



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION
LEGISLATION COMMITTEE

ESTIMATES

(Budget Estimates)

WEDNESDAY, 2 JUNE 2004

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SENATE
EMPLOYMENT, WORKPLACE RELATIONS,
AND EDUCATION LEGISLATION COMMITTEE
Wednesday, 2 June 2004

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

Senators in attendance: Senator Tierney (*Chair*), Senator George Campbell (*Deputy Chair*), Senators Carr, Ferris, Harradine, Johnston, Marshall and Wong

Committee met at 9.07 a.m.

EDUCATION, SCIENCE AND TRAINING PORTFOLIO

Consideration resumed from 1 June 2004

In Attendance

Senator Vanstone, Minister for Immigration and Multicultural and Indigenous Affairs

Department of Education, Science and Training

Australian National Training Authority

Ms Janina Gawler, Chief Executive Officer

Mr Paul Jamison, General Manager, Stakeholders and Policy

Ms Kareena Arthy, Director, Research, Planning and Reporting

Australian Nuclear Science and Technology Organisation

Dr Ian Smith, Executive Director

Dr Ron Cameron, Director, Government and Public Affairs

Mr Ken Horlock, Replacement Research Reactor Project

Mr Steven McIntosh, Government Liaison Officer

Mr Ken Suter, Chief Financial Officer

Commonwealth Scientific and Industrial Research Organisation

Dr Geoff Garrett, Chief Executive

Dr Ron Sandland, Deputy Chief Executive

Dr Michael Eyles, Executive Chair, Agribusiness and Health

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

Dr Jack Steele, Chief of Staff, Business Development and Commercialisation

Ms Donna Staunton, Director, Communications

Australian Research Council

Dr Stephen Walker, Acting Chief Executive Officer

Mr Greg Harper, Deputy Chief Executive Officer

Mr Andrew Cameron, Acting Executive Director, Corporate

Australian Institute of Marine Science

Mr Peter Willers, Acting Director
Mr Victor Bayer, Chief Finance Officer
Ms Susan English, Policy Liaison Officer

Questacon

Mr Grahame Cook, Deputy Secretary
Professor Graham Durant, Director

Cross Portfolio

Dr Jeff Harmer, Secretary
Dr Wendy Jarvie, Deputy Secretary
Mr Grahame Cook, Deputy Secretary
Ms Lisa Paul, Deputy Secretary
Mr Ewen McDonald, Group Manager, Corporate Strategy Group
Mr Arthur Townsend, Branch Manager, People Management Branch, Corporate Strategy Group
Mr Greg Cox, Acting Branch Manager, Parliamentary and Communications Branch, Corporate Strategy Group
Ms Susan Smith, Branch Manager, Business Performance Improvement Branch, Corporate Strategy Group
Mr Craig Storen, Chief Finance Officer, Finance Group
Mr Tony Kwan, Chief Information Officer, Information Services Group
Mr George Kriz, Chief Lawyer, Procurement, Assurance and Legal Group
Mr Richard Bridge, Chief Audit Officer, Audit and Investigations Group

Strategic Analysis and Evaluation Group

Dr Jeff Harmer, Secretary
Dr Wendy Jarvie, Deputy Secretary
Mr Grahame Cook, Deputy Secretary
Ms Lisa Paul, Deputy Secretary
Ms Jessie Borthwick, Group Manager, Strategic Analysis and Evaluation Group
Ms Oon Ying Chin, Acting Branch Manager, Economic Analysis, Growth and Evaluation Branch, Strategic Analysis and Evaluation Group
Ms Anne Baly, Branch Manager, Skills Analysis and Research Strategy Branch, Strategic Analysis and Evaluation Group
Ms Joan Kennedy, Acting Branch Manager, Transitions and Attainment Branch, Strategic Analysis and Evaluation Group
Mr Lucio Krbavac, Director, Indigenous Issues and Regional Economies Section, Strategic Analysis and Evaluation Group

Science Group

Dr Jeff Harmer, Secretary
Mr Grahame Cook, Deputy Secretary
Mr Colin Walters, Group Manager, Science Group
Mr Rod Manns, Branch Manager, Science Programmes, Science Group
Mr Steve Irwin, Branch Manager, Science and Technology Policy, Science Group

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

Dr Caroline Perkins, Director, Radioactive Waste Management, Science Group

Higher Education Group

Dr Jeff Harmer, Secretary

Dr Wendy Jarvie, Deputy Secretary

Mr Bill Burmester, Group Manager, Higher Education Group

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

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

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

Ms Elizabeth McDonald, Acting Branch Manager, Quality, Equity and Collaboration Branch, Higher Education Group

Innovation and Research Systems Group

Dr Jeff Harmer, Secretary

Mr Grahame Cook, Deputy Secretary

Dr Evan Arthur, Group Manager, Innovation and Research Group

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

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

VET Group

Dr Jeff Harmer, Secretary

Ms Lisa Paul, Deputy Secretary

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

Ms Linda Laker, Acting Branch Manager, Industry Training Branch, Vocational Education and Training Group

Ms Mary Johnston, Branch Manager, Quality and Access Branch, Vocational Education and Training Group

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

Ms Stella Morahan, Director, VET Policy and Review Section, Vocational Education and Training Group

Ms Suzi Hewlett, Director, Industry Skills Section, Vocational Education and Training Group

Indigenous and Transitions Group

Dr Jeff Harmer, Secretary

Dr Wendy Jarvie, Deputy Secretary

Mr Tony Greer, Group Manager, Indigenous and Transitions Group

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

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

Mr Matt Davies, Branch Manager, Transitions Branch, Indigenous and Transitions Group

Schools Group

Dr Jeff Harmer, Secretary

Ms Lisa Paul, Deputy Secretary

Mr Chris Evans, Group Manager, Schools Group

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

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

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

AEI Group

Dr Jeff Harmer, Secretary

Dr Wendy Jarvie, Deputy Secretary

Ms Fiona Buffinton, Group Manager, AEI Group

Ms Shelagh Whittleston, Branch Manager, Export Facilitation Branch, AEI Group

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

Ms Rhonda Henry, Branch Manager, Educational Standards Branch, AEI Group

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

Mr Brett Pattinson, Acting Director, Industry Regulation University, AEI Group

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

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

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

CHAIR—The committee will now continue its examination of the Education, Science and Training portfolio. The committee has fixed Friday, 23 July as the date of submission by the department and agencies of written answers to questions on notice. I remind participants that oral evidence and documents in estimates proceedings are part of the public record. The committee has completed issues related to cross-portfolio and the Indigenous and Transitions Group. We will commence with the science agencies, followed by Qwestacon and the Science Group, and then continue with the Schools Group. After that we will follow the program as printed. I welcome the representatives from the Australian Institute of Marine Science.

[9.08 a.m.]

Australian Institute of Marine Science

Senator CARR—Mr Willers, you are the acting director—is that correct?

Mr Willers—Yes, I am.

Senator CARR—At the last estimates hearings you indicated to us that the joint venture between AIMS and James Cook University was proceeding and that there had been some progress.

Mr Willers—That is correct.

Senator CARR—I was left with the impression that the progress had been rather slow. Can you give us an update?

Mr Willers—Yes, we have got to the stage now where the route for the fibre optic link has been surveyed. We anticipate that work will begin on that within a matter of two weeks. I

expect a copy of the formal agreement between AIMS and JCU today, and we anticipate signing that within a week to two weeks.

Senator CARR—As far as you are concerned, there is no difficulty in proceeding?

Mr Willers—No, none at all.

Senator CARR—You think the heads of agreement will be signed within one week?

Mr Willers—Yes, it will be a formal agreement.

Senator CARR—Have you appointed a board for the venture?

Mr Willers—The board members will comprise two each from AIMS and JCU. The make-up of that we have not finalised, but we anticipate it will be the director of AIMS, myself as the general manager and probably the vice-chancellor of James Cook University. At this point in time we have a number of names—but I do not think they have been finalised yet—for an independent chairman.

Senator CARR—You were proposing to have an independent chairman. Have you got any indication of who that might be?

Mr Willers—Not at this stage, no. We do not anticipate any lengthy delay in getting one.

Senator CARR—At the estimates committee meeting in February you took on notice a question to provide copies of the minutes of the meetings of the committee. You are saying that you cannot release those because decisions have yet to be made by the government about the joint venture.

Mr Willers—They are working documents. There were no formal minutes as such. They were working documents of work in progress.

Senator CARR—That might be the case, but did you answer:

Decisions have yet to be made by government about the joint venture ... the papers form part of the record of the decision making process. It would be inappropriate to release information

What decisions have yet to be made by government?

Mr Willers—Until we have the formal make-up of the board, the final form of the agreement and the final funding options for the joint venture.

Senator CARR—Is the ministerial committee still in existence?

Mr Willers—Yes, it is.

Senator CARR—So as far as you are concerned, the project will be up and running by the end of June.

Mr Willers—Yes, it will.

Senator CARR—Can you confirm that total funding for this venture is \$5 million, allocated in 2003-04?

Mr Willers—Funding for the AIMS at JCU is actually \$2.9 million. The \$5 million is \$2.9 million for the joint venture of AIMS at JCU and the additional \$2.1 million, which was actually an appropriation to AIMS for infrastructure work that had been already carried out.

Senator CARR—So the \$2.1 million was refurbishment of facilities at AIMS or at JCU?

Mr Willers—At AIMS. It was part of a larger grant of funding. We would expend the money over a period—

Senator CARR—How much of that money has been spent so far?

Mr Willers—Of the \$2.9 million?

Senator CARR—Yes.

Mr Willers—I could not tell you exactly. I would say no more than about \$200,000 or \$300,000, if that.

Senator CARR—How does this program and the figure of \$2.9 million fit together with the systemic infrastructure initiative grant to JCU of \$3.44 million for marine research and education work, which was announced in the last higher education triennium report? Was that also part of the joint venture, or is that separate?

Mr Willers—I do not know the answer to that question. It is not part of the joint venture at this point in time, no.

Senator CARR—So we would have to put that on notice to the department.

Mr Willers—I think so.

Senator CARR—You indicated to us at the last hearings that the funding was nonrecurrent. You are saying that you are trying to deal with the fact that there will not be ongoing moneys for this program by locating student places within the venture itself, within the joint facility.

Mr Willers—That is correct.

Senator CARR—Are you suggesting that under those arrangements the Commonwealth grants scheme money that goes to JCU will also end up with AIMS?

Mr Willers—Basically, the funding we are looking at would be student funding for students who are working in the joint venture on programs within the joint venture. So there would be a variety of funding. Some of those students would be new students and some may well be existing students. We see the AIMS and JCU venture being a venture to enhance collaboration. Some of the programs in it will be new work and other parts of the program will be existing work that is further enhanced by the joint venture itself.

Senator CARR—How does that split work? What is the percentage of moneys that will go to AIMS and what is the percentage that will go to JCU? Has that been negotiated out yet?

Mr Willers—The funding that has been allocated is for the joint venture. There is no split—

Senator CARR—Yes, but the point is that they are separate entities, aren't they?

Mr Willers—They are.

Senator CARR—The Commonwealth will be allocating moneys to JCU—

Mr Willers—That I would see as a separate allocation.

Senator CARR—You anticipate that you will then get money back from JCU.

Mr Willers—I do not think it will necessarily be from JCU. JCU may well put funds and resources into the joint venture in the same manner that AIMS would put in funds and resources.

Senator CARR—But you do not have any recurrent funding for that.

Mr Willers—We do have recurrent funding for our research programs.

Senator CARR—So you would expect to share your research programs with JCU.

Mr Willers—Some of it would go into the joint venture, yes. That is quite possible.

Senator CARR—What commitments do you have that JCU will reciprocate by putting its Commonwealth Grants Scheme moneys into the project?

Mr Willers—Exactly what sort of money James Cook University would put in is something for them, but there has been a great deal of goodwill in developing this joint venture to date and we anticipate that that level of goodwill will continue. Obviously, we will negotiate and agree on the funding arrangements for each program before it is put into place.

Senator CARR—What about research training money? Do you expect money to come back to AIMS through the research training money?

Mr Willers—I do not think it would come to AIMS, but it would come to the joint venture.

Senator CARR—What about postdoctoral fellowships? Have you had any discussions about the funding for those?

Mr Willers—We have had discussions about the possibility of having not only postgraduates but also postdoctoral fellows in this joint venture, but to this point in time that has not been finalised in any way.

Senator CARR—To what extent will you be dependent upon ARC funds or other competitive grant moneys to keep the joint venture afloat?

Mr Willers—I think it will certainly be a factor. I could not at this point give an exact percentage or degree of that, but it will certainly be an element of the funding to keep it running.

Senator CARR—What impact do the changes in BAA 2, recently announced, have on the joint venture?

Mr Willers—At this stage I would have to say none, but obviously that is something that will pan out in time.

Senator CARR—Have you had any discussions with the education department about this money?

Mr Willers—Not at this point. Most of the efforts on the joint venture to this point have been to get it up and running and get the agreement in place.

Senator CARR—In terms of BAA 2 what long-term funds are you able to draw upon?

Mr Willers—I could not answer that question. I would have to take that on notice.

Senator CARR—The joint venture will be an unincorporated body. That is correct, isn't it?

Mr Willers—That is correct.

Senator CARR—What legal advice have you had about the appropriateness of that approach?

Mr Willers—We are getting legal advice from our own solicitors and we are getting legal advice from the Australian Government Solicitor as well. The agreement has been drawn up by the department to assist both AIMS and JCU with the process, and we sought independent legal advice, as did JCU.

Senator CARR—Yes, but it was a decision of government that the process occur.

Mr Willers—Yes.

Senator CARR—It was a decision of cabinet that this amalgamation occur. So I would expect it would follow that the department would draw up an agreement. The question is that you are about to sign this agreement before you have had the legal advice.

Mr Willers—No, we sought legal advice during the development of the draft. When we get the final copy of the agreement—which I anticipate we will get this morning or today sometime—we will be putting that back with our solicitors.

Senator CARR—So you will not sign it until such time as you have had proper legal advice?

Mr Willers—No. Neither will JCU, I imagine. So neither party will.

Senator CARR—They have a different set of criteria than you do.

Mr Willers—They have some different criteria, yes.

Senator CARR—For instance, what are AIMS's responsibilities with regard to legal liability within the joint venture?

Mr Willers—That is a pretty broad question. The answer would depend on the circumstances, the individual case and the particular issue at stake.

Senator CARR—But presumably that is the sort of question you will be seeking advice on.

Mr Willers—Yes, certainly.

Senator CARR—Who decided that it should be an unincorporated entity?

Mr Willers—It was part of the process of the ministerial committee. We agreed that that would be an easier venture to set up. At some later stage it could be incorporated with relative ease, as opposed to going the other way—had we set it up as an incorporated joint venture it would be somewhat more difficult to make it unincorporated. We felt it was easier, less expensive and a quicker way of setting up a joint venture to make it unincorporated.

Senator CARR—So was the decision to make it an unincorporated body made by you?

Mr Willers—It was made by AIMS and JCU.

Senator CARR—It was not made by government.

Mr Willers—No, it was not.

Senator CARR—So if it goes wrong, you carry the can.

Mr Willers—Pretty much, yes.

Senator CARR—That would be comforting. What is the standing of the board within an unincorporated body such as this?

Mr Willers—It will potentially be a board of management to look at the strategic directions that the joint venture takes—for example, approving new programs within the joint venture, reviewing the financial position, appointing a chairman and those sorts of issues.

Senator CARR—I am interested in whether you can help me with this little problem I have. You have not been able to tell me up to this point what programs you could apply for directly, as a joint venture.

Mr Willers—The joint venture at this point has not applied for any programs. As I said, the joint venture does not exist just yet.

Senator CARR—But you must have given some consideration to the funding lines.

Mr Willers—We have.

Senator CARR—It seems to me to be a little vague as to who will be responsible for what and what the funding sources will be. We know there is no recurrent funding—not that I can identify. I think you are telling me that there is no recurrent funding.

Mr Willers—There is no recurrent funding to the joint venture at this time.

Senator CARR—Will you be able to apply for Commonwealth program moneys directly to the joint venture or will the funding applications still come through the parent bodies?

Mr Willers—At this stage the funding applications will come through the parent bodies because the venture is an unincorporated joint venture.

Senator CARR—So the fact that it is unincorporated means that you cannot get the money directly. That leads me to the next question. What is the response to the proposition that this is quite an insubstantial body, essentially a venture with no real existence outside the heads of agreement between a couple of people on the board?

Mr Willers—That is certainly not our intention and I do not think it is JCU's intention. At this stage it is early days in the joint venture. We are looking to grow it and to develop it as we go. The details of how it will operate and what will be in the various programs within the joint venture are still to be worked out. For example, we have the first program that we anticipate getting under way once the joint venture is in existence would be an aquaculture venture between AIMS and JCU. A deal of that work is already under way independently at AIMS and at JCU and some of it is already being done in collaboration with those two groups. The joint venture will be used to enhance that collaboration further and take it to another level.

Senator CARR—Would you have done this without the direction of government?

Mr Willers—AIMS has been collaborating not only with James Cook University but with a number of universities throughout the world.

Senator CARR—Absolutely. Why was it necessary to enter into this joint venture other than because the government told you that you had to do it?

Mr Willers—I think that is one reason. Another reason is that any joint venture is an opportunity to further benefit and further grow the joint work.

Senator CARR—Of course, but you have had, as you said, collaborations for years that worked well. Why haven't you set up joint ventures all over the place?

Mr Willers—We have other joint ventures. We have a joint venture with the Australian National University, for example, in Darwin known as the ATRF—the Arafura Timor Research Facility. We are in the process of building a building next door to the campus at Charles Darwin University. That will be a small research laboratory to enable work to be done—

Senator CARR—How is that joint venture distinct from this?

