings were that the scheme is biased against universities that have a large proportion of masters students, full-time students as opposed to part-time students and highly talented students who complete study ahead of time. Without commenting on the legal case itself, do you think there is any validity in any of those points?

Dr Arthur—Unfortunately, to make a comment on their validity would be to make the comment: 'I will take advice from my colleague down the table.' Those actual points are part of the case.

Senator CARR—You cannot use any of these proceedings in a court of law; we know the rules. I have asked you a question that relates to a study that is public and that goes to the question of my allegation that the scheme is rorted and is rortable, which is the statement that has been given to you and it is a statement made available from one of our—

Dr Arthur—I would like to make one comment, Senator. I am not aware of any comments in the Monash study that you refer to that would support an allegation or an argument that the scheme is either rorted or rortable. A comment that a scheme is, in design terms, flawed is not the same as saying that it is rorted or rortable.

Senator CARR—I was not telling you that the Monash study had claimed that the current research performance indicators were rorted because it says ‘flawed’. What the ANU tells us is that the research performance indicators are manipulated, rortable and rorted.

Dr Arthur—I am glad you agree they are not the same thing, Senator.

Dr Harmer—If that information has been provided to us it will be part of the consideration when the minister looks at the review.

Senator CARR—It has been provided to a great many people, and the examples also have. I am surprised you are saying that no evidence has been presented.

Mr Kriz—Senator, you made the point before that obviously anything and everything that is said here does not affect the case. That is true in the sense that we can say on both sides of the table whatever and we cannot individually get into trouble. Similarly, what is said here cannot be used. However, the normal approach of these sorts of committees in the past has been that when a matter is before the courts parliament does not seek to push its undeniable authority to examine anything and everything, including matters that are before the court, and allows the court to do its business and make its decisions. The court case is looking at the issue of the RTS as a whole—that is, has it been properly made under the exercise of the discretion that the minister has? This issue of whether it is a proper legal exercise of the discretion—that is, whether it is capricious, irrational and all that stuff—is the very matter that the court case goes to.

Senator CARR—I am not going to the court case; I am not making any allegations of capriciousness on behalf of the minister. I am making an allegation that the system is incredibly badly designed, that it is not working and that it is not meeting its objectives. Furthermore, a scheme of this nature that has very large sums of money—\$540 million per annum or thereabouts over two years, that is, over \$1 billion—is an appropriate subject for the Senate estimates committee to be examining. It is the run up to a budget and the minister has been, since October, sitting on a report that evaluates the scheme. I think we are entitled to ask questions about these matters. I ask, frankly, whether it is time to junk the scheme entirely. It is a perfectly legitimate question to pursue at the Senate estimates.

Dr Harmer—Indeed, Senator. As we have mentioned before it is a matter for consideration by the minister. He has available to him the results of the review. I am assuming that the review will have included a lot of the information that you have referred to and he will be making a decision about that in the coming months.

Dr Arthur—I can certainly confirm from the DEST web site that the information you have cited was indeed available to the committee.

Senator CARR—Can you provide me with a table showing the total number of both part-time and full-time PhDs and MAs across the country since the scheme was introduced?

Dr Arthur—I will take that on notice.

Senator CARR—Thank you. Can you have it broken down by university and by discipline? Is that possible?

Dr Arthur—I will take that on notice. If it is possible to do so we will do so.

Senator CARR—Can you build into that table, if you have the fields readily available, the average completion times for MAs and PhDs over the period. Or would that be a separate task?

Dr Arthur—That will be very difficult.

Dr Harmer—You have built up the request until it is sounding like a relatively time consuming task. We will do our best to provide the information.

Senator CARR—I am interested to know what the shift has been in research output for the Research Training Scheme as a result of this scheme. That is the point of my question.

Dr Harmer—I understand.

Senator CARR—Obviously I need to know whether or not the claims that are made in the various studies that are publicly available about the flawed nature of the scheme, particularly as it is shifting the load from full time to part time and changing the completion rates, are true. There is a suggestion that there is a shift between institutions occurring by poaching. Dr Arthur, what evidence do you have on that issue?

Dr Arthur—I will just make the comment that I suspect it will be particularly difficult for us to deal with your issue in terms of average times of completion. I am not sure that the data that we have will go to that. I will also make the comment that, in terms of ensuring that we do have an informed debate on this as part of our evaluation process, all of the performances of all universities on all elements of all of the research formulae and the dollar consequences of that were made available on the DEST web sites to allow everyone who was involved in the process to comment about exactly the issue you raise—the extent to which the results of universities' performance did or did not make sense in terms of how they had performed on the variables that made up the formulae. All that information was made available at the outset of the process. Having said that, I apologise—I have lost track of the question you actually asked.

Senator CARR—I am asking whether or not you can provide this information, because I am alleging that the scheme is open to rorting. I think the research schemes in this country need a fundamental overhaul. A statement made in the paper 'The flawed nature of Australia's research training scheme' reads:

... the government through its RTS has forced on universities a system that strongly encourages part-time PhD students to take the maximum permitted time to complete and strongly discourages universities using their RTS students for full-time master's students. It also penalises institutions whose

students complete well before their full funding entitlement runs out. Clearly, it does not do the job it was designed to do, and falls short of meeting the objectives of the scheme. Certainly it fails to provide any incentive for universities to 'speed up completion time for students'.

If that statement is true, I think we are entitled to review whether or not this scheme should in fact continue.

Dr Arthur—I will make some comments, Senator. The scheme clearly does contain a very direct incentive for universities to ensure timely completions—that is to say, completions within what were agreed by careful consultation to be appropriate time limits. That incentive is perfectly direct. Funding is provided under the scheme for essentially two years for master students and doctoral students. If students do not complete in that time then universities will be bearing the costs of those students beyond those dates but will not be receiving funding under the scheme. The very direct incentive of the scheme is to ensure timely completions. The scheme does not contain direct incentives for people to complete more or less quickly within agreed overall time limits, and that is not stated as a primary objective of the scheme. A primary objective of the scheme is to deal with what was felt to be a significant problem at the time of the introduction of the scheme—namely, students taking unreasonable lengths of time to complete their doctoral or master's candidatures.

Senator CARR—What about this question of poaching?