Mr Willers—It is not dissimilar in many ways. It was funded through MNRF, major national research facilities, funding about two years ago. It is an unincorporated joint venture, similar to AIMS and JCU, but it is between ANU and AIMS, and we are using ANU land. The funding was provided—if my memory serves me right—about \$3.2 million to help build the building, and we are in the process of building that building now. AIMS is basically managing the build of the building, and it is on ANU land—so it is a joint venture. We have a board which is made up of AIMS and ANU representatives and an independent chairman, and that is overseeing the development of the joint venture.

Senator CARR—Is the major national research facilities program recurrent funding?

Mr Willers—No, that was funding to build the facility.

Senator CARR—Once that is gone, how do you fund that operation?

Mr Willers—We see it being funded partly by rental space within the laboratory itself. We will charge people fees to use the laboratory. It is going to have some state-of-the-art equipment in it, and it is a pretty modern design. AIMS will be using the laboratory, and we have a number of other agencies interested in using that facility.

Senator CARR—In regard to the JCU joint venture, will the board employ staff?

Mr Willers—Initially it will not because, being an unincorporated joint venture, it cannot actually employ people. So the AIMS and JCU venture will employ an executive officer and that executive officer will be either employed by AIMS or JCU.

Senator CARR—Does the joint venture that you have with the ANU employ staff?

Mr Willers—Not literally. We have a CEO of that joint venture but he is actually employed by ANU to work for the joint venture, and that is part of their contribution to the joint venture.

Senator CARR—Does the board oversee expenditure?

Mr Willers—Yes, it does.

Senator CARR—Does the board oversee strategic direction?

Mr Willers—Yes.

Senator CARR—So it will act like a normal board but it does not have any powers to do anything?

Mr Willers—Correct.

Senator CARR—Will it have a bank account?

Mr Willers—At this point in time the Arafura Timor Sea one operates on a bank account that is part of ANU's financial arrangements.

Senator CARR—Will you have a bank account at JCU?

Mr Willers—No, not initially.

Senator CARR—Where will all the money be banked?

Mr Willers—One of the institutions that is hosting it will host that facility. Each of the joint venture partners will contribute—

Senator CARR—Will you have a bank account or will JCU have a bank account?

Mr Willers—We have not decided that yet. At this point in time the funds that have been allocated are held by AIMS. I suggest that at this point in time the short answer is that AIMS will hold the account that runs those funds.

Senator CARR—When do you expect a resolution on that issue?

Mr Willers—At this point it is resolved that AIMS has the funds and AIMS is managing the funds.

Senator CARR—For how long will that be? I thought you indicated before that was not—

Mr Willers—The joint venture has not totally finalised all those aspects.

Senator CARR—Have you already employed an executive officer?

Mr Willers—For the AIMS and JCU joint venture—no.

Senator CARR—Will a person be employed by the joint venture or directly by the board or will it be an AIMS employee or a JCU employee?

Mr Willers—At this point in time we envisage it will probably be an existing employee of one of the two agencies.

Senator CARR—Who is that going to be?

Mr Willers—It will either be an employee of AIMS or an employee of JCU.

Senator CARR—Yes, I can see that there is a choice of two—I can follow that. You have someone in mind, haven't you?

Mr Willers—We have.

Senator CARR—Does that person work for AIMS or work for JCU?

Mr Willers—That person works for JCU at this time.

Senator CARR—Will it be a full-time position?

Mr Willers—We are still working on that. We initially thought that we would have a part-time position but I think we may well move to a full-time position for, say, the first year to get things established and get it up and running. As time goes on we will have to see. I think it could be a part-time position but we are yet to examine that in detail.

Senator CARR—Do you have a research plan?

Mr Willers—We do not have a research plan as such. What we have is that each individual program within the joint venture will have its own business plan, which will obviously outline what research work is doing to do, how IP will be treated, how it will be funded, and those sorts of things. Each venture, each program, within the joint venture will be quite different. We do not anticipate that they will all be the same.

Senator CARR—I thought I saw a research plan of some description.

Mr Willers—What we had was an indication that we might have three programs: the first one being the aquaculture, the second being a modelling—

Ms English—Oceanographic modelling.

Mr Willers—The third one, depending how things went, was to be a biotechnology program. That is the research plan, but it was in a pretty broad sense.

Senator CARR—I thought I saw a plan, but it is not in my folder at the moment. What I understood to be the situation was that this document covered 2003 to 2006.

Mr Willers—Part of the heads of agreement was an outline of the sorts of programs that might run in that joint venture. It talked about the first one being the aquaculture program and about bringing the other two online. It had a draft for 2005 and another one for 2006.

Senator CARR—But it did not mention the joint venture, did it?

Mr Willers—I am sorry?

Senator CARR—Was this developed with a view to establishing a joint venture or was it established prior to the joint venture proposal?

Mr Willers—No, that document was established as a result of trying to set up the joint venture.

Senator CARR—You have revised the plan from that time, have you?

Mr Willers—We have, yes.

Senator CARR—Can I have a copy of the revised plan?

Mr Willers—The revised plan will be the agreement, of which we are seeing the final draft today.

Senator CARR—That will include the research program, will it?

Mr Willers—It should outline the research programs and when they might come online.

Senator CARR—When will that plan be available to the parliament?

Mr Willers—I do not know. It has not been signed yet. As I say, I am hoping to get a draft of it today. Then we have to run it past our lawyers, and JCU has to do the same. We are trying to sign this agreement before the end of June. Beyond that I do not know when it will be available to the parliament.

Senator CARR—That is fine. Does your own research plan, as distinct from the joint venture, refer to James Cook University?

Mr Willers—There is a number of programs within our research program that involve James Cook University researchers as well as a lot of other people.

Senator CARR—So it is quite explicit?

Mr Willers—Yes, it is. Our research plan is fairly explicit. It details the number of people involved in the work, the funding for each project, and the goals and milestones of what it is trying to achieve.

Senator CARR—I could not find any press releases from this year on the joint venture. Have there been any? Has there been any official discussion?

Mr Willers—Not that I am aware of. Apart from the initial one when it was launched, there have not been any.

Senator CARR—I cannot find anything about the joint venture on your web site. Is there anything there? Have I missed something?

Mr Willers—I do not think it would be on our web site yet. We certainly intend to have a big splash when it is formally signed and the joint venture exists.

Senator CARR—What about the annual report? Is there anything in that?

Mr Willers—I think it is referred to in the annual report.

Senator CARR—The fibre optic cable has now been put in?

Mr Willers—No, it has not been put in yet. The line for it has been surveyed. The prices have been agreed, and we are drawing up contract details.

Senator CARR—You were going to do that anyway, weren't you?

Mr Willers—We have wanted to do it for some time. We did not have the total funding for it.

Senator CARR—That is part of the grant from last year for infrastructure work, isn't it?

Mr Willers—No, that was for refurbishment of buildings and laboratories. We have taken an opportunity with this additional funding to put in the fibre optic cable.

Senator CARR—Was it not going to be hooked up as part of the ARNet program?

Mr Willers—ARNet are managing putting the cable in.

Senator CARR—It was part of that money. I find it extraordinary that the pipes for the broadband cable have been put into James Cook University but have not been put into AIMS.

Mr Willers—We have had a link to James Cook University for some time, but it is not a broadband link and it does not have the same capacity as the one we are putting in.

Senator CARR—But James Cook University's broadband links have been pretty ordinary as well, haven't they?

Mr Willers—Until recently. They are pretty good now.

Senator CARR—They are not world standard yet. We are only about 1,000 times behind now.

CHAIR—Is that accurate?

Senator CARR—It is right.

CHAIR—Senator Carr said they are 1,000 times behind.

Mr Willers—I could not comment on that.

Senator CARR—It is true that their capacity is—

CHAIR—It is a wild exaggeration.

Senator CARR—No, it is not.

CHAIR—I am inviting you to comment on the difference.

Senator CARR—Give us the broadband capacity for North Queensland under ARNet, which you share, and how it compares with the international standard.

Mr Willers—I am not an expert.

CHAIR—Is it out by one thousandfold?

Mr Willers—I could not answer that question directly.

CHAIR—Could you take that on notice?

Senator CARR—I think you will find the capacity is still considerably less than world's best practice.

CHAIR—But not one thousandth.

Senator CARR—It is. I am not exaggerating that figure.

CHAIR—We will get the real figure.

Senator CARR—We will soon find out whether the technical experts can tell me whether or not our broadband connections are at world's best practice. We have just put \$42 million in there, so I trust they are but I think you will find they are not. So we do not have any cabling in yet?

Mr Willers—Not yet.

Senator CARR—We have had a survey of the route?

Mr Willers—That has been done, yes. We anticipate it will be up and running well before the end of the year.

Senator CARR—That is good. So for all this money we have a heads of agreement that is yet to be signed, depending on the legal advice—you cannot say you will sign it until you have had legal advice.

Mr Willers—I am pretty certain we will sign it. We have had a great deal to do in drafting it.

Senator CARR—It will probably be staffed through JCU with JCU students. I am not quite certain about access to any government research programs through the RTS or other programs, and it will be an unincorporated body. Do think you would have done this had you not been told to?

Mr Willers—For some time we have had collaborations and have worked jointly with James Cook University, and a number of other universities.

Senator CARR—And CSIRO?

Mr Willers—Yes, CSIRO and DPI.

Senator CARR—And a whole lot of people.

Mr Willers—A whole lot of people, yes. We took an opportunity with the ATRF to put an unincorporated joint venture in place with the ANU, so I think this sort of thing inevitably would have happened. We are all the time looking to enhance our links with other agencies and other organisations.

Senator CARR—I would encourage that, but there is a world of difference between collaboration and integration.

Mr Willers—This one is an affiliation. The AIMS and JCU joint venture is not an amalgamation between AIMS and JCU; it is a joint venture to facilitate collaboration. I think the term they are using is that it is a ‘formal affiliation’ between the two bodies.

Senator CARR—I look forward with interest to see what progress is made. I want to ask you now about the new director. Dr Ian Poiner was appointed on 14 May. That is right, isn't it?

Mr Willers—Yes, it is.

Senator CARR—You said the final interviews of the last round would be held on 8 March. I take it that happened?

Mr Willers—That happened, yes. That has been completed, and the administrative process of having Dr Poiner appointed has been completed. He starts on 13 July.

Senator CARR—Was there any reason for the delay between the final interviews on 8 March and the announcement of 14 May?

Mr Willers—Dr Poiner had a number of issues with his research and work at CSIRO, and a number of obligations that he had committed to prior to the appointment being made, that he had to complete.

Senator CARR—It was just a question of negotiating the final arrangements?

Mr Willers—Yes.

Senator CARR—He has a distinguished record in marine research with CSIRO; he was there for 21 years. That is right, isn't it?

Mr Willers—That is correct, yes.

Senator CARR—He was also deputy director, so he had a very strong record in administration as well as research?

Mr Willers—That is correct.

Senator CARR—He was the first choice for the appointment?

Mr Willers—Yes, he was.

Senator CARR—You said that four of the six short-listed applicants were from overseas. Is that right?

Mr Willers—I think I corrected that later as that was incorrect. I said three of the short-listed six were from overseas.

Senator CARR—In an international field he has come up trumps?

Mr Willers—Yes, he has.

Senator CARR—That is very good. AIMS is a core member of the Reef CRC, is it not?

Mr Willers—Yes, it is.

Senator CARR—You are member of the continuing CRC bid, are you not?

Mr Willers—Yes, we were part of that bid.

Senator CARR—The continuing bid?

Mr Willers—Yes. The bid was made and we are still a part of that group. We are still a board member of the Reef CRC and we are still a core member of the Reef CRC, which still has two years to run.

Senator CARR—What will be the effect on AIMS research projects if the CRC is not able to secure funding or continue?

Mr Willers—Currently, AIMS receives about \$1.25 million each year from the Reef CRC. That is spread across about 25 per cent of our research effort, but I hasten to add that not very much of it is in any one great lump. Essentially, CRC funding enhances and adds on to existing work that we are doing so, although that 25 per cent looks a fairly large part, a great deal of that work will continue. But, initially, it would probably be slightly reduced. But we are pretty confident that with the pretty good relationships that exist between the CRC partners, given that it will be two years before this current CRC ends, that the work can continue in another form.

Senator CARR—Did I hear you right? You are confident?

Mr Willers—Yes. We would certainly be working very hard to make sure that it did.

Senator CARR—I have no doubt that is true. But you are confident that it will continue?

Mr Willers—I do not think that every bit of it will, but a vast majority of it will.

Senator CARR—Where will the money come from?

Mr Willers—At this stage, the Reef CRC receives quite a deal of its money from other organisations within the CRC itself. We anticipate that there will be an ongoing need for that work. I cannot speak for them but the Great Barrier Reef Marine Park Authority is one.

Senator CARR—So GBRMPA will continue to fund it?

Mr Willers—No. I am not saying that GBRMPA will continue to fund our work, but GBRMPA will continue to have an ongoing need for the sort of work we are currently doing for them.

Senator CARR—Currently, the Commonwealth funding is \$19 million.

Mr Willers—I do not have all the details of the CRC money.

Senator CARR—I will have to stand corrected, if someone can do that, but I think you will find that it is about \$19 million. Do you think that \$19 million helps to leverage the other partners? Does it actually encourage the other partners to put in?

Mr Willers—I think it does. The CRC works as a sort of broker between the researchers and the end users, so it is a facility to lever additional funds, and it also attracts funding from the federal government.

Senator CARR—Yes, it does. So if the Commonwealth money is withdrawn, do you think the other research partners will continue?

Mr Willers—I think our work with the Great Barrier Reef Marine Park Authority and these other people will continue, yes.

Senator CARR—Have you had a commitment from them to that effect?

Mr Willers—No, we have not. We have discussed it and we have a pretty clear understanding, but we have not signed anything and we have not committed to it, that that work will need to continue.

Senator CARR—I put it to you this way: the CRC will have to start standing down staff within 12 months because in the final year of their budget there will be very little money. Is that right?

Mr Willers—That is as I understand it.

Senator CARR—They currently employ a full-time equivalent staff of 38.

Mr Willers—I do not know that for sure.

Senator CARR—That is what the booklet says so we will have to assume that DEST would not tell us things that are untrue. We also would have to assume it is right that there are 30 postgraduate students. The CRC is actually incorporated, unlike your other joint ventures.

Mr Willers—That is right.

Senator CARR—They have assets and things and will have to start winding those up.

Mr Willers—Yes.

Senator CARR—If 25 per cent of your research projects are tied up with the CRC, how many research scientists will you have to start to stand down?

Mr Willers—We estimate at this point that there will be about six positions that would be directly affected by the current CRC funding arrangements. As I said, we have at least a year, probably two, before those funds are not available. Because we believe that work will continue to be needed, we are fairly comfortable, as I said.

Senator CARR—I admire your optimism, but I think you would agree that there is very little money in the budget for the final year of the CRC.

Mr Willers—That is correct.

Senator CARR—Therefore, the window to have this problem fixed is really 12 months, not two years.

Mr Willers—It is, yes. But, as I say, we are not going to leave it until the last 12 months.

Senator CARR—Basically it would be a wind-up of the whole place. That is when you start flogging stuff off, isn't it? That is when the fire sale starts, isn't it? If you cannot get money within the next 12 months, you have to start laying people off. So the window really is 12 months.

Mr Willers—Yes.

Senator CARR—What Commonwealth programs are available to replace the \$19 million that is currently allocated for the CRC? I know it may well have been higher than that, but they currently receive \$19 million. In the last round that is what they received. What Commonwealth programs could they call upon to replace that?

Mr Willers—I do not know at this stage, but as I said earlier, there are also funds that come from other agencies within the CRC and they are going to continue to need their work doing.

Senator CARR—But you have had no commitments that that will occur?

Mr Willers—There are industry partners involved in the process. It is not all just funded by the Commonwealth government.

Senator CARR—That is the whole point of the project, but the \$19 million cash—the bulk of the cash—comes from the Commonwealth, doesn't it?

Mr Willers—I am not sure of the make-up.

Senator CARR—How much money do you put in? You are a joint partner. When you take money out of it, you get \$1.2 million in revenue, but presumably as a partner you are also contributing to the operation of the CRC. Is that not all in kind?

Mr Willers—Not all of it is in kind.

Senator CARR—How much of it is in kind?

Mr Willers—I could not answer that off the top of my head. I would have to take it on notice.

Senator CARR—Would it be a significant amount?

Mr Willers—Yes.

Senator CARR—It is a significant amount of cash?

Mr Willers—It is a significant amount of in kind.

Senator CARR—No—cash. My point is this: the bulk of the money—the cash money—comes from the Commonwealth.

Mr Willers—Yes, it does.

Senator CARR—The Commonwealth withdraws its money. There is an issue about solvency of the CRC. That is why you have to start laying people off within a year. That is logical, isn't it?

Mr Willers—Yes, it is.

Senator CARR—And that is correct. That is what the board has decided, isn't it?

Mr Willers—The board has not decided that yet, no.

Senator CARR—Has it discussed it?

Mr Willers—The board has discussed where they might go from here, but they have not in any detail discussed where they will go, at this stage.

Senator CARR—And in the mind of the board, the option that I am putting to you is a real possibility, is it not?

Mr Willers—I cannot speak for other board members, but I imagine it would be, yes. It is one of a number of options.

Senator CARR—I would be surprised if the full-time staff, the chief executive of the CRC, has not put that option to you.

Mr Willers—Not at this stage he hasn't, no.

Senator CARR—He has not?

Mr Willers—A number of options are available. In fact, there a great many different options and scenarios that might come out of this space in the next 12 months.

Senator CARR—What are they? Can you outline what those options are? Given that is 25 per cent of your research budget, I would have thought AIMS would be right smack in the middle of all this.

Mr Willers—AIMS is in the middle of it, but as I say, we are confident that our research will not be severely impacted. Initially some changes will have to be made. The sort of work that we are doing is very highly valued, and it is going to continue to be needed—

Senator CARR—There is no question that that is true.

Mr Willers—We are fairly confident that there will be a continuing ongoing need for that work.

Senator CARR—Absolutely. I do not dispute that for one minute—an ongoing need, highly valued work, internationally renowned. Were you surprised when you were told the program was going to be de-funded?

Mr Willers—Yes, I was.

Senator CARR—When did you discover that?

Mr Willers—The same day that it was announced to the CEO of the organisation.

Senator CARR—And what day was that?

Mr Willers—I cannot recall exactly. It was when the round one review was completed.

Senator CARR—So about a month ago.

Mr Willers—It was the end of April, I think, from memory.

Senator CARR—Do you recall the Howard review into CRCs?

Mr Willers—Yes, I do.

Senator CARR—Did AIMS make a submission?

Mr Willers—Yes, we did.

Senator CARR—Were you surprised by the findings of the Howard review?

Mr Willers—Not really, no.

Senator Vanstone—With respect, Senator Carr, the estimates are there to ask about what different agencies are doing, about their funding, about what they have done in the past and about what they intend to do in the future. The nature of Mr Willers's element of surprise is not among those.

Senator CARR—I have already got an answer to that question. I am asking about the Howard review.

Senator Vanstone—You just asked if he was surprised about the outcome of it.

Senator CARR—And he has answered me.

Senator Vanstone—He may have answered while I was indicating to you, but what I have said still stands. This estimates committee runs in a very friendly fashion, but—

Senator CARR—It was until you arrived!

Senator Vanstone—Thank you, Senator. I am just trying to indicate what the limits are.

Senator CARR—Thank you. I was asking a question about the Howard review. What was the reaction of AIMS to the Howard review recommendations?

Ms English—I think that we acknowledge the ongoing interest of government in capturing intellectual property generated out of research and we are working towards that end goal along with other science agencies. There is a challenge in some of the environmental research in that regard, but it is still work in progress.

Senator CARR—You saw that the guidelines had been changed in December. You noticed, I have no doubt, that the guidelines had removed public benefit research.

Ms English—Yes, I did.

Senator CARR—I take it that those were all apparent to you.

Ms English—Yes.

Senator CARR—I take it that you saw that that would have a serious effect on your operations. Would you agree with that? Did it become apparent to you then?

Ms English—AIMS is part of the CRC, not the whole CRC. It was acknowledged that there was a focus within the new round that the CRC bid would have to address. Subsequent to that it was identified what sort of value could be provided back into the community in the future. I think that in the context of that particular round of the CRC we had to compete against other CRCs, and perhaps we did not do as well as they did in that regard, but that is something we had no say in.

Senator CARR—It was not just your CRC, of course. It was also the tropical rainforest CRC and the coastal CRC. The three related CRCs all missed out, and they all missed out essentially on the same grounds. I have a copy of the letter from Dr Vaughan that was sent to

all of you. It basically highlighted that you were not commercial enough. That is right, isn't it?

Ms English—Yes.

Mr Willers—That is correct.

Senator CARR—I am not surprised that you were not surprised that you were unsuccessful because you were not commercial enough. What were the commercial benefits of the CRC as far as you were concerned? Are there commercial benefits as far as you are concerned in the management of the coral reefs?

Mr Willers—I think it depends on how you define commercial benefits. An enormous amount of commercial benefit comes from the Great Barrier Reef in tourism, fisheries and various other forms.

Senator CARR—So how come you were not able to make those points?

Mr Willers—I was not on the committee that made the decision. As I say, we were part of the bid, and the bid was unsuccessful. It was a competitive bid. I understand that there were a lot more CRC bids than there were, if you like, places available, and there was a limit on the funding.

Senator CARR—And there was a change in the guidelines. You did not fit.

Mr Willers—This CRC has run for nearly 10 years. There is an ongoing process to review what CRCs do, what their outputs are and what the users need from them. It is reasonable that there could well be—as there was—a change in the guidelines.

Senator CARR—You are familiar with the guidelines themselves on the role of the department and the minister. Has there been any application for re-funding or reconsideration?

Ms English—I think a reapplication to the CRC would be in the context of the rounds that are identified for CRC funding. That would be a future effort.

Senator CARR—There has not been already?

Ms English—I thought this round had closed.

Senator CARR—You are not familiar with the considerable public debate on this matter?

Ms English—Yes.

Senator CARR—I read the local members newsletters and they tell me they have a solution. I cannot find where this money is coming from. I am wondering if you could help me there. Where is this alternative source of money? I cannot find it in the budget, but I thought—being so intimately involved with the CRC—you would be able to draw it to my attention.

Mr Willers—No, unfortunately we do not know that.

Senator CARR—Have you discussed with DEST officials the future of reef CRC?

Mr Willers—Not directly, no.

Senator CARR—Have you had any discussions with Mr Peter Lindsay, the federal member for Herbert?

Mr Willers—Most of the discussions about the CRC reef have been held through the CRC. We are a part of the CRC; we have not actually held independent discussions with Mr Lindsay about the CRC.

Senator CARR—Can you tell me if you have been advised of any proposals to change the structure of the Great Barrier Reef Marine Park Authority in response to this difficulty with the CRC?

Mr Willers—No.

Senator CARR—No-one has drawn to your attention the possibility of the abolition of GBRMPA?

Mr Willers—Not that I know of, no.

Senator CARR—You have certainly not had any discussions with anyone about the possibility of the abolition of the GBRMPA and the absorption of its functions back into the department of the environment?

Mr Willers—No.

Senator CARR—Have you had any discussions with anybody in government or in parliament concerning the amalgamation of the reef CRC and the rainforest CRC, or the coastal CRC for that matter, as part of a new tropical research agency to work directly with the department?

Mr Willers—Only as far as that issue was discussed at the board. AIMS independently have not been a part of that process. As a member of the board of the CRC reef, we have received a briefing on that but that is all.

Senator CARR—You had a briefing on that?

Mr Willers—At the board meeting.

Senator CARR—Who was the briefing from?

Mr Willers—It was from the CEO.

Senator CARR—So it was a proposal being developed within the CRC?

Mr Willers—No. It was a proposal—as I think you mentioned earlier—being developed by Mr Lindsay.

Senator CARR—I see. That was the establishment of a new tropical research agency?

Mr Willers—No. At this stage, as far as I know, all they were talking about was the possibility of the CRC reef and the CRC rainforest joining together to form a CRC.

Senator CARR—A new CRC?

Mr Willers—Yes.

Senator CARR—In the briefing, was there any suggestion of where the money might come from?

Mr Willers—No.

Senator CARR—The source of funding for that is not yet identified?

Mr Willers—No.

Senator CARR—There has been no discussion about any changes to GBRMPA as part of that?

Mr Willers—No.

Senator CARR—Your funding arrangements for the next triennium begin in July. Has there been any discussion with the government to indicate that this is the last triennial funding round that you will get?

Mr Willers—No. We were funded for the next three years, which is the normal process.

Senator CARR—There has been no discussion about it changing in any way?

Mr Willers—We have had no formal discussions with the department about that change. There have been some various options mooted in a number of reports that were delivered to the government in March, but we have had no formal discussions with the department about that process at all.

Senator CARR—Thank you very much. That concludes my questions.

[10.01 a.m.]

Australian Nuclear Science and Technology Organisation

CHAIR—I welcome witnesses from the Australian Nuclear Science and Technology Organisation.

Senator CARR—Welcome, Dr Smith. Is this your first estimates?

Dr Smith—Yes.

Senator CARR—I trust that you are looking forward to the process.

Dr Smith—Yes.

Senator CARR—Can you tell us something about your background in the period up to your appointment?

Dr Smith—Yes, I did my PhD at the Australian Atomic Energy Commission, as it was then, with an AINSE fellowship. So I spent half of my time on-site at Lucas Heights and half at the University of Queensland. I then spent 16 years as an academic at the University of Queensland. I then moved to a little over seven years in the executive ranks of CRA. Then I spent nine years as the Deputy Vice-Chancellor (Research, Enterprise and International) at the University of Otago in New Zealand. Now I have joined ANSTO.

Senator CARR—I welcome you and wish you well in the task which you are about to perform. It is very good that we are able to attract such distinguished personnel to undertake such important roles in the Public Service. I would like to ask about the recent routine maintenance at the HIFAR reactor. Did the Director of Nuclear Technology, Mr Jack Dillich, move to change the reactor's operating levels from four-person to three-person shifts at the resumption of the HIFAR operations?

Dr Smith—Yes, he did.

Senator CARR—On whose authority did that take place?

Dr Smith—I will pass that question to Dr Cameron since I was not on-site at the time.

Dr Cameron—The process was that a submission was provided to the regulator, the Australian Radiation Protection and Nuclear Safety Agency. The regulations which they operate on allow two different types of submissions: one is where in the judgment of the operator it is a change that can be notified to the regulator after the event and the regulator has a chance to come back and review it; and the other whereby we have to seek prior approval from the regulator for doing so. In this case we provided the information to the regulator with the justification for it and the regulator came back and said that in their judgment they would want to have made prior approval. So we agreed as a result of that to go back to the four-man shift process. Negotiations are still continuing with them on that particular case.

Senator CARR—So basically ARPANSA said, ‘Don’t do it’?

Dr Cameron—ARPANSA said that they would like to have further justification for the particular change, and that is the process we are going through currently with them.

Senator CARR—Were you surprised that ARPANSA did not give you the approval?

Dr Cameron—We think the case that has been put to them is an adequate case for that particular change, but, as a regulator, they are clearly allowed to ask for and seek other information to justify the change.

Senator CARR—I would be really shocked if you told me that you put forward an inadequate case deliberately. I can only presume that you thought it was an adequate case and the regulator disagreed with you. That would be a fair calculation, would it?

Dr Cameron—Yes.

Senator CARR—So what risk assessments did you undertake prior to making the decision to reduce the number of staff on the shifts at the reactor?

Dr Cameron—The reactor is governed by what we call operating limits and conditions—that is, they are parameters we set to envelope what is the safe operation of the reactor. The operating limits and conditions for the reactor specify that three is the appropriate level to ensure that safe operating condition. Therefore, we were not changing our existing operating limits and conditions. Traditionally we have used four people on shifts because we had a person performing an outside function in terms of verification of maintenance and other issues of that type. Because of the way we have moved to preventive maintenance and to controls of systems in other ways, we made the judgment that that person was no longer required. To put forward the case we looked at what were the possible abnormal conditions that could occur and whether we could demonstrate that three people on a shift could handle all those conditions. That was the justification that we put to the regulator before the change was made.

Senator CARR—So you then told the union that you were going to reduce staff by 25 per cent. Is that right?

Dr Cameron—The union were in agreement with that change because it has the advantage of releasing a number of their members for training for the replacement research reactor.

Senator CARR—So you had an agreement with the AMWU, and ARPANSA were the people who said they did not think this was appropriate?

Dr Cameron—ARPANSA have said they would like further justification of that before they will give approval. Because of that statement we went back to a four-man shift.

Senator CARR—Basically you are saying that you did the risk assessment, you talked to the union, you went to implement the changes and you then went to ARPANSA. Is that basically what happened?

Dr Cameron—That is correct.

Senator CARR—ARPANSA then said that this was inconsistent with the safety requirements.

Dr Cameron—ARPANSA said they required further information before they would give approval. They made a judgment that it was one of those changes that needed prior approval, not one of the changes that we could notify them of afterwards. That is always a difficult judgment to make. The purpose of our notifying is so that they can come back and say, 'No, we would prefer to make that a change that requires prior approval.' When they notified us that was to be the case, we reverted to the four-man shift. We have begun a process of negotiation and providing further information to them so that we can move forward with that change.

Senator CARR—You will not be doing that again, I take it, now that you know that the regulator actually requires prior approval. It is a licence condition, isn't it?

Dr Cameron—As I said, our operating limits and conditions which the regulator have signed off on and given us a licence specify that three is an acceptable minimum on shift, but for this particular change they have ruled that for a change of staffing of that nature they would require to give prior approval. We accept their judgment and we will be working with them. Clearly, there are many changes made on a day by day basis and there is a judgment that needs to be made each time as to whether it is something that requires prior approval or whether it can be done before notifying them later.

Senator CARR—You say the AMWU were happy with these arrangements—morale was good?

Dr Cameron—The AMWU were very keen that we should have a process of releasing existing operators to be trained for the replacement research reactor.

Senator CARR—So you describe morale as good?

Dr Cameron—There are always issues of an industrial nature and we endeavour to negotiate and work with our unions as much as we can.

Senator CARR—As far as you are concerned, this matter was an industrial dispute that was settled.

Dr Cameron—There was no industrial issue with regard to the change. I think that indicates that we had negotiated with the unions prior to it occurring.

Senator CARR—What is the current status of the transitional arrangements for the transfer of operators to the replacement reactor? Have they been negotiated yet?

Dr Cameron—We obviously have a plan for the transition process from the existing reactor to the current one. It involves training that goes over about a two-year period in different blocks of time. We have made a commitment to the unions to have a certain number of their people who will be released immediately for that training and others who will enter that training at a later point. In addition, we recognise that a number of their members have indicated that they would like to retire with HIFAR and, therefore, we need to bring on board new people.

Senator CARR—Is a redundancy package being negotiated?

Dr Cameron—No, we are not anticipating a redundancy package but we are anticipating making an offer which will make it worth their while to stay on until the end of that particular process.

Senator CARR—They are not on fixed term contracts, are they?

Dr Cameron—No, they are not on fixed term contracts but they are coming up to a point where they would naturally want to retire.

Senator CARR—Is it 65—the normal retirement age?

Dr Cameron—The normal retirement age. It is important to us that we have a process to ensure that we have enough staff to operate the reactor to the end of its life.

Senator CARR—Were there any other difficulties with ARPANSA in regard to repowering the HIFAR reactor?

Dr Cameron—Not in terms of the shutdown process that we have been through. No, they were happy with the shutdown.

Senator CARR—There has been nothing more about the recommencement process? No difficulties there?

Dr Cameron—Not with the regulator, no. As you are probably aware, the AMWU did take action to prevent the reactor going back to power.

Senator CARR—To tell you the truth, I was not aware of that. You can now tell me what that was about.

Dr Cameron—We are still totally uncertain as to why this occurred. We went to the commission. The commission ruled that it was unlawful action and gave an order for them to go back to work, which they did immediately. We are still unclear of the nature of the reason that particular action occurred.

Senator CARR—Was a ban put on?

Dr Cameron—Yes. They indicated that, when the reactor was due to go back to power, they would not take part in those particular actions. It was a ban.

Senator CARR—For no reason?

Dr Cameron—The reasons were not clear to us and the reasons were not clear to our members. The commission deemed that none of the issues raised by the AMWU were

pertinent to this particular action and requested them to go back to work immediately. We have a number of issues listed in the commission that we will negotiate with the union over the next period of time.

Senator CARR—What are those issues?

Dr Cameron—A number of issues related to a process of high increments paid as a result of our annual review process and a number of other issues related to the provision of information and how the full transition would actually occur. I think there were two other issues of a similar nature. The commission said that they did not feel those issues were relevant at this time and could be negotiated over the next period.

Senator CARR—What other issues were there? I asked before you about morale. It strikes me that, if people have put bans on, if you have been in the commission and if you do not know why the bans were put on, you are not able to communicate very well at the moment. What other issues are causing difficulty?

Dr Cameron—I would have to take that on notice and give you the list. The commission indicated that none of those actions were such that they needed to be dealt with at this stage. All of them—

Senator CARR—So you did know why the bans were put on; you just disagreed as to the reasons.

Dr Cameron—A number of issues were raised, none of which we thought were relevant to the actual events occurring at this time.

Senator CARR—But you did know why the bans were put on.

Dr Cameron—At the time the bans were put on, we did not. Later on, when we went to the commission, the union brought forth a number of issues, which they tabled. The commission said those were not such as would have—

Senator CARR—It is clearly related to the process for the commissioning of the new reactor.

Dr Cameron—Not the commissioning of the reactor but the process by which we would transition staff across and when we—

Senator CARR—Transitioning or commissioning—whatever you want to call it. I am saying that the operations of the new reactor are a matter of dispute.

Dr Cameron—No, the operations are not a matter of dispute. The process by which we would make available to the staff that are involved the numbers that would be required for different tasks are still not defined, and we are not able to say with total certainty how many of each type of person will be needed on the replacement reactor.

Senator CARR—When is this reactor supposed to be up and running?

Dr Cameron—Our expectation is that we would get a licence to operate in November 2005 and then we would have an overlap period of six months or so with the existing one.

Senator CARR—Is ARPANSA aware of the statements that have been made by Mr John Dauth, the Australian permanent representative to the UN, regarding the Nuclear Non-Proliferation Treaty Review Conference, including:

Australia considers a moratorium on new enrichment and reprocessing plants should be applied while an appropriate framework is developed to ensure such projects do not present a risk to non-proliferation objectives.

Dr Smith—I do not believe that is directly an issue for ANSTO.

Senator CARR—It is insofar as Australia's permanent representative is making a statement of that type. I take it you are aware of the statement? You are aware of the country's formal position at the UN? That would be right?

Dr Cameron—Yes.

Senator CARR—Someone might want to assist me here: is ANSTO aware of the Australian government's formal position at the UN with regard to new enrichment plants and reprocessing plants?

Dr Cameron—Yes, we have seen the cables which indicate that position.

Senator CARR—Thank you. What I would like to know, and this is the bit that is directly relevant to you, is how this formal position sits with ANSTO's position with regard to the possibility of conditioning of spent nuclear fuel from the replacement reactor in Australia and the development in Argentina of a dedicated processing plant?

Dr Cameron—We believe the processing plant is already in place in Argentina so it is not covered by what should happen in the future with regard to reprocessing our enrichment plants.