Dr Arthur—It is certainly the case that, in the K&I consultations, were a number of anecdotal comments made about poaching. I am not aware that we have data which would readily allow us to track that, since we do not normally track individual students and their movements between institutions. We normally track in terms of aggregate numbers. I would comment, however, that one person's poaching can easily be described as desirable student mobility.

Senator CARR—Yes, I have seen that argument used in other quarters. Dr Nicoll, I am wondering if you could help me. In terms of the student record systems you have, are you able to track students so we can get some measure of recruitment by one university of other universities' postgraduate research students?

Dr Nicoll—Senator, I think it is very difficult to track poaching per se, as you have described it. I will take that on notice in terms of whether we can look at the student data collection to see where there might be movements. I think that one of the issues is, without the unique student identifier, it is impossible to track where a student moves.

Under HEIMS, in the undergraduate student pool, we will be able to do some tracking of where a student moves from one institution to another. We cannot do that at the moment. I therefore believe that we cannot do it with postgraduate students either. It is not possible, but I am happy to take that on notice to see if there is any evidence we can provide you from our data collection. It will not go directly to the issue that you are asking about, but there may be some evidence we can give you.

Senator CARR—It would be helpful to establish that. I have looked at the allocation of funding under the scheme for this year, published in the last training report—at least the electronic version of it—and I see that everyone has received an increase. Is that right?

Dr Arthur—Which particular elements?

Senator CARR—It appears in the Research Training Scheme ‘Allocations to Institutions 2004’. How do we account for that?

Dr Arthur—I cannot at this exact second. I have the figures for comparison between 2003 and 2004. It is the percentage shares that will be of interest to institutions. I am not sure the price basis of that particular publication. My colleagues perhaps can tell me why that publication would allow you to tell whether or not they were winning or losing in terms of which particular price basis.

Senator CARR—They are a bit old fashioned in my office. I have some very good staff. They get the 2003 figures and the 2004 figures, then they look at both of them and say, ‘For instance, Macquarie University received \$197,000 more.’ Then they look down the list and they see that everyone has received an increase, and I can quote you a few more—Wollongong received an increase of \$396,000, Victoria received \$350,000, Monash received \$800,000 and Deakin received \$500,000. I can keep going down the list for you. It strikes me that a competitive scheme like that should not produce those sorts of results, unless there has been some bodging up of the formula by the universities themselves, which brings me back to my point. In your evaluations, have you been able to identify why it is that these comparisons could possibly be produced?

Dr Arthur—I can certainly say that it cannot, arithmetically, be the case in terms of the same dollar fix between year and year. But it is indeed a scheme which works within a fixed allocation, which is inflated every year with the cost adjustment of the appropriate index. It is certainly the case, arithmetically, that if any university increases its percentage share, then someone else will be reducing their percentage share. Universities might be quite good at various things, but they have great difficulty bodging up a result where 100 per cent will add up to more than 100 per cent.

Senator CARR—In the figures here, \$540 million was spent on the scheme this year. Last year, it was \$527 million. Is that true?

Dr Arthur—I accept those figures.

Senator CARR—Therefore, on my simple mathematics, that is a \$13 million increase.

Dr Arthur—Indeed.

Senator CARR—Therefore, it is possible for all universities to get an increase arithmetically.

Dr Arthur—Correct, because of the adjustment of the figure from one year to another in terms of the indexation.

Senator CARR—Absolutely. I say to you that it is possible for everyone to get an increase because that is what has happened.

Dr Arthur—There are two questions, Senator. One relates to their actual dollar figure. The other issue relates to the percentage share that they would have got had they maintained that percentage share into the following year and received the percentage share of the inflated figure. If the relevant university received a lesser figure in 2004 than they would have received had they carried forward their 2003 percentage share, they would undoubtedly describe that as a loss.

Senator CARR—So it might also be the case that they have actually reduced or changed their profile?

Dr Arthur—It was undoubtedly the case that there will have been a change in their performance against one or a number of the elements of the calculation which will produce this result. This result is quite complex to describe in words, however it is in fact simple arithmetic. There are a number of factors which rely on data provided by the universities to either the student data collection or the higher education research data collection, and the numbers there are simply the results of applying those numbers through a spreadsheet and producing results. All of those things are extremely transparently managed. We provide to all the universities a preliminary allocation—our estimate of what their allocation will be—and we provide them with an opportunity to comment on any inaccuracies in that before eventually, at the end of each calendar year and before the next calendar year, we provide them with final allocations. All of the data, all of the factors are totally public.

Senator CARR—What has been put to me is that the complexity of the research training scheme, especially its reporting and use of separations, the lack of transparency and the implementations mechanisms have seen a situation arise where:

... serious misalignment between the government research training policy objectives and the administrative process for policy implementation, leading to major distortions of rewards and penalties for performance.

Would you agree?

Dr Arthur—I certainly have heard that comment. I would say that the scheme is administered precisely in accordance with the policy as announced in Knowledge and Innovation. I would also assert that the data requirements for the scheme are essentially the existing data requirements to report students, enrolments and the data requirements to report research income. Research income, in particular, will then be required for at least one other scheme beyond the research training scheme.

Senator CARR—You could understand why I believe this to be a fundamentally flawed scheme. It would appear that the original statement I made that it is rortable—it is apparent by what we are being told.

Dr Arthur—I think we agreed on the way through that you brought certain things forward which had to do with people's allegations and evidence and that the scheme was, in their view, flawed. I thought we agreed on the way through that that did not go to the question of whether it was rorted or rortable.

Senator CARR—I do not agree. I say that the system is rortable, and I look forward to the publication of the report. And you still have not been able to tell me the date on which it will occur.

Dr Harmer—What we have said is that it is with the minister and it will be the minister's decision.

Senator CARR—Dr Nicoll, with regard to the University of New South Wales and the matter of the scientific fraud case against Professor Bruce Hall, has the department undertaken any discussions with the university about the allocation of Commonwealth funds?

Dr Nicoll—I am not aware of any with regard to that matter.

Senator CARR—Have you have had approaches from any members of staff at the university with regard to the allocation of funds?

Dr Nicoll—I am not quite sure what your question is directed to. With regard to Professor Hall, there has been no direct Commonwealth funding from DEST to Professor Hall.

Senator CARR—What about the program associated with the Liverpool hospital?

Dr Nicoll—We are not aware of it.

Senator CARR—Could you have a look at it for me? Has there been any program associated with those laboratories from DEST sourced funds or DEST agency funds?

Dr Harmer—We will take that on notice.

Senator CARR—I understand there are NHMRC funds, and you know I am going to have a talk to them about those matters. Has any of the Commonwealth's moneys been spent on legal fees with regard to this matter?

Dr Nicoll—I am not aware of it.

Senator CARR—Presumably your inquiries as to other moneys will pick up all research programs?

Dr Nicoll—We will take that on notice.

Senator CARR—Thank you. Have you had any discussions with the University of Newcastle regarding the resignation of the Vice-Chancellor and Chancellor?

Dr Nicoll—No, we have not.

Senator CARR—This was a matter that I raised in previous estimates concerning plagiarism and international students. You have not had any discussions at all?

Dr Nicoll—No. The only thing I am aware of is that the Vice-Chancellor put out a media release that there was no connection between the plagiarism results and his future.

Senator CARR—That is right. Have the department had any discussions with VUT with regard to the payments made to the former Vice-Chancellor at that university?

Dr Nicoll—I am not sure what the question is about. I am not aware of any such discussion, but I am not quite sure where your question is going.

Senator CARR—Let me come at this another way. A review of the university was undertaken by a consultant by the name of Peter Lister. Are you aware of that?

Dr Nicoll—Is this with regard to VUT?

Senator CARR—Yes.

Dr Nicoll—No, I am not aware of any such investigation.

Senator CARR—This consultant undertook a review of the university and found that the university had an almost total lack of planning of international activities. Have you not had any discussions about those reports?

Dr Nicoll—I have not.

Dr Harmer—It is possible that our international area may have had some discussions around that.

Senator CARR—Do you want to deal with it in that section?

Dr Harmer—I think it would probably be more appropriate, if Dr Nicoll does not know anything about it.

Senator CARR—That is fine with me. I do not mind where we deal with it.

Dr Harmer—I am not saying that they necessarily did. But, given that Dr Nicoll does not know about it, it is possible that they do.

Senator CARR—She has been thrown into the deep end on this occasion, so I can understand that.

Dr Nicoll—Chair, may I correct the record with regard to a statement I made right at the beginning in relation to the contract for the graduate skills assessment? I have been informed that it does not run, as I said, to 2008, but runs to August 2004.

Senator CARR—So it is just about finished?

Dr Nicoll—Indeed, the current contract.

Senator CARR—Are you planning to issue another one?

Dr Nicoll—I have no knowledge of that. It is not part of my area of responsibility.

Senator CARR—Can you take that on notice?

Dr Nicoll—I can.

Senator CARR—I presume that that will fit within the question I asked before about your future plans for the graduate testing.

Dr Nicoll—Yes. We will provide you with that information. I just wanted to correct the record.

Senator CARR—Thank you. That is good of you. I will put the rest of these questions on notice.

Dr Arthur—Senator Carr, I can now answer the other question you asked about the cost of the various reviews occurring at the moment. I have a table that includes the mapping review. The methodology of the mapping is the same methodology as for the other reviews. You were given some figures previously on those.

Senator CARR—Is it possible to table that?

Dr Arthur—Yes. I am happy to do that.

CHAIR—Is it the wish of the committee that the material presented by Dr Arthur be tabled? There being no objection, it is so ordered.

Senator CARR—Dr Harmer, I have a couple of questions that I will be seeking to table today—regarding research training and various other matters—which will require data to be extracted from existing published data. I do not expect there will be additional work but it is a question of your having the technology that can put them into a consolidated form and doing some basic calculations on the percentage shifts.

Dr Harmer—We will do our best to answer the questions.

Senator CARR—I will lodge those questions.

Dr Harmer—The point I made before was about the extent to which we have to do a lot of additional working calculations for data that was not available. If the data is available it is usually possible.

Senator CARR—The problem is that they are in a whole lot of different reports and I think there needs to be some consistency applied to them. It is an easy cut and paste job for you to be able to do that rather than rely upon manual calculations. I will put those on notice and that will save me going through them now.

[12.01 p.m.]

AEI Group

Senator CARR—Dr Jarvie, in regard to the international programs, can you tell me what the department believes to be the effect of the free trade agreement on Australian education?

Dr Jarvie—There are certainly opportunities for Australian education providers in the USA free trade agreement. There are a number of areas that are relevant to education. As you are aware, we do not have the final text available yet. That will not be available until, we believe, mid-March. But we do have an understanding of the areas contained within it.

Senator CARR—Could you repeat that last bit?

Dr Jarvie—As you are aware, we do not have the text of the agreement but we do know about the various elements that are relevant to education services within the agreement.

Senator CARR—Did you provide advice to DFAT on these matters?

Dr Jarvie—We were consulted by DFAT on these matters.

Senator CARR—Did you provide formal advice to DFAT on these matters?

Dr Jarvie—We wrote letters, yes.

Senator CARR—Can we have copies of those letters?

Dr Jarvie—I do not think so.

Senator CARR—You do not think so?

Dr Harmer—Can we take that on notice? I am not sure of the status of the information that we provided to DFAT for their negotiations.

Dr Jarvie—Would it be helpful if I indicated some of the areas that are in the free trade agreement that are relevant to education?

Senator CARR—Yes, it would be helpful, but I am interested to know about the consultations. I asked similar questions of the department of industry, so I am not unfamiliar with the ground here. I am interested to know about the formal advice you provided on the implications of the free trade agreement.

Dr Harmer—The reason I suggested we might need to take that on notice is that I suspect it would be in the form of policy advice to ministers. We were contributing to advice being provided by the Department of Foreign Affairs and Trade to the minister who was negotiating

the agreement and I suspect that our advice to them was part of policy advice to the minister. So I think it is unlikely that we will be able to provide you with copies of our letters.

Senator CARR—Dr Arthur has published a table which has been provided to us. You spent over \$3 million on these reviews. That is right, isn't it?

Dr Harmer—I do not have the table that you are referring to. This is the first time that I have seen it.

Senator CARR—It is \$3½ million.

Dr Harmer—I know that we took quite some time to put these figures together.

Senator CARR—I appreciate they would be right. Were any of these under or over budget?

Dr Harmer—I am reasonably confident that we absorb the cost of these reviews within the department's budget.

Senator CARR—That is what it was to the department.