Senator CARR—Do you think there is any contradiction between the formal position being advanced by Australia at the UN and ANSTO's position with regard to the Silex research into laser enrichment of uranium?

Dr Cameron—As we have explained before, we have no relationship with Silex. They are a tenant on our site, but there is no formal or even informal relationship between ANSTO and Silex. They are completely separate companies.

Senator CARR—So as far as you are concerned, ANSTO is operating entirely consistently with the formal position advanced on the question of enrichment and reprocessing?

Dr Cameron—ANSTO is operating and will continue to operate in accordance with government policies in this area.

Senator CARR—And you believe you are currently absolutely consistent with those formal positions?

Dr Cameron—Yes.

Senator CARR—Have there been any difficulties recently with one of the contractors involved in the replacement reactor project?

Dr Cameron—Can you give us some explanation on your question?

Senator CARR—Kermac Engineering of Goulburn. Have they gone into receivership?

Dr Cameron—Yes. This was a subcontracting company to John Holland Constructions, and because of some difficulties they got into financially, John Holland entered into an arrangement to support the company to enable it to carry out the contractual work required for the replacement reactor.

Senator CARR—It has no practical effect on the project.

Dr Cameron—No because the work has now been completed and that component has been delivered to site. So it has no impact.

Senator CARR—Is this the same company that was involved in the earlier welding and repairs to the reactor pool?

Dr Cameron—No, it was not.

Senator CARR—I am watching the officers, and I am just hoping we have an agreed party line on this one. Is that right?

Dr Cameron—It is a little more complicated, yes. There was a company in Newcastle that was building the cage for the reactor. They were bought by the other company in Goulburn and they have got financial support for the work that they are doing. There was an interaction there of which I was not aware.

Senator CARR—This is a company that has actually caused you a bit of grief, to put it in common parlance.

Dr Cameron—Yes.

Senator CARR—This is the source of some considerable difficulties with ARPANSA.

Dr Cameron—It was a difficult period. There was an unfortunate mistake in the manufacture, which we were disappointed by. That has been resolved and ARPANSA has approved the liner and the liner is now installed. That is a period that we have moved on from.

Senator CARR—That is behind you. So it is the same company, the same group of companies, the same associated entities—I am trying to find the right words here. We are all in agreement about that?

Dr Cameron—Yes.

Senator CARR—In terms of your management responsibilities, were due diligence studies undertaken with regard to this particular company?

Dr Cameron—Under the contractual arrangement, we obviously perform due diligence on our contractors and on the joint venturer, but we rely on that joint venturer and our main contractor to perform due diligence on their subcontractors. It would not be possible, or it would certainly be a very large use of resources, for ANSTO to have due diligence on all those myriad subcontractors that are used in the construction process.

Senator CARR—The viability and quality assurance processes on the contractors and subcontractors were thoroughly checked.

Dr Cameron—There certainly was a requirement for our contractor to assure itself of the quality of the subcontractors they were using.

Senator CARR—So they have let you down.

Dr Cameron—We believe that is the case.

Senator CARR—They have let you down on both counts, on the financial viability and on the quality assurance.

Dr Cameron—Unfortunately, the two were linked. The delays that were caused to the particular company while they fixed this is what caused the financial difficulties for them. Because they had not got a very extensive workshop and they had a very large component being manufactured, it meant they were not able to take other work into their workshops and, therefore, that caused them to have some financial difficulties.

Senator CARR—Is this the only one you have had for this project? Is this the only example of where the financial viability and quality assurance processes of the manufacturer have not been up to what you have contracted them to do for you?

Mr Horlock—As a result of the difficulties we have had with DME Engineering, the major contractors now give us regular reports on their quality assurance program. That is collated and reported to ARPANSA on a quarterly basis.

Senator CARR—Have any other problems been identified?

Mr Horlock—We have not identified any problems with the company providing the superstructure that was having financial difficulty and has subsequently been bought by DME Engineering.

Senator CARR—So there are no other problems with regard to the subcontractors' viability or quality assurance.

Mr Horlock—Not that I am aware of.

Senator CARR—Is there a report available called *Radiation consequences analysis*?

Dr Cameron—Could you give us some information about the authorship of the document? Is it an ANTSO document or by some other group? Could you also give us some indication of what the subject of the document is?

Senator CARR—I will put it on notice. At the last estimates I asked questions concerning the process for securing fuel for the HIFAR reactor and you advised the committee that we were running out of fuel but with conservation measures the fuel processes could be sustained for a longer period of time. I want to be clear about this: under the present administrative arrangements, when will the existing fuel contracts run out?

Dr Cameron—With regard to the HIFAR reactor we have now purchased all the fuel that we think we require to take us to the end of the life of the reactor, so we have not got any other contracts that need to be purchased.

Senator CARR—So we can now define the period in which you can run the reactor.

Dr Cameron—That is right.

Senator CARR—Are you able to confirm when that will be?

Dr Cameron—The fuel that we have will take the reactor through to about October 2006.

Senator CARR—With the current construction timetable for the replacement reactor, when do you expect it to be built?

Dr Cameron—We would expect the reactor construction to be completed by the end of this year and, in 2005, we will be doing precommissioning and cold commissioning of the reactor. We anticipate a licence to load fuel in November 2005 and that gives us just over six months overlap between the two reactors.

Senator CARR—So there is a six-month window to sort out any problems.

Dr Cameron—Correct.

Senator CARR—That is cutting it a bit fine, don't you think?

Dr Cameron—We have managed this project to meet our time scales all the way through other than things which were outside our control.

Senator CARR—Nuclear reactors are not exactly like just in time manufacturers of motor cars, are they? That is what you have got here.

Dr Cameron—We have been working with a company who have built reactors before, and they have indicated to us that that sort of overlap period is adequate for what they need to do.

Senator CARR—So long as ARPANSA agrees.

Dr Cameron—ARPANSA need to give a licence to load fuel and to begin the hot commissioning tests. The hot commissioning tests are to demonstrate the performance of the reactor and that it can receive the outputs we require from it. The tests will also demonstrate that we can produce radiopharmaceuticals out of the replacement reactor in the same way we have out of the existing one.

Senator CARR—So, metaphorically, you are putting a gun to the head of ARPANSA, aren't you?

Dr Cameron—I do not see that.

Senator CARR—You are saying they have to approve otherwise you have got no contingency plan.

Dr Cameron—In fact, ARPANSA have a period of time for review here, which is much longer than is normally required by regulators around the world. They will have more than a year to look at this whole process and to assure themselves what is happening. That is a considerable period relative to what happens internationally. So we do not feel that they are under any pressure during that period because of shortness of time.

Senator CARR—So if ARPANSA's approval is denied or delayed, what then do you do?

Dr Cameron—We have worked through a process with ARPANSA so that they are very aware of what we are building. As you are aware, they gave a construction licence. The construction licence, by its nature, indicated that the design was perfectly safe and therefore was adequate to satisfy all the criteria that they would have for building a safe reactor. They have worked with us through the installation of all those systems under their regulations. They have to approve every item important to safety. They have done that. Over 120 such approvals have been required from them, so they are very familiar with how we have worked. The operating licence needs only to confirm that the reactor has been built as designed. There is no requirement to prove the safety case again because that has already been done well. We have to show that it has been built. Since ARPANSA have been with us throughout the whole

process, we do not see how any particular issue would arise with regard to the safety of the design.

Senator CARR—You were pretty confident about the changes to the shift arrangements on the old reactor. You thought that was all pretty straightforward, and ARPANSA did not agree with you. I trust your confidence is appropriately placed on this matter, because the consequences are quite serious, aren't they?

Dr Cameron—Yes. Clearly, the process that we work through is such that we need a replacement reactor to continue to produce isotopes, as we need to service the Australian health—

Senator CARR—Can we import isotopes that we need, if we have to?

Dr Cameron—We can import a certain number of isotopes, but each time we do we run into severe problems of reliability of supply, which is very serious if you are a patient in hospital and we are called in and we have to say, 'Sorry, nothing came today.' We have an increasing problem of denial of shipments by aircraft because they are carrying other cargoes and it is not compatible to have these on the same plane. In addition, we would not be able to import quite a wide range of our isotopes.

Senator CARR—So we have problems with reliability of supply?

Dr Cameron—Correct.

Senator CARR—So other commercial reactors may not always be able to supply the isotopes that we need?

Dr Cameron—That is correct. That is because, relatively, Australia is a small market and they have other markets to take their supply.

Senator CARR—I am happy for you to explain to me why that is. Because of the size of the market here, we are not worth supplying. That is, effectively, what you are saying?

Dr Cameron—If they have choices between which markets they supply, we are done with this.

Senator CARR—We fall off the edge.

Dr Cameron—Yes.

Senator CARR—Reliability of supply is the first issue. The second issue is availability of stock. Is that right?

Dr Cameron—No, the second issue is the transport process itself, which is subject to denial of shipment.

Senator CARR—I was going to put transportation down as the third issue, but I will take you back to the availability of stock for a minute.

Dr Cameron—What I meant there was that there are only a certain number of isotopes that can be imported because of the decay process and a large number of the ones that we produce have to be produced locally.

Senator CARR—So these are short-life isotopes. What are they used for?

Dr Cameron—They are used for a variety of treatments, such as thyroid disorders, secondary liver cancer—

Senator CARR—There would be a range of cancers that cannot be treated?

Dr Cameron—Yes, and palliation as well of people who have severe pain, particularly bone pain from cancers.

Senator CARR—They are quite serious medical conditions that cannot be treated. Can you identify for me, by way of a list, the isotopes and their uses that are not available by importation.

Dr Cameron—We will take that on notice.

Senator CARR—I particularly want to know the connection between the types of isotopes and their uses. Finally, there is the issue of transportation. How often do we import isotopes at the moment?

Dr Cameron—At the moment we import isotopes mainly when the HIFAR reactor is shut down. To do that we have to work with the nuclear medicines customers who reschedule their treatments. When they know there are not going to be isotopes available, they do not schedule treatment for that period. The reactor is shut down for about three or four days every four weeks or so. Of course if we have a major shutdown then that is another time when we might.

Senator CARR—I will come back to that because the reactor was shut down for a considerable period recently for periodic maintenance.

Dr Cameron—A major shutdown.

Senator CARR—Currently we import isotopes for the short periods. They are transported by aeroplane, are they?

Dr Cameron—Correct.

Senator CARR—So they are in the back of the jumbo in a special container?

Dr Cameron—They are in the cargo hold and they are in a special package that is appropriate for the transport of radioactive material, and that complies with the transport regulations.

Senator CARR—Most passengers would not know they were there. Do they go with passengers?

Dr Cameron—They go on the same planes as passengers, as do other dangerous goods.

Senator CARR—People are getting less and less inclined to travel with radioisotopes; is that right?

Dr Cameron—No, it is not to do with people; it is to do with airline regulations which only allow them to mix certain types of cargo.

Senator CARR—So it is other cargo that is the problem. I can see how that would work. How long was the reactor shut down for the major maintenance project?

Dr Cameron—That particular shutdown was for 40 days, and that is a very long shutdown.

Senator CARR—What do we do for that? During those 40 days presumably all these problems arose.

Dr Cameron—We can build up stocks prior to the shutdown so that we can cope with a period of time. For the rest of it, as I said, we have to work with the nuclear medicine practitioners for them to reschedule. We can import certain isotopes that are required.

Senator CARR—During those 40 days what areas of shortage occurred?

Dr Cameron—We would have to take those sorts of details on notice. I do not have that with me.

Senator CARR—What steps were taken to overcome those shortages? I take it that some people simply did not get an operation during that time; is that right?

Dr Cameron—That is what they have to do. It has to be rescheduled so that there are not any operations that require that particular type of isotope.

Senator CARR—And other people did not have access to treatment while you were shut down?

Dr Cameron—That would be correct.

Senator CARR—So that has already happened?

Dr Cameron—Yes, it already happens. If you are a physician you can cope with that if you know in advance and it is for a short period of time.

Senator CARR—But 40 days is an unusual length of time?

Dr Cameron—Forty days is a very unusual length of time. That was the last major shutdown we envisage of the current reactor before it gets to the end of its life. We only do a major shutdown every four years otherwise we just shut down for three days for refuelling at the end of each cycle, and that is quite possible to cope with.

Senator CARR—Come October 2006 if you have not got approval to fire up the new reactor we might have a period of a month or so, because presumably you can build up stocks while the old reactor is—

Dr Cameron—Yes, but stocks are only very short term because of the decay.

Senator CARR—They have a short lifecycle.

Dr Cameron—So we are only talking about lasting weeks.

Senator CARR—So we may have a seven-month overlap in reality?

Dr Cameron—The point I made earlier essentially is that we will be putting in an application to operate the reactor this year, so essentially ARPANSA will have from this year until the end of 2005 to do that assessment and then beyond that we have from November 2005 to October 2006, which is nearly another year, for us to do the trial.

Senator CARR—I appreciate that.

Dr Cameron—So there is a considerable period of time for any reviews or any issues with ARPANSA to be dealt with.

Senator CARR—Sure, but in the best-case scenario—or, as you would put it, the worst-case scenario—you will have supplies until October 2006—and perhaps we could add another month to that October 2006 shutdown—

Dr Cameron—Yes.

Senator CARR—So at best it could be November 2006. That is basically right, is it?

Dr Cameron—That is approximately right. Whether it is a month or two weeks I am not sure.

Senator CARR—Yes, but it is in that time period and, at best, about one month. Thank you very much. It has been most enlightening.

Proceedings suspended from 10.40 a.m. to 11.01 a.m

Australian Research Council

CHAIR—I welcome officers from the Australian Research Council.

Senator CARR—I will begin by asking you about the process for the selection of a new CEO. Has that process begun?

Dr Walker—It is probably not appropriate for me to comment on that process. I will ask my colleague to comment.

Senator CARR—So you are a candidate—is that the reason? I am wondering why it is not appropriate for you to comment.

Dr Walker—The fact that it is not appropriate for me to comment means that I would prefer not to answer that question.

Senator CARR—Okay.

Mr Harper—The answer to your question is that the process has begun.

Senator CARR—Is the process laid down in legislation?

Mr Harper—Yes. Section 34 of the Australian Research Council Act describes the process to some degree and essentially provides that the CEO is to be appointed by the minister by written instrument for the period specified in the instrument, that period not exceeding five years. The minister must not appoint somebody as CEO unless he has asked the board for its advice in relation to that proposed appointment, has considered the board's advice and has had regard to the proposed appointee's record in research and management.

Senator CARR—So the role of the board is essentially to provide advice to the minister.

Mr Harper—In this particular case, yes.

Senator CARR—We are talking about the appointment of a new CEO. So, under the act, the board is required to provide advice to the minister.

Mr Harper—Yes.
Senator CARR—There is nothing in the act that requires the minister to accept that advice. Is that true?

Mr Harper—I believe that to be true.

Senator CARR—It follows, because the appointment is made by the minister.

Mr Harper—Yes. The requirement is that the minister consider the board's advice.

Senator CARR—He can look into the mirror; he can do whatever he likes. The concept of 'consider' is not defined, is it?

Mr Harper—No.

Senator CARR—Is the appointment process currently under way different in any significant way from the appointment process previously used when Professor Vicki Sara was successful?

Mr Harper—I am unfamiliar with that process, but I do note the information I provided you from the act just then was in relation to this particular process. The provisions of subsection 34(3) of the Australian Research Council Act say that the minister must not appoint a person as CEO unless, except in the case of the first appointment of a person as CEO, the minister has taken the board's advice et cetera. I have read that to reflect that on the establishment of the ARC as a statutory authority in July 2001 the board and CEO were probably instituted roughly contemporaneously.

Senator CARR—It was the case last time that the minister and the board actually agreed on the appointment of Professor Vicki Sara because she had previously been the chair of the ARC committee. Is that right?

Mr Harper—I am unaware of that.

Senator CARR—The formal appointment was made in June 2001; is that right?

Mr Harper—That sounds right. The ARC commenced as a statutory authority from 1 July 2001.

Senator CARR—Who is managing the appointment process within the ARC?

Mr Harper—The process is being run by the board.

Senator CARR—So who has line management?

Mr Harper—To the extent that somebody in the ARC has responsibility, it is me.

Senator CARR—So you go to the meetings?

Mr Harper—The meetings of the board to discuss this?

Senator CARR—Yes.

Mr Harper—No, I do not.

Senator CARR—Do you go to the meetings of the selection panel?

Mr Harper—No.

Senator CARR—So what do you do?

Mr Harper—I have had some involvement with the management of the process but not the content of the process.

Senator CARR—That is a little vague for me: some involvement in the management of the process but not the process itself. Could you just explain to me what you mean?

Mr Harper—A firm was engaged to undertake an executive search. I was involved in the engagement of that firm. I have had an involvement in the transmission of the board's advice to the minister.

Senator CARR—Who was the firm that was selected?

Mr Harper—Cordiner King.

Senator CARR—What is their experience with research or appointments of this type?

Mr Harper—I do not have that readily to hand, but they had some considerable involvement in appointments to senior positions in universities.

Senator CARR—So they are familiar with university appointments?

Mr Harper—Yes.

Senator CARR—Vice-chancellors and deputy vice-chancellors?

Mr Harper—In particular, deputy vice-chancellor research type positions.

Senator CARR—How big is the selection panel that Cordiner King will be working with? Do you have the names of the people on the selection panel?

Mr Harper—I do.

Senator CARR—Can I have that list of names please?

Mr Harper—I would like to take that on advice.

Senator CARR—How much time do you need to take advice on who is on the selection committee?

Mr Harper—Not very much time at all. I am just not sure whether it is appropriate. I am speaking as a member of the ARC staff, not as a member of the ARC board.