Dr Harmer—As I said, I am looking at this table for the first time. I asked my people to get it to you as soon as we could.

Senator CARR—Yes, you did, and I appreciate that very much. I am just a bit surprised, that is all. It is an extraordinary amount of money.

Dr Harmer—It may include costs that were borne also by other departments, so I am not sure it is entirely borne by DEST.

Senator CARR—But we can certainly say that that is the cost to government, can't we?

Dr Harmer—I believe so.

Senator CARR—That is at least \$3½ million, by the looks of that. Dr Jarvie, you were saying to me that you were going to identify the areas that would be affected by these free trade agreements.

Dr Jarvie—I thought I could run through some of the key elements. That might be helpful.

Senator CARR—If you could.

Dr Jarvie—In terms of what the US has agreed to, I think you are aware that in the past the US has made relatively limited commitments to Australia on education under the General Agreement on Trade in Services, but under the FTA the United States will be offering substantially better commitments on education than it has offered under GATS. It will be offering market access and national treatment for commercial presence of Australian providers operating in the United States. This is a positive outcome for Australian education providers operating in the United States.

The agreement also includes a framework to promote the mutual recognition of professional services qualifications and includes the setting up of a working group on professional services, through which Australia will be able to pursue the recognition of Australian qualifications as well as experience examination and other requirements for Australian professionals. This again is a positive outcome for Australian professionals working and doing business in the US. The US has also agreed to an Australian request for a

transparency process with regard to discriminatory measures in the education sector at the US state level. This may include a stocktake of current US state laws and regulations that discriminate against Australian education providers. This again will provide greater clarity for Australian providers operating in the US market.

Senator CARR—I have the general flow of it. I will get to some very specific questions, because I take the view that Australian providers operating in the US have got Buckley's chance of competing in the American market. I would be interested to know what the effect is on the Australian situation. For instance, can you tell me what the effect of the agreement is on Australian IP?

Dr Jarvie—That is one area where we are still waiting for the final text. Obviously there will be implications, along with users of other copyright. The extension of the copyright term, however, will only apply to future users of copyright material that is still protected by copyright when the extension commences.

Senator CARR—What is the extension? What is the nature of the extension that you are anticipating?

Dr Jarvie—We understand the nature of extension will be from 50 to 70 years.

Senator CARR—Fifty to 70 years?

Dr Jarvie—That is what we understand it to be. Libraries and educational institutions will still be able to access copyright material, including Australian cultural material, under the existing exceptions under the Copyright Act 1968.

Senator CARR—For libraries it means they can get an exemption?

Dr Jarvie—I think you would have to ask DFAT and DCITA for specific answers to these questions. I am not in a position to answer them here.

Senator CARR—Will you take that on notice?

Dr Jarvie—Of course.

Senator CARR—What is the impact of an extension of those IP rights from 50 to 70 years for Australian researchers?

Dr Jarvie—Again, I would have to take that on notice.

Senator CARR—Thank you. What if we take a case, for instance, of people working in the medical field. What about access to drugs?

Dr Harmer—We will do our best to provide the information you are looking for.

Senator CARR—We have a very large pharmaceutical industry in this country, subject to quite serious competition from American pharmaceutical manufacturers. I would have thought that would be a matter of interest for this department in terms of IP applications, especially the research implications. What change will we see there in terms of access to US providers in Australia? Will we see American universities operating here in Australia?

Dr Jarvie—Perhaps I can continue explaining. In terms of Australia, I should point out first of all that all public funding has been excluded from the free trade agreement, and US providers will not be eligible for public funding as an outcome of the free trade agreement.

Senator CARR—That is terrific.

Dr Jarvie—It does not cover public education. It covers only private education, and private primary education has been excluded from the agreement.

Senator CARR—Will Australian researchers who want to get access to US government grants or private research grants be covered by Australian IP laws or American IP laws?

Dr Jarvie—I would have to take that on notice. I am referring here to the education services component. There is the IP component. I can talk more about the education services component.

Senator CARR—You are taking the IP stuff on notice; I accept that. In terms of services, if Australian researchers are relying upon US providers here will they be covered by the Australian legal framework or the American legal framework?

Mr Thorn—I guess that is an issue which will depend on the particular research scheme to which they are applying. If an Australian researcher applies for a US grant, that will be covered under the US provisions for the allocation of funding. If they apply within Australia they will be under the terms of the Australian allocative procedures.

Senator CARR—Will joint venture grants have special arrangements?

Mr Thorn—I think we are talking hypotheticals here until we see the exact terms of the agreement and we have actually got some specificity in the questions.

Senator CARR—Fair enough—we don't know.

Dr Harmer—We will do our best to answer your questions, but without us having seen the precise wording of the agreement yet it is quite difficult. We can give you some of the information.

Senator CARR—I accept that. When do you expect to see the agreement?

Dr Jarvie—We probably will not see the text until mid-March, we were last advised.

Senator CARR—You have not got it already?

Dr Jarvie—No. Would you like me to continue with the other aspects?

Senator CARR—I am interested to know the impact on Australia.

Dr Harmer—All we have is summary material for the moment.

Senator CARR—I can read that on the web site. Are these different from the fact sheets provided by DFAT?

Dr Jarvie—Yes.

Senator CARR—Please continue.

Dr Jarvie—Australia and the US have agreed to extend national treatment to the service suppliers of the other country. That means Australia must treat US service suppliers no less favourably than how we treat, in like circumstances, the Australian service suppliers.

Senator CARR—That relates directly to procurement policies, does it not?

Dr Jarvie—No, this is in terms of US education institutions that wish to operate in Australia giving United States degrees.

Senator CARR—So it is only degree provision; it does not relate to the provision of services to the Australian government?

Dr Jarvie—My understanding is this particular element only relates to education services provision. I can clarify, but that was my understanding. However, what we have done is we have taken out reservations so that any existing nonconforming measures at state and territory level remain. That means that any state's or territory's current legislation that may conflict with any part of the FTA will not be affected. That means we will give national treatment and market access to US education services providers while, at the same time, the current state and territory regulatory environments will not be affected.

To make sure the protection of Australian quality is absolutely clear there will be a side letter specifically on education that will be part of the FTA to record the agreed view of both Australia and the United States that domestic regulations regarding education, particularly on registration and other quality assurance procedures, take pre-eminence. This means that Australia's strong quality assurance and regulatory frameworks will not be compromised.

Senator CARR—Dr Jarvie, does that apply to existing regulations or to new regulations?

Dr Jarvie—This means that, for example, the national protocols for higher education remain in force. There is no way they can be changed.

Senator CARR—What happens if an incoming government wants to change those protocols or change the registration procedures for private providers? Does this agreement preclude changes to the regulations?

Dr Jarvie—It means you could not make them more discriminatory against US providers. If we are talking about universities, we have a framework agreed with the state and territory governments through MCEETYA as to the approval processes and the ways in which overseas universities can operate in Australia. They remain. They do not change.

Senator CARR—I have a keen interest in this matter because of the Greenwich affair and the duke's performance—he was registered in California, round and round the Pacific he went to Hawaii, New Zealand and various other places. I am interested to know whether this agreement would allow corrupt outfits like that to slip in under our regulatory framework?

Dr Jarvie—Absolutely not. The current regulatory arrangement remains the current—

Senator CARR—Can we make them more stringent if we want to? If you discover there is a loophole in those regulations—as the duke spends a considerable amount of time trying to discover—how do we close it?

Dr Jarvie—We can do this as long as we are treating US service providers in no worse or no more discriminatory a way than we treat Australian providers.

Senator CARR—Or any other country.

Dr Jarvie—No, this is only with regard to the US.

Dr Harmer—I think Dr Jarvie is saying that, if the Australian government or a state government chose to change the regulatory framework, as long as it was not discriminatory against US providers that it would still apply to US providers.

Senator CARR—Or US registered providers.

Dr Harmer—Yes, indeed.

Senator CARR—So it may not necessarily have to refer to American providers but if they are registered in the United States with their extraordinarily lax registration procedures they get access here.

Dr Jarvie—No.

Mr Thorn—I think that the overall outcome of the agreement is to enshrine the status quo. There are a number of protections for Australian education in particular the fact that public funding grants and loans are carved out of the agreement, the fact that the agreement covers only private education and, as Dr Jarvie has said, the fact that we will agree with the US side letter relating to domestic regulation particularly referring to the entry of US universities into Australia. Within the framework I think we have the capacity to maintain the stringent quality standards we have for the entry and operation of universities in Australia.

Senator CARR—Mr Thorn, I am comforted by your confidence. I want to see that obviously in the detail and I am sure you will too. But I am particularly interested in, not the status quo which I say is grossly inadequate, but whether or not we may need to toughen up provisions to protect the Australian international reputation against bogus operators like Greenwich. What worries me is whether you are able to say to me now that this agreement will not preclude closing down loopholes in the status quo.

Mr Thorn—I think the policy intent, for example, of the national protocols is to ensure that any university-level institution that operates in Australia is of the same standard and quality as that of an Australian university. If you look at the protocols, that is the policy intent. If the regulatory framework—the particular regulations to enshrine that policy intent—were found to be inadequate, I am pretty sure that under the current arrangements we would be able to tighten those regulations to achieve identical policy intent.

Senator CARR—You are pretty sure.

Mr Thorn—Again, it comes down to the questions of what—

Dr Harmer—Senator, we cannot be positive about these things until we have seen the detail. But I do not believe, from what I understand of it and from what I have heard, that this would preclude any government from revising, amending or changing regulations in relation to quality. It will not constrain our quality control regime.

Senator CARR—We will have a look at that when it is published. Is there a list of exclusions that you have available?

Dr Jarvie—We do not have a list of exclusions because we do not have the text. But I have indicated some of the reservations to you. For example, private primary education is excluded, public funding is excluded, and the like.

Senator CARR—So we will have to wait until we see the agreement to identify what the exclusions are.

Dr Jarvie—These are the ones that I understand are there. They are not eligible for public subsidies. Obviously, we do have to wait.

Senator CARR—Will the agreement require the Australian government to make subsidies or incentives for R&D available to US interests.

Dr Jarvie—No.

Senator CARR—There will be no provisions for that.

Dr Jarvie—No.

Mr Thorn—To the extent that public funding loans and grants are carved out of the agreement, there is no—

Senator CARR—So they are automatically picked up in the exclusion.

Dr Harmer—We believe so.

Senator CARR—Can you take that on notice as well. I would like a more definitive response than, ‘I believe so.’

Dr Harmer—The only reason I say that is because I have not seen the words. As I am very confident but I am not 100 per cent certain until I see the words.

Senator CARR—Our return deadline for estimates answers is April and this agreement is due in March, so we should be able to get clearer advice on that. Will the agreement restrict Australia introducing new intellectual property regulations or frameworks?

Dr Jarvie—We will have to take that on notice.

Senator CARR—Thank you. An issue was raised in the previous discussion about the situation at VUT and the claims made by one of their consultants, Mr Peter Lister, which were published in the *Sunday Age* on 8 February 2004, that he had found the university was almost totally lacking in planning of international activities. I asked whether the department had been advised of that review and whether the department had any discussions with the university.

Dr Harmer—Dr Jarvie, this question was asked of the Higher Education Group and Dr Nicoll and Ms Fernandez had no information about it. I thought it possible that we might.

Dr Jarvie—No, we do not have any information on that.

Dr Harmer—We will have to take that on notice. It does not appear that we have had any contact on that matter in either of the two groups, but just to be sure we will take it on notice.

Senator CARR—I have some questions about providers of international education in Australia and matters of quality, which is not inconsistent with questions I have asked in the past. Firstly, there was an international student from Sydney who was found dead in a rubbish bin outside a brothel. Have you had any discussions with the provider about that matter?

Ms Laker—There were a number of criminal activities last year; I am not aware of that one in particular. I do not believe there has been any direct communication with the provider about that.

Senator CARR—It was on 10 January 2004—I am relying on an AAP report here.

Ms Laker—I will just correct that. I understand the student was no longer an international student at the time of that event.

Senator CARR—When did they cease being an international student?

Ms Laker—I will have to take that on notice.

Senator CARR—So you are familiar with the case?

Ms Laker—Only the circumstances of the case as reported.

Senator CARR—In November a question was raised about a high-level intergovernmental, interagency group that had been established to discuss the links between international students and crime. Are you familiar with that?

Ms Laker—Yes, I am familiar with that.

Senator CARR—Has the group met since August last year?