Senator CARR—What has that got to do with anything in terms of what I have just asked you? Why is that relevant to a question from an estimates committee asking you about the membership of a selection committee for the CEO?

CHAIR—I think the officer's response is reasonable, Senator. There may be some unforeseen matters that he might want to take advice on in relation to this. It is obviously something on notice and if it is okay he can provide it to the committee reasonably quickly. The odds are you would get your list.

Senator CARR—I would like to know who is on it. I would like to know whether the minister's chief of staff is on the selection panel.

CHAIR—You have received an answer from the officer which is a reasonable answer.

Senator CARR—I will put it that on notice too. I would like to know whether the minister's chief of staff, or anyone else from the minister's office, is on the selection panel.

Mr Harper—I will take that on notice and get back to you as soon as I can.

Senator CARR—I was hoping that we would be able to conclude proceedings on the ARC fairly smartly. Is there someone here who can get permission from the minister's office to tell me whether or not the minister's office is represented?

CHAIR—I think that is an unreasonable request. If an officer takes a matter on notice there is a time when the officer has to report by and that was set in the initial statement in the opening of these hearings; they have to report by that time. You cannot request that they get something for you within three hours because it suits you.

Senator CARR—Senator Tierney, this is a straightforward request—

CHAIR—And the officer has taken it on notice. It is his right to do that.

Senator CARR—We do not have to wait nine weeks for an answer such as this. He has the information in his folder. He knows the information. It is not commercial-in-confidence. It is simply a question of who is on the selection committee. I have asked a direct question: is the minister's office represented on the committee?

CHAIR—And the officer said he would take it on notice.

Senator CARR—I would like to know why this cannot be answered here and now.

CHAIR—The officer does not have to answer that. If he has taken it on notice he has taken it on notice. I am sure he will not wait nine weeks. When he has received the advice from wherever he wishes to seek advice he will get back to the committee. I am sure it will not take nine weeks. Can we move on to another question.

Senator CARR—The secretary of the department is here. We can ask the secretary of the department to authorise the release of the name. I see the secretary is now being consulted.

CHAIR—We do not have that officer at the table and we are considering matters relating to a statutory authority. Senator Harradine, do you wish to make a contribution?

Senator HARRADINE—I am not a full member of the committee; I am a participating member. I would have thought that the finding out of the names—if they do not already have them—and providing them to the committee was a reasonable request. Surely that request can be discharged in a short period—namely, whilst we are still meeting.

Senator CARR—Who do you need to consult with?

Mr Harper—My inclination would be to consult with the chair of the board.

Senator CARR—Why?

Mr Harper—Because the matters which you are seeking advice on are matters that the board is handling. As I have indicated, I have not been a party to those, other than to facilitate the process.

Senator CARR—You do know who is on the selection committee, do you not?

Mr Harper—It actually is not in my folder in front of me—

Senator CARR—You are able to help me with that.

Mr Harper—I would be able to recall the names, I think, yes.

CHAIR—Senator, it is a question of the officer being concerned about whether he should release that, and he wants to consult with his chairman. I think that is quite a reasonable request. You will get your list sometime.

Senator CARR—How big is the selection panel?

Mr Harper—Off the top of my head it is of the order of six or seven. I would probably describe it not so much as a selection panel but as a device whereby the board is getting information to allow it to fulfil its statutory role of advising the minister.

Senator CARR—The minister makes the appointment, though, so it is advice to the minister?

Mr Harper—Yes. This committee is designed to advise the board, which in turn advises the minister, who makes the appointment.

Senator CARR—Are there other committees on which the ministerial office is represented?

Mr Harper—May I answer that in the context of my answer to the other question?

Senator CARR—What does that mean?

CHAIR—He wants to take it on notice.

Mr Harper—In respect of the expert advisory committees and such committees of the board the minister's office is not represented.

Senator CARR—I am not surprised at that answer. Are there any other committees of the board where the minister's office is represented other than the process for the selection of the new CEO? I want you to exclude that for the moment because I do not want you to think you are being trapped into an answer.

CHAIR—It will all be in the annual report.

Senator CARR—Therefore he will have no trouble answering my question.

CHAIR—You would have no trouble looking it up either, so why waste the time of the committee? I have got the report and I am sure you have got it.

Senator CARR—Is that right, Mr Harper, there are no other committees?

Mr Harper—The annual report of the ARC for 2002-03 lists, to my recollection, the committees of the board and their membership. In those committees there would be no representative from the minister's office.

Senator CARR—It is so much easier when we can stop mucking around, isn't it? But it is right that there are no other committees, isn't it?

CHAIR—You could look that up and find it out for yourself.

Senator CARR—There are no other committees. So the only committee that we have in dispute—I presume you could have ruled it out straightaway—is the selection committee for the CEO.

CHAIR—The reason for that, Mr Harper, would be those other committees are permanent committees of your board and organisation, whereas the selection committee for appointing a new CEO is a new and ad hoc committee, and presumably that is why you would want to take advice about whether you should release this information.

Senator CARR—Perhaps you can help him with a few more answers while you are at it. Can you tell me whether for the last CEO's appointment the minister's office was represented on the selection committee to provide advice to the board?

Mr Harper—I am sorry, I am unaware of the answer to that.

Senator CARR—Are there any other appointments with regard to the ARC where the minister's office is represented on the interview panel? Mr Walters is helping you out with an answer. Why don't we get to the point?

Mr Harper—I am struggling to contemplate a committee where—

Senator CARR—So am I.

Mr Harper—it is actually set up to select an individual for a position. I cannot recollect one.

Senator CARR—Would you like a chance to read the advice from Mr Walters, so we can save a lot of time?

Mr Harper—The question which I took on notice earlier I can now respond to.

Senator CARR—What is the answer?

Mr Harper—The question was: is the minister's office represented on the selection advisory committee? The answer is yes.

Senator CARR—And who is the person who is the minister's representative on that committee?

Mr Harper—Catherine Murphy.

Senator CARR—Is she the chief of staff of the minister?

Mr Harper—Yes.

Senator CARR—Did she participate in all committee meetings?

Mr Harper—I am unaware of the answer to that. I have not been participating in those meetings, but I have no reason—

Senator CARR—You have no reason to dispute that she has been. Who are the other six or seven members of the committee?

Mr Harper—There is the chair of the board, Mr Besley.

Senator CARR—Do you want a moment to think about it?

Mr Harper—I believe it also includes Robin Batterham, Dr Harmer, Professor Edwards—

CHAIR—Where is Professor Edwards from?

Mr Harper—Flinders University.

Senator CARR—She is the Vice-Chancellor of Flinders University.

Mr Harper—Dr Leanna Read is another member.

Senator CARR—Where is she from?

Mr Harper—I am unsure.

CHAIR—Is Professor Reid a member of the board of ARC?

Mr Harper—No.

Senator CARR—So how did she get on the selection panel?

Mr Harper—I imagine through the process of the board, which was looking to establish a committee to advise it; and the board judged that she was a good person to have on the panel.

Senator CARR—Are you sure that is right?

Mr Harper—I am not certain it is right; it seems to be the only plausible explanation.

Senator CARR—There are other explanations. I am wondering whether you can get some advice on that.

Mr Harper—I am happy to do that. Professor Peter Doherty is another person.

CHAIR—The Nobel prize winner? This sounds a very distinguished panel you have.

Senator CARR—Why is the chief of staff on it?

Mr Harper—I imagine because the board judged that she would be useful on the selection advisory panel.

Senator CARR—So the board decided to put the chief of staff on. Are you sure about that as well?

Mr Harper—I said that is what I imagine. I have not been a party to those processes.

CHAIR—I am sure such a distinguished panel would make the correct decision.

Senator CARR—How many meetings have there been?

Mr Harper—I am unaware.

Senator CARR—When is it likely that the board will forward advice to the minister? Has he asked for a time line?

Mr Harper—I am unaware whether the minister asked for a time line. The board has provided advice to the minister.

Senator CARR—Already?

Mr Harper—Yes.

Senator CARR—So they have already made their recommendation?

Mr Harper—They have already provided their advice to the minister.

Senator CARR—I am not asking you for the detail of the recommendation. I just want to be clear about this: the board has already recommended its choice to the minister.

Mr Harper—Yes.

Senator CARR—Are you able to establish for me the reasons why you think the board wanted the chief of staff from the minister's office on the selection panel?

Mr Harper—I am personally unable to do that. I would have to take a question like that on notice.

Senator CARR—What qualifications did the chief of staff bring to the selection panel? Given that the secretary of the department is there, the Chief Scientist is there, the ARC chairman is there and other distinguished scientists and researchers are there, what special qualifications did the minister's chief of staff bring to the selection committee?

Mr Harper—It is difficult for me to answer that.

Senator CARR—But you are not aware of any that have been brought to your attention?

Mr Harper—Certainly none have been brought to my attention. Clearly, she is a person with a background in government and she conceivably has considerable other experience as well.

Senator CARR—Thank you very much. Dr Walker, are you familiar with the report by the CEDA organisation published in April 2004, *Innovating Australia*?

Dr Walker—I am not aware of any of the detail.

Senator CARR—You are not aware of the CEDA report?

Dr Walker—Not in any detail.

Senator CARR—The proposition that is put forward in the CEDA report, which has got some currency in research circles and other circles, says that the government is too focused on innovation by discovery rather than by application and dissemination of existing research. Are you familiar with that line of argument being put forward, particularly in industry circles?

Dr Walker—I have heard that line of argument.

Senator CARR—How does the ARC respond to that suggestion?

Dr Walker—The ARC is one part of a wide range of mechanisms for supporting research and development in Australia.

Senator CARR—Therefore we cannot look to you for an answer? In the policy setting, how do you think the ARC fits?

Dr Walker—There has been a lot of debate over the balance between various funding mechanisms for research and development in Australia, and that is one particular view.

Senator CARR—Does the ARC support the notion that the focus of research policy in this country is too heavily weighted towards discovery by research rather than by the dissemination of existing research knowledge?

Dr Walker—The ARC supports both of those activities.

Senator CARR—Do you think the balance is right at the moment?

Dr Walker—I think the ARC, within the gambit of its own activities, has a well balanced portfolio across those activities.

Senator CARR—That is all we can expect from you. I note the ARC staffing numbers have risen again. The average staffing level grew from June 2002 to June 2003 from 55 to 60. That is right, isn't it?

Mr Cameron—That is correct.

Senator CARR—What are the new positions being used for?

Dr Walker—My understanding is that they are not new positions, in the sense that the ARC has always planned to have a staff of around 60 people.

Senator CARR—It seems to me that, every time I look at the staffing figures, they are growing. You are saying that they are?

Dr Walker—I said ‘around 60’. I imagine it will fluctuate. Being a small organisation, inevitably there is some fluctuation around that number.

Mr Cameron—Indeed, our estimated staffing levels in the 2004-05 PBS is 64.

Senator CARR—So 64 is your establishment figure?

Mr Cameron—That is right.

Senator CARR—So you are understaffed.

Mr Cameron—Yes, we are funded for 64 next year, but we currently have around 60 staff.

Senator CARR—What is the staffing figure for the ARC? If it is 64, what is the appropriation just for the staffing?

Mr Cameron—For 2004-05, the employee budget is \$5.8 million.

Senator CARR—How is that calculated? Is there an average cost we could calculate from that?

Mr Cameron—We formulate those estimates based on staffing profiles rather than an average profile.

Senator CARR—How many are SES positions?

Mr Cameron—Eight.

Senator CARR—How many was it a year ago?

Mr Cameron—The best I can recall, it would have been the same.

Senator CARR—So you are not intending to grow the SES ranks any more?

Mr Cameron—No.

Senator CARR—You do not think eight SES officers for 64 staff is a bit high?

Dr Walker—The ARC has to structure itself according to the environment that it works in and the functions that it performs.

Senator CARR—What does that mean? That you can get higher paid staff this way?

Dr Walker—No, it means we structure ourselves appropriately to the functions that we perform.

Senator CARR—How many EL officers have you got? I ask that bearing in mind that there are eight for 60 staff, so the ratio is even better than normal.

Mr Cameron—Nineteen.

Senator CARR—You do not think it is a bit top heavy?

Dr Walker—No, I do not.

Senator CARR—There are 27 staff out of 60 at reasonably high levels of the Public Service classifications.

CHAIR—Senator Carr, you did ask these questions of Professor Sara in the last round of estimates.

Senator CARR—I am just trying to get to the bottom of this. This strikes me—

CHAIR—She gave you all the answers then. Why do you need to know them again? You are wasting the time of the committee yet again.

Senator CARR—We have not had the answers. I did not realise that one in two of the ARC staff were at this level. That is an extraordinary ratio.

CHAIR—No, it is not for a highly specialised organisation.

Dr Walker—It is close to one in two, Senator.

Senator CARR—It is one in two. Would that be right?

Dr Walker—It is close to that.

Senator CARR—It is not quite right. I am not a mathematician—and that is obvious—but it is pretty good, isn't it?

CHAIR—They are not exactly out there shovelling coal. It is a very different sort of organisation, as you should be aware.

Senator CARR—The answer to question on notice E817 says that there was an increase of four in your executive level staff from June 2002 to June 2003 and that was because four positions were filled. How long were those positions left vacant?

Dr Walker—I am sorry, Senator, could you ask that question again?

Senator CARR—If we look at E817, it says the reason you increased the number of executive level staff by four was that you filled four positions. I can follow the logic of that. You have a vacancy and you fill it. That is how we get an increase. That is remarkable, but even Senator Tierney would appreciate the subtleties of that line of logic. How long were they vacant for? How long were those four positions vacant for? Do we know that?

Dr Walker—I do not know the answer to that. I can take it on notice.

Senator CARR—Can you find that out for me? They were not new positions, were they?

Dr Walker—No.

Senator CARR—Is that right, Mr Harper? Do you want to hesitate on the answer there?

Mr Harper—As you will see there, the third dot point of the answer refers to two executive level staff who were taken off line to work on the application and grants management system project. Those positions were new positions and the backfilling of the positions that those two officers vacated was as a result of the two new positions in the AGMS project.

Senator CARR—I am sorry, Dr Walker. I have obviously misunderstood you before. We have eight SES officers, five EL2s and 15 EL1s. Is that right? That is where you get the 28 from, is it? Would that be right?

Mr Cameron—Our current staffing numbers include 14 EL1s.

Senator CARR—So since February it has gone down by one. That accounts for the discrepancy. Would that be right?

Mr Cameron—I imagine that is the case

Mr Harper—Yes.

Senator CARR—In February we were a little closer to the one in two.

Dr Walker—A little closer.

Senator CARR—In the previous estimates I asked you about staff turnover. The staff turnover remains very high. Would you agree? There is an average of nearly two people a month going. Is that right?

Dr Walker—My understanding is that in the period from 1 July last year up until 20 May this year there were 21 separations.

Senator CARR—From a staff with an establishment of around 60.

Dr Walker—That is correct.

Senator CARR—You are not worried about that?

Dr Walker—The majority of them were non-ongoing or contract staff.

Senator CARR—I am sure those people would be concerned by the fact that they have non-ongoing financial arrangements. A turnover of a third of your staff is still a very high number, don't you think?

Dr Walker—It is a third of the staff, yes.

Senator CARR—That is a high number?

Dr Walker—It is a third of the staff.

Senator CARR—You would regard that as a high number by normal Public Service standards?

Dr Walker—It would be higher than in a larger agency, yes.

Senator CARR—Has there been any discussion within management about the fact that you are losing a third of your staff in this way?

Dr Walker—We discuss staffing issues on a regular basis.

Senator CARR—The fact that a third have left in that period is not a matter of serious concern to the management of the council?

Dr Walker—Staffing is an important issue for us in the ARC, yes.

Senator CARR—That is it?

Mr Harper—Perhaps I can clarify: as Dr Walker indicated, the figure that a third of the staff left included non-ongoing staff and contract staff who would have expected to not go on and to leave the organisation when their term of employment or their contract expired. So it is not as dramatic as a loss of one-third of our ongoing staff.

Senator CARR—I am a bit concerned about that and I think it would be pretty clear to you now that I am concerned about the management of the ARC in a number of areas. I turn to the issue of consultancies. You have provided us with a list of consultancies. There have been a number of payments, and a number of centres of excellence have received consultancies. There was a payment to Professor Mary O’Kane for her participation in the Federation Fellowship selection committee and there were payments to five individuals for participation in the appeals committees. With regard to those payments, what does the term ‘participation’ refer to? Were these people members of committees?

Dr Walker—Yes, they were members of the appeals committee.

Senator CARR—Does ‘participation’ in the Federation Fellowship selection committee mean membership?

Dr Walker—My understanding is that it does, yes.

Senator CARR—Could I have a list of the members of all the committees that these people were participating in?

Dr Walker—Can you tell me which committees you mean?

Senator CARR—The Federation Fellowship committee and the payment to five individuals on the appeals committee.

Dr Walker—Yes, we can provide that for those committees.

Senator CARR—And there were several individuals who participated in the centres of excellence committee. So they are the three committees that people were paid to participate in, of which they must be members. Is that right?

Dr Walker—Members of all of our committees are paid. Under the act, committees of the board are remunerated accordingly.

Senator CARR—They get paid for being on the board as well as being on the committees of the board?

Dr Walker—No, members of committees of the board.

Senator CARR—Were all the members of the committee paid?

Dr Walker—I think that that would have been the case, yes.

Senator CARR—Were they also paid any allowances?

Dr Walker—I would have to check the details of the remuneration arrangements for members of committees of the board.

Senator CARR—Could you provide me with the details of all payments to all members of these committees? You obviously would want to take that on notice.

Dr Walker—Yes.

Senator CARR—Were they, in fact, consultancies?

Dr Walker—I am sorry?

Senator CARR—Were these payments made to people as consultants?

Dr Walker—The payments to committee members were made as payments to committee members.

Senator CARR—I am wondering why they appear on the list of consultancies. Strictly speaking, are they consultants?