Ms Laker—Just to make it clear that I am talking about the same group, there is a grouping of New South Wales Police and state and Australian government officials who have met to look at aspects of criminal activity involving students—either as victims of crime or as participants in crime. Are we talking about that same grouping?

Senator CARR—Yes.

Ms Laker—Whilst I am not aware whether the group has met formally since that time, there has been ongoing work that came out of the work of that committee in terms of working with providers to provide more information to students so that they can try and make sure that they are not victims of crime. There is additional work, for example, going on between ourselves and the immigration department. The immigration department is working with New South Wales Police as well.

Senator CARR—How often has the task force met?

Ms Laker—I am only aware of the one meeting to which you referred.

Senator CARR—So discussions are continuing then?

Ms Laker—As a result of that meeting there are a number of activities that are being undertaken—some between the New South Wales Police and the immigration department and some between the immigration department and ourselves. In the main, the efforts are focused on the students rather than on the providers. However the police, for example, are providing briefing sessions at providers premises, so to that extent it involves the provider.

Senator CARR—It strikes me that we have two responsibilities. One is to the students who are victims, as you say. We have a primary obligation there to protect students while they are in this country. What action are you taking to improve security for students?

Ms Laker—Under the ESOS Act our main domain is the providers themselves rather than the students. However we do take seriously the care of the students while they are in the country and, to the extent that we are able to require providers to undertake certain activities under the ESOS Act, we are continuing our efforts to make sure that providers do comply with that. So, for example, providers have to provide a number of support services and we are

monitoring providers to make sure that is happening. In respect of the activities of students themselves, we work closely with DIMIA to identify whether there is any pattern in that criminal activity which would indicate that a provider was involved in those activities.

Senator CARR—What have you discovered?

Ms Laker—To date, there is no evidence to suggest that a provider has been willingly or knowingly involved in criminal activity.

Senator CARR—So you have not had to reconsider CRICOS registration of any providers?

Ms Laker—Not at this stage.

Senator CARR—How many of the providers that were removed from the list in the last two years had problems in terms of possible student visa breaches?

Ms Laker—For providers who have had their registration cancelled or suspended, the fact that the students have not been attending—for example—or have had unsatisfactory academic performance may have been a factor in that cancellation. I will hand over the tables that we have regularly been providing you with in the past.

Senator CARR—Thank you.

Ms Laker—I can then make some specific reference to those tables.

Senator CARR—That would be very helpful—that saves a lot of time and is much appreciated.

Ms Laker—When you have those tables, I will make some specific comments.

Dr Harmer—You asked a question of Mr Evans on Wednesday night about the establishment of a school in southern Queensland—an ABC Learning Centre. I have an answer here which I can provide.

Senator CARR—Thank you. I appreciate that as well. I take it that those tables you provided me before about the funding of the reviews show the cost to date—because there may be other costs with publications?

Dr Harmer—I would need to ask. As I have said, I have asked for it to be done but I have only just seen it myself. There is nothing on the bottom other than sources. It says, ‘Sources around it as at 31 January’.

Senator CARR—So I can presume there may be other costs.

Dr Harmer—It is possible.

Senator CARR—There would be costs so far. If you are going to publish a document, there will be costs in printing and the like.

Dr Harmer—Yes. It is likely to be small.

Ms Laker—Can I refer you to the document that has attachment B at the top. The first table on that page refers to the suspensions, cancellations or conditions that have been applied in the period since the commencement of the act. These figures are correct up to 8 January. Without checking details from the files, I think I would be fairly safe in saying that the six

cancellations referred to in the first line, which are breaches of the ESOS Act, would all have involved the provider not reporting for non-attendance of a student or some other aspect of a student's enrolment. It may be that those cancellations took into account other factors, but they would all have included the fact that the students had not been reported on—that is, the provider not complying with the ESOS Act. As to any cancellation activity which would have been taken on a student visa as a result of immigration activities, I am not able to give you numbers on the number of cancellations which may have occurred.

Senator CARR—Could you give the breakdown on notice. That would be appreciated.

Ms Laker—It is actually a matter for the immigration department in terms of any visas that they have cancelled.

Senator CARR—You do not have advice as to why you cancelled them.

Ms Laker—We have cancelled the providers.

Senator CARR—I will ask you this: what was the reason that each of the six providers had their registrations cancelled? You also have a number of providers here that I have named on previous occasions, who now have conditions. What are the reasons for the conditional registrations? That would be helpful. Do you have that table with you? You usually have that readily available, don't you?

Ms Laker—The reason that the conditions were applied?

Senator CARR—Yes, I am looking for two things: the reasons for cancellations and the reason for conditions. Do you have that information?

Ms Laker—We will take that on notice.

Senator CARR—You do not have that with you?

Ms Laker—No, I do not. There is only one condition on registration which is still current and that is to do with providing attendance records.

Senator CARR—I put it to you that it may well be to do with the fact that the students are not attending, because they may be involved in other activities, not all of which are legal. In fact none of them are legal because, if they are working more than 20 hours, they are outside their visa conditions.

Ms Laker—I cannot comment on what they may be doing, but that is possibly one of them.

Senator CARR—Thank for that information; it is helpful. I accept that you may have to take this on notice: has the department investigated problems allegedly associated with the Australian Institute of Commerce and Languages International Grammar School?

Ms Laker—No, we have no current investigation into that provider. As we have said before, if you would like us to provide information, we will take that on notice.

Senator CARR—I have, and I did last time. I have not had anything back on that matter. I take it that those matters were under—

Dr Harmer—We will have pursued the matter.

Senator CARR—Can we find out what happened to that inquiry?

Dr Harmer—We will take it on notice.

Senator CARR—Perhaps you can give me a call.

Dr Harmer—Indeed.

Senator CARR—I have a question about student visas. I have here a web site for a brothel in Sydney which is actually the same address as for the unfortunate incident where a person, who was reported to be a student, was found dead in a rubbish bin outside. The web site says that the service specialises in Asian girls and it lists what purports to be their names, their ages and the fact that, in four cases, they are students. I am wondering whether or not this is the sort of matter that would be brought to your attention. I will table that information. As I say, I understand this is the same place where a person who was, up until relatively recently, on a student visa and who was found dead. I am wondering whether or not, in view of that, in your investigations you actually sought to examine any other matters relating to the brothel and the fact that they are advertising the services of young women purporting to be students.

Ms Fernandez—I am not aware of the web site that you have referred to. We will of course now have a look at that as you have provided the information to us.

Senator CARR—Thank you.

Ms Fernandez—We get our information from a wide range of sources and of course we investigate them thoroughly.

Senator CARR—A lot of information I get comes from readily available public sources. I am surprised that the department is not able to do similar checks.

Ms Fernandez—In relation to the matter you have just raised of the web site, there are a large number of providers located in Sydney in multistorey buildings, and we certainly cannot look into the tenancy of all of the people who are located in those buildings.

Senator CARR—I accept the point you make, but this is a high-profile case which was reported in the press where it was alleged it was an international student who was found dead. You have made an inquiry and you have established that the person was not on a student visa at the time. I would be interested to see how they got off the student visa onto some other visa. I thought you would have made a few more inquiries about that particular situation.

Ms Buffinton—The issue of a person working in a brothel and whether they have student status is truly a matter for Immigration. DIMIA are taking the whole issue of pastoral care for students—

Senator CARR—You have responsibilities too under the ESOS Act, so it is not a question you can pass off to another department as easily as that.

Dr Harmer—I think Ms Buffinton was just clarifying their respective responsibilities and making it clear. I do not think she was saying that we do not have responsibilities.

Senator CARR—I take it that is what you meant and I know you would not have meant that this is not a matter of interest to the department of education.

Dr Jarvie—Perhaps I can indicate some of the strategies we are using now. As you are aware, we have had significant increases in resourcing in this area—

Senator CARR—Which I have strongly supported—against quite stiff opposition, I must say, from the Vice-Chancellors Committee. This is the sort of thing I think you should be doing.

Dr Jarvie—What we have developed is a much more refined strategy where we have a risk management approach—developing risk profiles—and we are coming at it in a very systematic way. We are getting a lot more information from industry, we are working more with the state and territory governments, we are working more closely with DIMIA and we are doing it on a risk approach so we do pick up a lot of this information. We then essentially case manage providers of interest.

Ms Fernandez—With regard to the web site information that you have provided, we will of course have a look at that now. But at the time of the incident you referred to there was no indication that there was any involvement of a provider so there was nothing to suggest that we should be taking it further at that time.

Senator CARR—Your resources should be a lot better than mine; I trust that something will be done about that. Students who were enrolled in English language programs at the Australian Institute of Commerce and Languages have sent me some correspondence, which includes a petition signed by 50 students. It includes their ID numbers, so I can assume it is a reasonable source of advice. They are complaining about quality issues and teaching standards. They were enrolled in the college in 2003. It says that copies of these letters have also been reported to DIMIA and to the Prime Minister. Did you have any correspondence in regard to the Australian Institute of Commerce and Languages from students formerly enrolled?

Ms Laker—No.

Senator CARR—This is correspondence that has been sent to DIMIA and the Prime Minister. Have you not had any access to this information? Have you not been provided with this information?

Dr Harmer—It depends on when it was provided. It would be unusual for us not to be, particularly since—as we referred to earlier—we now have very good high-level arrangements with DIMIA to share information and work together. It may be that it has only been provided very recently, but I would be surprised if they do not plan to provide it to us if it is relevant to us. I think what Ms Laker is saying is that we are not aware of it.

Ms Laker—No, we are not aware of that communication.

Senator CARR—This communication purports that the correspondent spoke to an officer, who is named here, from the department of education at Mort Street in Braddon. According to this correspondence they physically visited the premises and also spoke to someone from CRICOS. Further correspondence was sent to the Prime Minister. I am surprised that you are not aware of it.

Ms Laker—We take some 15,000 calls a year on our prisons helpline alone, and many more directly from our ESOS hotline. It may well be that a student contacted us about something and was requested to follow it up in writing but has not actually done that as yet.

Dr Harmer—I am advised that we did interview the student.

Senator CARR—You did interview Damian Marian Nowicki?

Dr Harmer—Yes.

Senator CARR—So I do not need to table this correspondence, because you have it.

Dr Harmer—Until we could actually have a look at the document we would not be confident it is the same. My advice is that it appears that it is.

Senator CARR—If that is the case I can ask you what action you have taken to act upon this matter, which was presumably provided to you prior to 11 November last year, the date of the letter to me.

Ms Laker—I would have to take that on notice because I do not have the details of the case.

Senator CARR—This person has presumably undertaken a course in September, when this correspondence was sent in. That is some time now.

Ms Laker—I will take that on notice.

Senator CARR—If you need me to, I am happy to provide you with copies of it.

Dr Harmer—Could we have copies?

Senator CARR—Yes, sure.

Dr Harmer—On the basis that we may not have all of it. I would like to have all of it.

Senator CARR—The letter is directed to me. I will just make sure there is nothing else in there relating to other matters. I will table it. That will cover me for privilege issues. Basically, what is being said is that the quality of teaching courses at the college is poor; facilities, class materials and equipment are inadequate or poor; it is unhygienic; students are not provided with Internet access in business hours; information available in the college is vague and ambiguous; student rights are not respected and so on and so forth. Could you give me a report on what action was taken to rectify those matters and whether any investigations were undertaken into the complaints that were raised?

Ms Laker—Certainly.

Senator CARR—Uniworld is another college that I have raised on previous occasions. It would appear to have in senior positions former principals of Bridge Business College, another college that I have mentioned on previous occasions. I know you will immediately say that it is a DIMIA matter, but Uniworld's student handbook says:

The DIMIA law says that you must complete the main course of your visa before you can change schools or sector. **You may not change schools unless you have attended Uniworld High School for one year.**

That would seem to be a matter that would concern you as a provider, not just the immigration department. Is it possible for you to investigate that claim and tell me what action can be taken to correct that record? It strikes me that that is not correct. Students can change providers, can't they?

Ms Laker—It would tend to give a student a misleading impression of what actually is the case.

Senator CARR—I have a copy of the handbook here if you need it.

Dr Harmer—We presumably would be aware of that.

Senator CARR—I will table that as well. That will assist you, hopefully: it saves you running around. Has the department had any discussions with students or state and territory officials concerning the difficulties international students are facing within schools? Is that within your remit?

Ms Laker—A topic like that would come up in a variety of forums. What sorts of difficulties?