Mr Cameron—I think it depends how we engage them. In the normal course of events, there would be an employment contract. But, if it were done through a university, it might be a consultancy arrangement.

Senator CARR—If you have a committee that is servicing a board and making recommendations on moneys, would it not be normal practice to have the expenses listed explicitly as expenses pertaining to the committees and their relevant processes, rather than separately listed as consultancies? Would that not be normal practice in Public Service arrangements?

Mr Harper—It may be. We are obliged, as you know, to list the consultancies which we have undertaken through the year and we have included them under that heading.

Senator CARR—I can see how you have got to this, but it strikes me because it does not give us a full figure on the administrative costs of these committees if they are listed separately in this way. If I wanted to work out what it costs to administer our research program, I could not do that from the way in which these accounts have been presented. Would that be fair?

Mr Harper—I agree, yes.

Senator HARRADINE—Since the National Stem Cell Centre was established, how much has it received in Commonwealth moneys?

Mr Harper—The ARC has paid the National Stem Cell Centre \$6.3 million. The Department of Industry, Tourism and Resources has paid another sum of money that brings the figure to something between \$14 million and \$15 million.

Dr Walker—It is \$14.45 million.

Senator HARRADINE—This is over what period?

Mr Harper—A funding deed was signed with the centre on 30 May 2003.

Senator HARRADINE—How much was budgeted for them for that year—just a month or two?

Mr Harper—I will have to take that on notice. I can probably get that figure quite quickly to the committee.

Senator HARRADINE—How much of the \$14.5 million was budgeted for in the last financial year?

Mr Harper—Budgeted for 2002-03?

Senator HARRADINE—For 2003-04.

Mr Harper—This financial year—we are still in that financial year.

Senator HARRADINE—Yes, how much was allocated and how much was budgeted for?

Mr Harper—For the 2003-04 financial year, we were budgeted to pay \$8.8 million.

Senator HARRADINE—And the Department of Industry, Tourism and Resources?

Mr Harper—It is expecting to pay \$4.6 million.

Senator HARRADINE—I am not talking about last budget; I am talking about the previous one.

Dr Walker—Those figures were for 2003-04.

Senator HARRADINE—You indicated that together with the department of industry you paid \$14.45 million?

Dr Walker—That is the total payment from the start until April this year.

Senator HARRADINE—The \$8.8 million you mentioned was your share of the payment, and there was about \$4 million from the industry department. What has been their expenditure?

Mr Harper—I do not have that figure on me. It is something less than that, obviously.

Senator HARRADINE—What was budgeted for?

Mr Harper—For them to expend?

Senator HARRADINE—Yes; if there was something less. There was a considerable amount, wasn't there, which was unexpended?

Mr Harper—They have been tracking their expenditure behind the amounts that the Commonwealth has given them. The rate of expenditure is picking up.

Senator HARRADINE—How much has been allocated in this budget and for how long?

Dr Walker—Are you asking for 2004-05 or for all of the years?

Senator HARRADINE—No, I am asking the amount that was budgeted in this budget and for how long.

Mr Harper—In this budget the flow of funds to the National Stem Cell Centre was to continue as originally envisaged under the first tranche of Backing Australia's Ability funding and then to continue through the years out to 2010-11. Between ITR and the ARC the total is about \$98.5 million over the 10-year period.

Senator HARRADINE—What actual evaluation of the centre's performance is undertaken? Did the board make a decision on the additional funding?

Mr Harper—The centre is subject to a formal regime of evaluation through quarterly reports and the board does receive periodic advice at its meetings as to how the centre is performing against its business plan.

Senator HARRADINE—No, what evaluation has been undertaken for the purposes of earmarking this \$98 million—or however much it is you are talking about?

Mr Harper—The evaluation that has taken place has been the monitoring of the NSCC over what has roughly been its first year of operation since 30 May 2003. There has not been a large full-scale evaluation, it being at this stage quite early in the centre's development for such an exercise to be usefully undertaken. The funding that I indicated had been budgeted for

is contingent on continuing good performance by the Stem Cell Centre against its business plan and the requirements of the funding.

Senator HARRADINE—Would you provide the committee with a copy of the business plan and a copy of your evaluations?

Mr Harper—I believe you have sought a copy of the business plan in the past and being provided with a redacted version.

Senator HARRADINE—What does ‘redacted’ mean?

Mr Harper—Edited for publication.

Senator HARRADINE—Blacked out?

Mr Harper—Yes.

Senator HARRADINE—So that it is almost unintelligible. I am asking whether we can have a copy of the business plan, the quarterly reports and a copy of the annual report. We are an estimates committee; we should have a copy of the annual report.

Mr Harper—I am unable to do that beyond the determination which has been made by Minister Macfarlane.

Senator HARRADINE—Is Minister Macfarlane your minister?

Mr Harper—Minister Macfarlane is the Minister for Industry, Tourism and Resources.

Senator HARRADINE—Exactly. Under the standing orders I can request that you provide that information.

Mr Harper—According to my understanding of the committee procedures, if a claim were made by a minister on commercial-in-confidence grounds then the committee would receive that claim. I understand that to be the case here.

Senator HARRADINE—Your minister is Dr Nelson, the Minister for Education, Science and Training.

Mr Harper—Yes.

Senator HARRADINE—Has he made that claim?

Mr Harper—To the best of my knowledge, no. It is probably an order of the Senate that says ‘unless the claim is made by a minister’.

Senator HARRADINE—A claim by a minister?

Mr Harper—That is what it says. I can read the relevant—

Senator HARRADINE—I am aware of the relevant point. It says:

The Senate and Senate committees shall not entertain any claim to withhold information from the Senate or a committee on the grounds that it is commercial-in-confidence, unless the claim is made by a minister and is accompanied by a statement setting out the basis for the claim, including a statement of any commercial harm that may result from the disclosure of the information.

We are dealing with a private company here, and a huge amount of money has been allocated—\$98 million or whatever is not chicken feed. Unless we are able to be provided with what I have requested, it is very difficult to know how the money is spent and with what

results. I have Minister Macfarlane's statement. So far as I know, that has not been cleared, and nor would it matter because you cannot have one minister declaring commercial-in-confidence on behalf of another minister. This is ministerial responsibility.

Senator Vanstone—I understand the point you are making. I have had a longstanding interest in the use and misuse of commercial-in-confidence. I do recall it was former Labor Attorney-General Michael Lavarch who finally broke the cartel—if that is the proper word—that lawyers had been using at estimates saying that their fees could not possibly be revealed because it would be too damaging for them. Yet someone who makes a chair for parliament is apparently obliged to have the cost of the chair revealed. I might make a point of seeing whether they have snuck back into their old ways in that respect. My point here is that we have the information in relation to orders of documents. Your point, I gather, is an argument that what Minister Macfarlane has done is not satisfactory or that he is not the minister that can. I do not think that is something that these officers are equipped to answer. That is a matter for the government to answer, and I will take that on notice.

Senator CARR—I think I was the one that moved that motion that the Senate accepted. In regard to this particular expenditure item, I have a difference of opinion with Senator Harradine on the worth of the centre. I put the view—and I would ask the minister to consider this when she is examining the question that Senator Harradine has put—that this centre is doing very good work. There should be nothing that it is frightened of in regard to revealing the nature of that work. If there are genuine commercial interests that need to be protected because the centre is in a competitive area then, under that resolution, the government is entitled to state those.

Senator Vanstone—Have you seen the copy of the letter from Mr Macfarlane?

Senator CARR—I have not seen a copy of the particular letter he is talking about but I have had considerable dealings in this matter. It strikes me that it is possible for the government to state clearly what it believes to be the commercial interests that are in question without infringing on the work of the centre, which is, as I understand, proceeding extremely well. In fact it should be an opportunity to tell people how well it is going.

Senator Vanstone—I do not know whether it is going well or not but I suspect I have a similar view to you in relation to the research, but one that disagrees with Senator Harradine. But we all have a common interest in the proper reporting arrangements, and I will take Senator Harradine's question on notice as to the ministerial propriety of one minister versus another making that statement and your remarks, Senator Carr, as to the adequacy of the statement.

Senator HARRADINE—When and by whom was the decision made for the allocation of further very substantial funds?

Mr Harper—The decision was made by the government in the context of its consideration of the so-called Backing Australia's Ability 2 package in this year's budget. I do not know exactly when that decision was made, but it was announced on 6 May.

Senator HARRADINE—When did the ARC board meet to consider it?

Mr Harper—I believe the board last considered this issue on 27 May.

Senator HARRADINE—It was all cut and dried then. Did this extra funding recommendation come from the board?

Mr Harper—No, to the best of my knowledge.

Senator HARRADINE—So there was no recommendation by the ARC board for these substantial funds. Who made the decision?

Mr Harper—I imagine it would have been made by a number of government committees in the budget process and eventually made by the government in the context of its overall consideration of the Backing Australia's Ability 2 package.

Senator HARRADINE—I will come to the question about the efficacy of it in a moment. I request those documents be provided to the committee. I would like information on the numbers of human embryos the National Stem Cell Centre is seeking to utilise and for what purpose, their ultimate fate and that of stem cells derived from them. Would you be able to respond to that?

Mr Harper—The numbers of embryos which the National Stem Cell Centre are proposing to use—

Senator HARRADINE—And the people that they fund in these decisions.

Mr Harper—My understanding is that the Stem Cell Centre research programs will not involve the use of human embryos. The focus of the centre's work is platform technologies involving embryonic and adult stem cells, tissue repair and immune modulation, and they also have some therapeutic focus programs.

Senator HARRADINE—Mr Harper, how across this issue are you? Are you not aware of the number of human embryos which are to be used to extract stem cells?

Mr Harper—I am unaware of that.

Senator HARRADINE—I thought you said they were not involved in that at all.

Mr Harper—I do believe that the National Stem Cell Centre will not be involved in the use of human embryos. They will be conducting research on stem cells but not using embryos in their research programs.

Senator HARRADINE—Are you saying that no organisations, scientists or others have received funds from the National Stem Cell Centre for utilising human embryos for that purpose?

Mr Harper—My belief is that what you said is a true statement. They will be using stem cells but not embryos.

Senator HARRADINE—I do not have the documentation with me. I was going to take it to the NHMRC, but unfortunately they have had a fire over there and cannot attend. You, Mr Harper, would assert that the National Stem Cell Centre has not provided any moneys for experiments on human embryos. Are you saying that? One wonders how close people are to it.

Mr Harper—I do not think I am quite saying that. The National Stem Cell Centre—perhaps somewhat unsurprisingly—will be doing work on stem cells, including embryonic stem cells.

Senator HARRADINE—Derived from where?

Mr Harper—In the case of human embryonic stem cells, they would be ultimately derived from human embryos or from existing stem cell lines—which presumably would have been derived from human embryos.

Senator HARRADINE—You are substantially paying for this outfit. Are you not aware that there are hundreds of human embryos that have been sought to be used by groups or individual scientists?

Mr Harper—I would not be aware of the figures, but I am aware that scientists are applying for licences to extract cells from human embryos, yes.

Senator HARRADINE—Let me get this clear. You are saying that the National Stem Cell Centre has not funded any such work, has not funded any experiments on human embryos—so-called spare embryos—from IVF centres?

Mr Harper—I am not quite saying that. I am saying that, to my knowledge, the National Stem Cell Centre's research programs do not involve experimentation on human embryos. There are scientists associated with the centre who may have applied for licences in other institutions, but to the best of my knowledge the centre's programs per se do not involve experimentation on human embryos.

Senator HARRADINE—So you cannot tell me when a decision was made. When did the ARC first know about the additional money being allocated to the National Stem Cell Centre?

Dr Walker—The ARC became aware of it at the announcement of the package on 6 May.

Senator HARRADINE—So the ARC had nothing at all to do with it?

Dr Walker—That is when we became aware of it.

Senator HARRADINE—The board. That is interesting. So those decisions—or recommendations, presumably—are made by the minister, Dr Nelson?

Mr Harper—I imagine that Dr Nelson would have been a part of the cabinet processes that led to those government decisions.

Senator HARRADINE—Are you aware of any discussions that took place with the National Stem Cell Centre concerning this additional funding?

Dr Walker—All of our centres make cases all the time informally for additional funding and for continuity of funding. It is something that is important for research. The Stem Cell Centre and other centres have all indicated informally on many occasions that continuity of funding and longevity of funding are important to them.

Senator HARRADINE—Can the committee receive a guarantee that no amount which has been earmarked for the National Stem Cell Centre will involve the cloning of human embryos to derive stem cells from them—that is to say, the cloning of human embryos specifically for research outcomes?

Mr Harper—I am not sure that we can give a guarantee in the terms that you have sought, Senator Harradine. What I can say is that the National Stem Cell Centre will be required to comply with all relevant Australian laws, notably the Research Involving Human Embryos Act and the Prohibition of Human Cloning Act.

Senator HARRADINE—We have been asked to support a budget item which allegedly is for the program. There is never anything said about cloning. I just want to have an undertaking that none of this money would be spent on the cloning of human embryos.

Dr Walker—The centre is required to comply with the law.

Senator HARRADINE—Quite so. But that is not an answer that I am receiving. I am asking the question: you cannot rule out that some of this money that we are discussing here—some of this taxpayers' money—is going to be used for human cloning.

Mr Harper—The Prohibition of Human Cloning Act sets out a variety of procedures and prohibits various activities under that act. The National Stem Cell Centre will have to comply with that act.

Senator HARRADINE—So why is the Global Science Strategic Adviser, Professor Trounson—who is part of the centre—at this moment over in New York seeking to influence the vote on the cloning of human embryos specifically for experimental research?

Dr Walker—I am unaware of his current activities, but I presume if that is as you have described it then it is as a result of his views and interests in the matter.

Senator HARRADINE—We are paying for this centre and here is the executive director of the centre campaigning in New York for UN approval for an activity which is contrary to the law. Here is an organisation, the National Stem Cell Centre, whose executive director is over there pursuing a policy that is contrary to the law.

Senator Vanstone—There is a clear distinction between something being against the law and someone campaigning to have the law changed. There is no law that says anyone in Australia cannot campaign to have a particular law changed. What the officers have advised is that obviously the law has to be complied with—everyone would expect that—but the law does not say that you cannot campaign to have it changed.

Senator HARRADINE—Professor Trounson is over there and he is known as the Global Science Strategic Advisor. He may campaign here if he wants to, but I would not have thought he could use his status as executive director or chairman of the centre, he is known for that, to influence those other countries. That is something that surely is of concern, how we present ourselves internationally?

Senator Vanstone—Personally I would not have thought that someone who takes up a position, if in that position they comply with the law, is proscribed from expressing a view. In a similar way, for example, other institutions express a view and the weight of that institution is lent to the views that they put forward. What we are talking about here is whether the law is complied with, and the officers have indicated that it is.

Senator HARRADINE—Minister, that is not what I was asking, whether or not the law is complied with. This is a campaign to overturn the law, and part of the campaign is for

Professor Trounson to go to New York acting as the Global Science Strategic Advisor and attempt to do that—unless it is the government's policy? Are you not aware of that situation?

Mr Harper—I am unaware that the government has any particular policy on those laws at the moment.

Senator HARRADINE—Can I come to the question of proof of concept? My question is: are there any clinical trials around the world utilising human embryonic stem cells for curative purposes or therapy treatment?

Mr Harper—I am unaware of any, but I do not speak with total authority on what is going on around the world.

Senator HARRADINE—Are you aware of the many clinical trials around the world currently utilising adult stem cells for curative purposes, many of them successful?

Mr Harper—I am aware that there probably are some, yes.

Senator HARRADINE—How much money is being spent on human embryonic stem cell research funded by the National Stem Cell Centre? How much money is being spent on non-human embryonic stem cells and for what purpose?

Mr Harper—The figures I will give you are rough estimates of expenditure in the financial year 2003-04.

Senator HARRADINE—Could you give those to me in dollar terms?

Mr Harper—Yes. The figures, bearing in mind that they are estimates, are \$1.4 million and about \$2½ million respectively.

Senator HARRADINE—Over what period?

Mr Harper—The period to 30 June 2004.

Senator HARRADINE—Could I ask for information on the numbers of human embryos the National Stem Cell Centre is seeking to utilise and for what purpose? I have asked this before. What is their ultimate fate and that of stem cells derived therefrom? If you do not have that readily available, could you provide the committee with that information?

Dr Walker—I would like to clarify what it is that you want.

Senator HARRADINE—The numbers up till 30 June plus what is anticipated.

Dr Walker—The numbers of what?

Senator HARRADINE—The numbers of human embryos.

Dr Walker—I think we already indicated that there were no human embryos.

Senator HARRADINE—That is interesting. How are funding decisions made by the National Stem Cell Centre?

Mr Harper—The centre has a board. It has internal governance arrangements where it considers alternative uses of the funds available to it; submits them to a process of scientific, commercial and ethical review; and decides what is the optimal use of the resources available to it.

Senator HARRADINE—Has there been an unbiased analysis of the state of play in the stem cell field and the short- versus long-term prospects for developing stem cell therapies?

Mr Harper—I am not sure that I have understood your question. I imagine that there could well have been review articles on the status of stem cell research.

Senator HARRADINE—Mr Harper, my problem is that obviously there are a number of areas where you would need to take advice, and also the fact that all of this money has been allocated for the financial years ahead. There has been no evaluation. There is no recommendation by the ARC board. I think you said there is going to be a review, but that is after the event, isn't it—after we have provided the money? Who will undertake that evaluation?

Dr Walker—I expect at the time of reviews, when they occur, that we, along with the department, will constitute a review committee of experts to look at the performance of the centre.

Senator HARRADINE—Will that be an unbiased independent committee?

Dr Walker—It will be a committee constituted at the time.