Senator CARR—I want to know whether or not your pastoral care responsibilities were extending to the states in terms of discussing with the states issues relating to the welfare of international students at secondary level.

Dr Harmer—I am not aware of any specific discussions. If there were issues raised with us about pastoral care of students in the school system, I can assure you that I would be taking them up with the heads of the state education departments, who I meet with regularly.

Ms Buffinton—Can I just mention in addition to Mr Harmer's comment that pastoral care is really critical for DEST. We do take it very seriously. We actually have been engaging state and territory governments and peak bodies. We have recently completed a survey on where they are at with their pastoral care, because we certainly see that there is a role for us to reinforce the importance of pastoral care. Obviously under ESOS, particularly for school students under the age of 18, there is a particular duty of care and there are strong regulations. There are substantial requirements on those institutions in relation to their care. Having done this survey, obviously our intention is to remain vigilant and engage state governments and peak bodies to continue to work on the pastoral care issue. At our next International Education Network meeting one of the topics that we will be discussing is pastoral care.

Senator CARR—Has there been any progress on the issue of regulation of educational agents?

Ms Laker—The only requirement under ESOS relating to agents is that providers must not continue to deal with an agent who basically is dishonest. There have been a number of discussions between ourselves and the immigration department about work they are currently doing, looking at both migration agents and activities which could be more directly regarded as education activities of agents who may or may not be registered migration agents.

Mr Zanderigo—The regulation of education agents, while primarily a responsibility of our portfolio, is also an issue that the migration portfolio has an interest in. At the moment they are canvassing options for tracking the activities of education agents insofar as they relate to their migration activities. We are engaged in a dialogue with them on that issue. At the moment, the position that we have is that the broader role of education agents is adequately covered by our portfolios' arrangements.

Senator CARR—You think it is adequately covered?

Mr Zanderigo—The broader role—the role of education agents as intermediaries in the education market. The main issues that have come up have been migration related activities.

Senator CARR—But education agents are operating in industry; they are not regulated. That is true, isn't it?

Mr Zanderigo—They are regulated to some extent.

Senator CARR—How?

Mr Zanderigo—Linda Laker should be able to address that question.

Senator CARR—Perhaps she can. How are they regulated at the moment?

Ms Laker—Only to the extent that providers are regulated through ESOS to not deal with dishonest agents.

Senator CARR—But the agents are not regulated, are they?

Ms Laker—There is no specific regulation of education agents beyond migration.

Senator CARR—The officer was telling me that there was adequate regulation. There is no regulation. The provider is regulated, not the agent.

Ms Laker—That is correct.

Senator CARR—There is a world of difference.

Dr Jarvie—I understand that a code of practice places requirements upon education providers to monitor their agents, including overseas agents, and imposes penalties for breaching this duty. So the responsibility is put back on the education providers.

Senator CARR—That is being thrashed with a feather, isn't it?

Dr Jarvie—That is what is in the act and the code.

Senator CARR—That is not adequate, is it? Do you seriously contend that that is an adequate regulation?

Dr Jarvie—It certainly puts the responsibility clearly on the providers.

Senator CARR—No wonder DIMIA is demonstrating so much frustration if that is your attitude. Surely you are not seriously trying to tell this committee that that is an adequate regulation of education agents in this country. Where is the list of education agents? Can you produce a list?

Mr Zanderigo—What I said was that, in relation to their role in the education market more broadly—that is, beyond their migration activities—

Senator CARR—I would like a list of all education agents in this country. Can you provide one?

Mr Zanderigo—I am not aware that there is such a list.

Senator CARR—What is the registration process for an education agent in this country?

Dr Harmer—I think we need to take that on notice.

Senator CARR—You do not have to; I know the answer. There is none. There is no list; there is no registration provision; there is no mission of quality assurance at all.

Dr Jarvie—In terms of education agents operating offshore, we certainly run training courses for education agents.

Senator CARR—Terrific.

Dr Jarvie—In many countries, we certainly only refer students to education agents that have been through our training course and have basically passed our training course.

Senator CARR—Offshore?

Dr Jarvie—That is operating offshore.

Senator CARR—So with those operating onshore, unless you can prove that they are actually providing immigration services and are therefore in breach of the MARA Act, you cannot do a thing about it, can you?

Dr Jarvie—I am not familiar with the MARA Act.

Senator CARR—If they are acting as migration agents, then DIMIA can take some action.

Mr Zanderigo—That is correct.

Senator CARR—Short of that, no action whatsoever can be taken.

Mr Zanderigo—The issue for us would be in relation to what problems emerged from their activities as an education agent. We are not aware that there have been significant problems in the market—

Senator CARR—I am astounded by this evidence. We have sat here for years pointing out problems with education agents.

Mr Zanderigo—Those have primarily been to do with the way that they are involved in the migration process. As I said, we are working closely with DIMIA on addressing that.

Senator CARR—Oh, dear! It is just extraordinary. The recruitment practices of the colleges rely on education agents.

Mr Zanderigo—That is correct, and a lot of the way in which in the Commonwealth deals with improving their behaviour is through the migration program.

Senator CARR—So we have to rely on DIMIA to do your work?

Mr Zanderigo—No, we need to rely on DIMIA to do the Commonwealth's work.

Senator CARR—You have responsibilities here too. My question to you is: what action are you taking to improve the quality of education agents in this country?

Mr Zanderigo—What we do through our portfolio is work with the industry to provide better information to students about what options there are, and we work with the industry on the role of agents in the market and how they can help ensure that we get quality students. Our focus is on getting quality students to Australia and helping those students, and their providers, to use agents who can do that for us.

Senator CARR—I can see what I have got to do here. I will have to come back with a few examples to show you how well it is working, won't I? Is that what you are suggesting?

Dr Jarvie—I can certainly indicate that our counsellors overseas are very active in working with education agents to improve the quality of the education agents. It is an important part of nearly every counsellor's work program overseas and they are, on the whole, highly effective in that role.

Senator CARR—All right, we will test that. I will leave it there.

CHAIR—Just before we conclude, there are two documents for tabling. One is the summary table of research review information; the other relates to the ARC request for information from Senator Carr. Is it agreed that both documents be tabled? There being no objection, it is so ordered. That concludes consideration of estimates for the portfolio of education, science and training. I thank the officers and senators.

Committee adjourned at 12.56 p.m.