Senator HARRADINE—So can I take it that there has not been any unbiased analysis of the state of play in the stem cell field and the short- versus long-term prospects for developing stem cell therapy?

Mr Harper—I think that in establishing the biotechnology centre of excellence that was announced in the government's Backing Australia's Ability package, a process was gone through that did involve a selection committee. They judged that this was the leading proposal in the field and should become the government's biotechnology centre of excellence. So there has been a review of that type, but prior to the establishment of the centre. The centre is subject to ongoing monitoring by the ARC and the Department of Industry, Tourism and Resources. At a time in the reasonably near future it will be subject to a more exhaustive review by a committee constituting experts, as Dr Walker has just said.

Senator HARRADINE—You said that there had been, some time ago—two years ago or something—a committee which considered this and recommended the establishment of the National Stem Cell Centre, the chairman of which was from the Australian Institute for Commercialisation. On the committee there was a Mr Stonier, company director of Johnson&Johnson and a former Faulding company; Dr Sleigh, CEO of EvoGenics Pty Ltd; Professor Sutherland, from Adelaide University, who is probably famous for his statement on the *7.30 Report* last year or the year before that his aim was to prevent handicapped persons from being born; and Professor Sara. Who will constitute the review committee? Who will actually decide this?

Mr Harper—That has not been decided yet.

Senator HARRADINE—Which ministers will make that decision?

Mr Harper—It is a decision that may not be taken by ministers.

Senator HARRADINE—Well who would make that decision?

Mr Harper—It may be taken by ministers, but it is a decision that would be taken by the Commonwealth pursuant to its rights under the funding deed to the centre.

Senator HARRADINE—By the Commonwealth?

Mr Harper—Yes.

Senator HARRADINE—But somebody has to appoint the membership of that committee.

Mr Harper—Yes.

Senator HARRADINE—The Commonwealth will, but which ministers will?

Mr Harper—It would be undertaken in the Education, Science and Training, and the Industry, Tourism and Resources portfolios.

Senator HARRADINE—And nobody else?

Mr Harper—I would have thought that the appointment of the committee members would be driven largely by people in those two portfolios.

Senator HARRADINE—Is the department aware of the large number of researchers in institutions in Australia who are engaged in adult stem cell research?

Dr Walker—We are aware that there are a number of groups engaged in stem cell research.

Senator HARRADINE—In the responses to my questions on the last occasion you said you have received from the National Stem Cell Centre a statement which included the intention of the National Stem Cell Centre ‘to integrate human embryonic stem cell research with adult stem cell research’. What does that mean? What does ‘integrate’ mean? I raise it because there are quite a number of scientists working on adult stem cells with some very good outcomes. What does that mean?

Dr Walker—I am not an expert on stem cells, but I can in general understand that in many related areas of research that one area may inform another area and that sharing information, results and ideas may well be beneficial to both lines of investigation.

Senator HARRADINE—I thought we were told at one stage that scientists would be protected from having to involve themselves in any embryonic stem cell research or any experiments on human embryos.

Dr Walker—I am not sure what you mean by ‘protected’.

Senator HARRADINE—To be able to work in these areas and to be able to be supported in their view. The parliament had a conscience vote on this matter and it appears now that the National Stem Cell Centre is moving to so structure its operations so that scientists who have conscientious concerns about—

Dr Walker—I am sorry, I did not understand. I think the sharing of information is something that would happen voluntarily.

Proceedings suspended from 12.29 p.m. to 1.33 p.m.

CHAIR—The committee is continuing consideration of matters relating to the Australian Research Council. I believe, Dr Walker, that you wish to make a statement before we proceed.

Dr Walker—There are a couple of matters we could like to clarify. Firstly, in the earlier session there were a series of questions from Senator Harradine regarding the timing of the announcement for funding of the Stem Cell Centre. I would like to clarify our answers. There was a range of questions on those timings. The announcement was made on 6 May. The ARC was aware of proposals which contained proposals to extend the funding for the Stem Cell Centre some months prior to that announcement.

Mr Harper—I wish to pick up on the second issue. When I was being asked questions about membership of the selection advisory committee of the board for the CEO by Senator Carr, I was unaware at that time of Leanna Read's position. I can now tell you that she is the CEO of TGR BioSciences, a member of the Prime Minister's Science, Engineering and Innovation Council, a member of the South Australian Premier's Science and Research Council—I am judging whether to keep going, perhaps I will just add that she is a board member of the Australian Proteome Analysis Facility.

Senator CARR—If you have a copy of her curriculum vitae, that would be helpful. Thank you.

Senator HARRADINE—Proposals by whom, Dr Walker?

Dr Walker—I have to say, Senator, that I was not personally involved at the time. I understand that documents were circulated through the ARC which contained proposals that described the extended funding for the Stem Cell Centre.

Senator HARRADINE—When were those documents out?

Dr Walker—Again, I am unaware of the exact dates, but it would have been some months prior to the announcement. It could have been the beginning of the year or, perhaps, December of the year before. I am not aware of the exact dates.

Senator HARRADINE—So you do not know who made the proposals?

Dr Walker—Not having been personally involved in the process at the time I cannot indicate where the proposals originated.

Senator HARRADINE—Mr Harper, do you know?

Mr Harper—The proposals would be taken by ministers into the cabinet processes that lead to the creation of the budget. So they would have been taken forward, eventually, by ministers.

Senator HARRADINE—Yes, but what I am trying to get to is who actually made the proposals to the minister and when? Presumably the material that Dr Walker was talking about emanated from somewhere if it was circulated in the ARC?

Mr Harper—As I understand it, and bearing in mind that we are working in a statutory authority and perhaps are not optimally placed to be able to describe what happened inside the budget process, I imagine that ministers responsible for the Backing Australia's Ability package in toto would have been taking the proposals to cabinet, clearly assisted by officials, and that they would have been considered in the context of the Backing Australia's Ability 2 contemplations in this budget context.

Senator HARRADINE—You are going to supply us with the business plan, or a redacted version of the business plan, are you not?

Dr Walker—My understanding is that you have already been supplied with a redacted version of the business plan.

Senator HARRADINE—I got a copy of the final draft of the National Stem Cell Centre business plan on 20 June. This is what you are confronted with: you can see that whole pages of it are completely blanked out. It is almost unintelligible. I am asking that we be provided with the business plan. I do not have to remind you that it is taxpayers' money that we are dealing with.

Mr Harper—The minister, as we discussed this morning, has decided that the content that he deemed to be commercial-in-confidence should be edited from the business plan that is provided to the committee.

Senator HARRADINE—I do not think it would be appropriate for the committee to accept a statement made by a minister in another portfolio. Moreover, there is a need to examine what proposals are being put forward under standing order No. 6 by the minister for employment, Dr Nelson.

CHAIR—My recollection is that Senator Vanstone did undertake to go away and investigate this a little further. I think we await the outcome of her investigations, particularly in relation to the matter of which minister signs off on these matters or can make claims of commercial-in-confidence. I think we will wait for her reply on that. She seemed fairly determined to go and investigate that.

Senator HARRADINE—The trouble is that these witnesses are not before us again for a considerable time. I suppose this whole question will need to be examined by the Committee of the Whole.

CHAIR—Yes.

Senator HARRADINE—I would suggest to you that we cannot accept the statements that have been made—I mean that we cannot let our responsibilities for taxpayers' money be subsumed by the interests of a private company funded by the taxpayer.

CHAIR—I believe it would fall in the realm of other matters that are taken on notice. A cabinet minister has undertaken to go away and come back with an answer. That is fairly standard practice at Senate committees. We do not always get the answers we want on the day.

Senator HARRADINE—I appreciate that, but they would have the business plan and they would have a number of the other matters that I have requested. It does make it very awkward to follow-up things. I will leave it at that.

Senator CARR—I would like to take up one matter that Senator Harradine has raised—that is, the issue of the extension of the program itself. Dr Walker, as I understand it, you were saying that the ARC did actually see proposals to extend the stem cell funding.

Dr Walker—As I understand it, the ARC saw documents which included descriptions of that extended funding.

Senator CARR—I see. But at no point did the ARC propose extensions of funding for the Centre of Excellence in Biotechnology and Development and the National Stem Cell Centre. Is that right?

Dr Walker—My understanding is that the ARC did have a proposal to extend the entire NCGP funding in total.

Senator CARR—But not a specific one?

Dr Walker—The proposal was for the extension of the National Competitive Grants Program.

Senator CARR—So this was a decision taken elsewhere, and you have to administer it. Is that a fair description?

Dr Walker—The ARC jointly administers the Stem Cell Centre with the Department of Industry, Tourism and Resources.

Senator CARR—What is the contribution that the ARC makes towards the national centre?

Dr Walker—It is about half from each agency.

Senator CARR—How much is that?

Dr Walker—The total ARC funding over the entire 10-year period would be about \$50 million.

Senator CARR—The additional moneys that arose from Backing Australia's Ability 2 is how much?

Dr Walker—In the period 2006-07 to 2010-11, the National Competitive Grants Program will provide \$27.5 million.

Senator CARR—So it is of the order of an additional \$27 million that you did not ask for?

Dr Walker—It forms part of the National Competitive Grants Program.

Senator CARR—But the decision to allocate in that manner was taken elsewhere?

Mr Harper—Yes.

Senator CARR—It is appropriate for governments to make decisions about the allocation of money. I am just interested to know the process by which that matter has been decided. So it was effectively made at ministerial level?

Dr Walker—I am not aware of where this decision was made.

Senator CARR—In real terms, is that an increase or decrease in funding over the 10-year period?

Dr Walker—If you look at the figures in the BAA announcement—

Senator CARR—On this sheet of paper here?

Dr Walker—That is correct.

Senator HARRADINE—Could we have a copy of that?

Senator CARR—There is \$7 million, \$6.5 million, \$6.2 million, \$5.5 million and \$5.2 million.

Dr Walker—My understanding is that those are the figures for the Department of Industry, Tourism and Resources.

Senator CARR—Where do I find your contribution?

Dr Walker—If you look at the back page of that brochure, you will see a note under (a) which says that the NCGP will allocate funding of \$27.5 million to the National Stem Cell Centre.

Senator CARR—It is not very clear, is it? You have to read the fine print pretty carefully to find this sort of stuff, but that is not your fault. That is the fault of whoever presented the table. So the total cost for the centre is about \$50 million, half of which comes from industry and half from—

Dr Walker—No, the \$50 million was the ARC funds over the 10-year period.

Senator CARR—So it is \$100 million. Is that where we get the \$100 million figure?

Dr Walker—The figure I have in front of me is \$98.5 million.

Senator CARR—Why is it reducing? I take it that the industry department's contribution reduces from \$7 million to \$5.2 million in current prices. Is that right?

Dr Walker—That is what is indicated.

Senator CARR—So that is in current prices. When we look at the constant dollars, it reduces from \$6 million to \$4.5 million. That is about right. Does the same pattern apply to the ARC?

Dr Walker—As far as I understand, the pattern for the ARC is not yet determined.

Senator CARR—When will that be determined?

Dr Walker—All funding by the ARC is controlled by the ARC Act, so it will be the subject of recommendations and approvals by the minister.

Senator CARR—So you cannot give us forward projections on what they will get?

Dr Walker—The indicative amount in total over the period is \$27.5 million.

Senator CARR—That is not covered by the ARC Act?

Dr Walker—The process by which the money is given out is covered by the ARC Act.

Senator CARR—But it is not by the ARC Act, is it?

Dr Walker—This amount here is an amount—

Senator CARR—It has been predetermined. The only issue for the ARC is how much you give per year. Is that right?

Mr Harper—It is an amount which will presumably be appropriated under the ARC Act. That includes the National Competitive Grants Program, which is administered by the ARC and which is appropriated under the ARC Act.

Senator CARR—I follow that. However, you cannot tell me how that \$27 million will be divided up over the period through to 2010-11.

Mr Harper—That has not been decided yet through the processes that it needs to go through.

Senator CARR—Has that been decided through industry, so that the centre can assume it has got this amount of money? Is it not plausible that you could give them that \$27 million in one year?

Dr Walker—For the management of a centre like that, you would expect it to be a reasonably smooth pattern.

Senator CARR—So it may well follow the same pattern as the industry, which is where I started.

Dr Walker—It may well follow that.

Senator CARR—At the beginning of the period, they will be withdrawing on funding of around \$12 million and, at the end, it will drop down to about \$9 million.

Dr Walker—That is correct.

Senator CARR—It is tapering off.

Dr Walker—Assuming that smooth pattern, that is true.

Senator CARR—So it is actually not being maintained on an even level at all, is it? On those figures you would have to say that there will be a fall-off in the last period.

Mr Harper—That is correct.

Senator CARR—I return now to some administrative matters. A report by Guy Healy in the *Campus Review* of 26 May-1 June includes a statement purported to be made by the Minister for Science. It says that CRCs that have lost their money will be able to get money from either federal funds or the ARC. Do you report to Mr McGauran or to Dr Nelson?

Dr Walker—We report to Minister Nelson.

Senator CARR—Have you had any discussions with Minister Nelson about providing ARC money for the CRCs that have been defunded by Mr McGauran?

Dr Walker—Not that I am aware of?

Senator CARR—The Minister for Science clearly has no power under the ARC Act to direct the ARC on this matter, does he?

Dr Walker—That is true.

Senator CARR—The minister that has power to direct is Minister Nelson.

Dr Walker—That is correct.

Senator CARR—The two CRCs in question here are reef and rainforest. I understand that they were looking for \$123 million over seven years. Let us cut that amount in half. Do you have \$60 million discretion in your funding arrangements to fund these CRCs?

Dr Walker—Our funding is not provided on a discretionary basis; it is provided on a competitive basis by application, peer review and competition.

Senator CARR—So there is no way under the ARC that you can just go out there and fund the CRCs for reef and rainforest, is there?

Dr Walker—I am not entirely sure what you mean by that statement. Members of those CRCs would be eligible to apply for some of the ARC schemes.

Senator CARR—The minister says here that there is money available under the ARC. I thought I was reasonably familiar with your programs and I was reasonably familiar with the act. I am just wondering where I might find money of this size to fund the CRCs that he is defunding.

Dr Walker—I repeat: members of CRCs are eligible and do apply for our funds.

Senator CARR—You do not fund the whole CRC—just projects.

Dr Walker—The ARC does not administer the CRC programs.

Senator CARR—On how many occasions has the ARC received a ministerial directive to deliver funding for a particular project?

Mr Harper—Subsection 7(2) of the ARC Act says:

(2) The Minister is not entitled to direct the ARC (or the Board) to recommend that a particular proposal should, or should not, be approved as deserving financial assistance ...

Senator CARR—That is what I thought it said. I also thought that where a direction was required—for instance, on the distribution of your funds in respect of research priorities—it was required to be published in the parliament, wasn't it? Is that right?

Mr Harper—That is correct. It has to be tabled in each house of the parliament within 15 sitting days and included in the ARC's annual report.

Senator CARR—A direction has been issued once, hasn't it?

Mr Harper—Yes.

Senator CARR—Obviously, there has been some confusion here by Mr McGauran about the nature of the act and the funding programs that are available. So whatever funding is available, you will not be funding CRCs through your operations other than for specific competitively based projects. Is that the case?

Dr Walker—Certain members of all ARCs are eligible under all of our schemes, including our larger schemes such as our centres of excellence scheme.

Senator CARR—But they have to seek funding on a competitive basis.

Dr Walker—That is correct.

Senator CARR—Has there been a decision to phase out key centres and special research centres?

Dr Walker—There has been a decision not to conduct any more rounds of key centres and special research centres. They have been replaced by our centres of excellence scheme.

Senator CARR—I suppose there was an announcement on that, was there?

Dr Walker—We ran our first centres of excellence round almost two years ago.

Senator CARR—So the announcement was made two years ago. I have a number of questions I will put on notice. There appears to be a reduction in the ARC National Competitive Grants Program of \$0.4 million and \$1.4 million respectively for 2004 and 2005. That is right, isn't it?

Dr Walker—Yes.

Senator CARR—Why is that?

Dr Walker—That is a result of several figures but primarily the transfer of the funds to the Science Engineering and Technology Unit for Counter-Terrorism.

Senator CARR—That is how it has been funded, is it, out of the ARC?

Dr Walker—Yes, that is correct. Again, in the same note that we were looking at earlier it talks about funding of \$7.2 million over four years.

Senator CARR—So that \$7.2 million is the total reduction.

Dr Walker—That is correct.

Senator CARR—Is that the only reduction in competitive grants?

Dr Walker—Yes.

Senator CARR—What is the indexation mechanism that you are using here? Are you able to tell me that?

Dr Walker—For what purpose?

Senator CARR—For the Competitive Grants Program. Is there an indexation mechanism?

Mr Cameron—Yes, there is.

Senator CARR—What is it?

Mr Cameron—We use an index that is supplied through the department from Treasury.

Senator CARR—Can you recall what that is? There are so many that I have trouble keeping up with them all. You do not know which one it is?

Mr Cameron—I cannot recall in particular.

Senator CARR—Is it wage costs?

Mr Cameron—I understand it is a mixture of safety net adjustment and CPI.

Senator CARR—You have a shandy, have you?

Mr Cameron—Yes, if you would like to put it that way.

Senator CARR—What is the effective figure?

Mr Cameron—I have the details here. The higher education cost adjustment factor is an index used to adjust Commonwealth contribution to increases in the operating costs of higher education institutions. The salary cost component of the CAF is based on the safety net adjustment.

Senator CARR—So it is the CAF you are using? You are using CAF.

Mr Cameron—Yes, that is right.

Senator CARR—Is that 2.3?

Mr Cameron—I do not have the figures here.

Senator CARR—Are you sure that is the case for all of your programs? Aren't there some wage costs, the WCIs—

Mr Cameron—Departmentally we use WCI3.

Senator CARR—That differs from the WCI6 that some of the other programs are funded on, doesn't it? Can you confirm this for me? You have the CAF index of 2.3; you have some of the programs, such as the science and technology programs, at WCI6, which is at 2.6; and you have others—as you say, the administrative items for the agency—at WCI3, which is 2.5. Is that right?

Mr Cameron—I am not sure of the range.

Senator CARR—Could you take that on notice for me, because it is in terms of the agency itself.

Mr Cameron—The ARC would only use the CAF and the WCI3.

Senator CARR—Those are the only two?

Mr Cameron—They are the only two. We use the CAF for our administered funding.

Senator CARR—What is the total administrative cost? How much does it cost to administer the research program?

Dr Walker—The ARC's total departmental budget for the next year is about \$12.9 million.

Senator CARR—I notice that your remit in your PBS is to advise the government on research policy. That is not just ARC, is it? That is more generally.

Dr Walker—That is true.

Senator CARR—What is the total cost of administering all Commonwealth research programs—that is, not just yours—at the moment?

Dr Walker—That is not a figure that I have available.

Senator CARR—You would provide advice to the government on such a matter, wouldn't you?

Dr Walker—It would be difficult to obtain that advice without approaching all of the various agencies concerned.

Senator CARR—I am surprised. I too have trouble with this. The way I hear it, there might be 40 different agencies running research programs at the moment. Does that figure seem unduly high to you?

Dr Walker—I am not aware of that figure.

Senator CARR—Your job is to provide government with advice on research policy across the government, isn't it?

Dr Walker—Yes.

Senator CARR—You cannot tell me how many agencies are undertaking research for the Commonwealth?

Dr Walker—I know that it is a significant number of agencies.

Senator CARR—Does 40 sound about right or does it sound excessive? You do not know?

Dr Walker—I have already indicated that I do not know the answer to that question.

Senator CARR—I am told it costs us across the Commonwealth in excess of \$60 million to administer the research program. Does that sound reasonable?

Dr Walker—If that is correct, \$60 million would represent about one per cent of the government's expenditure on R&D.

Senator CARR—You think \$60 million is not an unreasonable figure?

Dr Walker—It would represent about one per cent of the entire expenditure.

Senator CARR—How much is yours? Yours is \$12 million.

Dr Walker—It is \$12.9 million.

Senator CARR—What percentage of the program is that?

Dr Walker—Depending on which year—because we are in a rapidly ramping up environment with BAA—it is currently around three per cent, but it would be about 2½ per cent in a year's time.

Senator CARR—So you are about three times the average, if my figures are right?

Dr Walker—If you take the average in that way, yes.

Senator CARR—You may want to take that on notice. Perhaps you could explain to me that my calculations are wrong.

Dr Walker—I think you will also find that it is very much lower than comparable agencies overseas that have a similar function.

Senator CARR—I have heard that argument. I am always very keen to look at what it costs this country.

Dr Walker—I am not confident what costs you are comparing.

Senator CARR—Can you tell me the cost of administering the Commonwealth research programs across government? We know it is running at about \$5.4 billion per annum. That is about right on the current figures that we are using, isn't it?

Dr Walker—The total R&D spend is about \$5½ billion.

Senator CARR—What does it cost to administer that program?

Dr Walker—It is not a single program.

Senator CARR—No, but it is the Commonwealth research effort. We know how much is spent. Given that you are the agency that provides advice to the government, I want to know what it costs across government to administer the program and how does that compare with the ARC's administrative costs?

CHAIR—Are you including university research in the \$5.4 billion?

Senator CARR—That is the whole budget.

CHAIR—So you are expecting this officer to be able to provide the administrative costs of all the university research programs as well.

Senator CARR—The \$5.5 billion is what the Commonwealth government states in every publication it puts out.

CHAIR—We are not doubting that; we are doubting whether this agency can collect that data—or has the right to collect that data—if it involves 40 universities as well.

Senator CARR—It can tell me what it costs the Commonwealth to administer the programs, which is the question I asked. The Commonwealth administers moneys to universities. I did not ask for the universities' costs of administering the Commonwealth programs.

CHAIR—I thought you asked for the total costs.

Senator CARR—The total cost of the administration of the money.

Dr Walker—I understand the issue. It is obviously a very detailed question. We would need to take it on notice. I cannot guarantee the length of time or what resources would be required to answer it.

Senator CARR—You can certainly tell me the figures for the ARC.

Dr Walker—Indeed, if you wish to have the figures for the ARC.

Senator CARR—You do your best and we will see what happens. There is a good chance that the election will be called soon, parliament will be prorogued and you will not have to answer any questions. Senator Tierney knows that as well. I would be interested in your response, if you can provide one.

Dr Walker—We will certainly do what we can.

Senator CARR—I will put the rest of my questions on notice.

Senator HARRADINE—Can the ARC advise us what additional funding is provided to the National Stem Cell Centre and where it comes from?

Dr Walker—Do you mean from sources other than the ARC?

Senator HARRADINE—And from industry—sources other than the Commonwealth.

Dr Walker—The Victorian government is providing some funding and participating institutions are making contributions.

Senator HARRADINE—Could we have the details of that, please?

Dr Walker—I will take that on notice.

Senator HARRADINE—How much did the National Stem Cell Centre spend on the purchase of human embryonic stem cells and from where?

Dr Walker—I do not know. I would have to take that on notice.

Senator HARRADINE—Is that readily obtainable?

Mr Harper—Because I do not know, I cannot really answer. But I can see if it is possible to get a rapid response on that.

Senator HARRADINE—Thank you.

CHAIR—I thank witnesses from the ARC. I will make a statement arising from Senator Carr's last comment. Regardless of the calling of the election, the answers to questions on notice will need to be in by the due date.

Senator CARR—It is not affected by the proroguing of the parliament?

CHAIR—No, it is not. That is what I want to clarify.

Senator CARR—That is good.

Senator Vanstone—What is the due date?

CHAIR—It is 23 July.

Senator CARR—Are you absolutely certain about that, Chair? Even if they call an election they still have to answer?

CHAIR—I am so advised, Senator Carr.

Senator Vanstone—Just to chip in, I would have thought that that was appropriate because if there is only a half Senate election the Senate committees, unlike the House of Representatives and joint committees, will continue during the election. I would have thought that with your extensive memory, Senator Carr, you would know that.

Senator CARR—I just wanted to reinforce the point, that is all. I thought that if we said it several times—

Senator Vanstone—You are a genius, you know!

Senator CARR—the officers will get the message that I am looking forward with interest—

Senator Vanstone—This channel is nearly burning down with overload because you are the centre of attention today, Senator Carr. They are tuning in all over Australia!

Senator CARR—Is that right? Now that you are here we can double the audience!

[2.14 p.m.]

Commonwealth Scientific and Industrial Research Organisation

CHAIR—Now that you have warmed things up for the CSIRO, we will turn to the estimates questions, Senator Carr. I welcome Dr Garrett and senior officers of the CSIRO.

Senator CARR—Dr Garrett, answer E770 last time dealt with the issue of consultancies. Do you have a copy of the guidelines that are now issued for your officers on the engagement of consultants?

Dr Garrett—Mike Whelan is dealing with this and he will respond.

Mr Whelan—There are existing purchasing guidelines in CSIRO on the purchase of a range of contracts and services. There are not explicit guidelines for consultants other than a

requirement to maintain a register of those consultancies in the business unit. I think that that requirement was introduced in February 2003.

Senator CARR—So you now have a list of consultants since February 2003?

Mr Whelan—Each division administering it is required to maintain a register of contracts and consultants. In CSIRO those two things have not been differentiated until recent times.

Senator CARR—Did I understand you to say that you do not have guidelines for the issuing of consultancies?

Mr Whelan—We have procurement guidelines, which I think I have mentioned in previous hearings, which mirror those—at least as regards the principles—of the Australian Public Service. What we do not have is detailed specific purpose procedures for consultants. CSIRO does not currently operate a system equivalent to many Public Service agencies where consultants, as defined by the Department of Finance and Administration, are included in annual reports. So we have a different basis for reporting and recording those transactions. However, in answering your question where you asked us to provide details in the format that DEST provided you with information, we have attempted to examine the records that we do maintain and provide you with that data as best we can.

Senator CARR—Are you considering changing the format of your annual report to make it more consistent?

Mr Whelan—As you would be aware from our strategic plan, one of the initiatives that we have been looking at over the most recent times is reform of our procurement arrangements and looking to make savings in purchasing across the organisation. As part of that process we are currently drafting procurement guidelines, and I expect those to include specific guidelines for the engagement and management of consultants. As part of that process we will be considering the issue as to whether those details, once gathered, should be published in the organisation's annual report.

Senator CARR—The list that you have provided me with is not a complete list, is it?

Mr Whelan—It is as complete a list as we can gather from data from our general ledger between July 2000 and October 2003 for all consulting contracts consistent with the APS definition of a consultant with a value greater than \$10,000.

Senator CARR—So legal advice, electoral, property management services, executive search and recruitment agency fees, and outsourced research and development, including research, projects, reviews are not included, are they?

Mr Whelan—That is correct. You are actually quoting from the answer we have provided you.

Senator CARR—Why not?

Mr Whelan—Many of those do not meet the definition of 'consultant' as per the APS guidelines, which we understood was what you wanted in the question because you asked us to comply with the DEST format.

Senator CARR—DEST manages to provide me with advice on these areas.

Mr Whelan—I am not sure how some recruitment fees meet the definition of consultants, but perhaps officers from DEST can explain that to you.

Senator CARR—You want DEST to explain to me whether or not your answers are adequate?

Mr Whelan—No, Senator. What I was trying to suggest is I cannot speak on behalf of DEST.

Senator CARR—One of the other tests you have is whether an engagement results in the production of a report. So does that imply that, if there is no report, you do not have to record it?

Mr Whelan—In attempting to provide you with this answer, we have had to examine records collected between July 2000 and October 2003, where the framework for the answer was not known to the organisation. So we have had to provide advice to staff in collating that data. We have attempted to provide you with the data in the form that you have requested, and as part of that, we suggested to staff examining records that production of a report may be one of the criteria they would use in assembling the data for your answer.

Senator CARR—DEST used to have this very cute little description of a contract of service which allowed them to be exempt as well.

Mr Whelan—We have applied the same definitions here.

Senator CARR—So you call these contracts of service, do you?

Mr Whelan—We have taken our definition from appendix 5 of the DEST annual report.

Senator CARR—So how many contracts have you let that are excluded under these various arrangements that you have made?

Mr Whelan—I could get that data because we have drawn this sample from the broader category of contracts and services. We have not provided it in the answer because you did not seek that, but I am more than happy to take that on notice.

Senator CARR—You referred to these tender arrangements under code B. What does code B refer to? You can see at the top of the page that it says, 'Tender arrangements, code B; Reasons for consultancy, code A'. What do they refer to?

Mr Whelan—You asked us to provide you with the data in the format that DEST provides you with theirs. In the appendix to the DEST annual report, it has 'Reason for consultancy', which they call code A. 'Tender arrangements', they call code B. We have applied the same definitions, so code B refers to tender arrangements. You can see in the answer that there are four different types of those.

Senator CARR—When were these new reporting requirements adopted by the CSIRO Executive Management Committee?

Mr Whelan—No new reporting requirements have been adopted by CSIRO at this point in time. We have pulled this data together to answer the question you asked us at the last hearing. As you know from other answers, the board instigated a review of the engagement and management of consultancy arrangements at its December meeting. The audit committee of the board considered the draft report and management response to that at its meeting this

week, and the full board is due to consider the final report and management recommendations at its June board meeting on 17 June.

Senator CARR—Will you have a minimum standard for procurement from that date on?

Mr Whelan—We have a minimum standard for procurement already. The CSIRO procurement guidelines, as I have indicated, which are mirrored on those that apply in the Public Service, apply the value for money test to purchases. Those procurement guidelines provide advice to officers involved in procurement about the best methods for procuring those services. Some of the reforms that we are likely to discuss with our board in June will include more detailed advice to staff—if you like, it will be less policy and principle based and will have more detailed guidance. I expect those adjustments, if accepted by the board, to come into operation from 1 July.

Senator CARR—The fourth area that you are talking about suggests the reasons for exemption. What are the reasons for exemption?

Mr Whelan—Quoting from the answer, category 4 under code B tender arrangements is ‘not advertised, obtained exemption based on sole supplier, pre-eminent expertise or urgency and practicality’.

Senator CARR—How many consultancies would have met that criteria?

Mr Whelan—In the answer that we provided you, 62 per cent of those items listed were coded as category 4.

Senator CARR—So 62 per cent were exempt?

Mr Whelan—It is 62 per cent that were classified as ‘not advertised, obtained exemption’, based on the reasons I have just given you.

Senator CARR—Do you consider that to be consistent with normal APS arrangements?

Mr Whelan—I have not had the opportunity to look broadly across the APS. What I can say is that looking at the information provided within our own portfolio, which is DEST, based on the data in the 2002-03 annual report of DEST, 47 per cent of services were categorised as category 4. For the 3.25 years that CSIRO has prepared this data, the total sum of expenditure is \$5.8 million, which averages about \$1.7 million a year. In the DEST portfolio more generally it is closer to \$9 million per annum. So in dollar terms and relative to total expenditure it is not a significant proportion.

Senator CARR—I would say to you that there is a bit of a difference between 47 and 62.

Mr Whelan—Undoubtedly.

Senator CARR—I would be surprised if you did not hear the evidence of Mr Kriz yesterday.

Mr Whelan—I did, Senator.

Senator CARR—What did you make of it when he said that the number is actually declining?

Mr Whelan—It is also declining in CSIRO.

Senator CARR—Mr Kriz was somewhat surprised by the high number in the CSIRO. Have you discussed this with DEST officials, or have you just relied on the annual report?

Mr Whelan—No, I had not discussed the matter with DEST officials. In fact, I did not look at the DEST report until you raised the matter in the committee yesterday. That prompted me to look at it.

Senator CARR—I am glad to be of service, then. Perhaps you and Mr Kriz should have another talk, because there seems to be a remarkable discrepancy in the approach that has been taken here. You say that 40 per cent are going to public tender. Is that right? Is that what you are saying?

Mr Whelan—I do not think I have quoted that number to you.

Senator CARR—I did think that you said that 60 per cent were exempt—

Mr Whelan—Sixty-two per cent were categorised as category 4; 26.7 per cent as category 3; 7.5 per cent as category 2; and 3.4 per cent as category 1.

Senator CARR—So it is true then that some \$240,000 out of a consultancy budget of nearly \$6 million went out to full tender. Is that right?

Mr Whelan—I am sorry, Senator Carr, I am not following you.

Senator CARR—What was the total cost in relation to category 1, advertised as public invitation?

Mr Whelan—I am sorry, yes, the total value was \$241,036.

Senator CARR—Out of a total budget for consultancies of nearly \$6 million.

Mr Whelan—It is \$5.8 million over 3.25 years. That is correct. I think in part that difference reflects the specialised nature of much of the work that is required in CSIRO. We are not what you would describe as a typical public sector organisation. You will note from the samples we have provided that there is a range of specific advice around the research that the organisation undertakes and particularly the transfer of that research to the marketplace. I would like to note there that earlier in the sample there was a significant amount of money being associated with the conduct of business plans and marketing and business development strategies to transfer technology. The levels of those have dropped off in recent times as the organisation has increased its internal capability in that area.

Senator CARR—The way I read these tables is that 91 out of 146 tenders were let because there was pre-eminence or a need for timely—

Mr Whelan—There are three criteria: sole supplier, pre-eminent expertise, and urgency and practicality.

Senator CARR—But 91 out of 146 tenders were required to be dealt with quickly or related to pre-eminence. That is 74 per cent, is it not?

Mr Whelan—It is 62.4 per cent.

Senator CARR—That is the total number, and the total value was 74 per cent.

Mr Whelan—It was 74.4 per cent. That is correct.

Senator CARR—So it was three-quarters of the value of the project. Do you think that that is a reasonable arrangement?

Mr Whelan—I am not surprised, having had a look at the data from DEST, that it is of that order. There is a special purpose nature to much of the work that is undertaken in CSIRO. The real test is: did the delegates who authorised that expenditure receive the value for money which is the requirement they have in authorising that particular path?

Senator CARR—You have effectively got 16 out of 146 consultancies going out to full public tender or approved panel arrangements. Do you think that that is satisfactory?

Mr Whelan—In many instances the suppliers are specialist in nature. In many instances they are the sole supplier. Given that data, no, I am not surprised.

Senator CARR—So six out of 10 consultancies were urgent or had a sole supplier, so that you had no other option but to go to a highly selective tender?

Mr Whelan—In some instances that was the case. In some instances there was no tender; there was a dedicated single supplier.

Senator CARR—That is right, so it was just going to someone you wanted to do the job.

Mr Whelan—An organisation identified as being either the sole supplier or of pre-eminent expertise. That is correct. They are the criteria.

Senator CARR—At the last round of estimates we examined one of these preferred provider tender lists. That was the case involving Groman Consulting, which won 94 per cent of the work off that particular consulting list. That was right, wasn't it?

Dr Garrett—That is correct.

Senator CARR—Dr Garrett, doesn't that concern you?

Dr Garrett—Doesn't what concern me, Senator Carr?

Senator CARR—That one supplier, even though you have a so-called selected supplier list, ends up with 94 per cent of the work.

Dr Garrett—As we answered last time, we believe that we had, through a process, a quality person who delivered quality products at value for money.

Senator CARR—I want to come back to that in some detail, because I have a bit of trouble following that, particularly the value for money aspect. Do you have any documentation on the deliberation of the consulting committee that gave Gorman Consulting 94 per cent of the work of the consultants it secured?

Dr Garrett—I think we have answered the question that is on notice about documentation and also answered it at the last hearings.

Senator CARR—The answer is no, isn't it?

Dr Garrett—The answer was, essentially, patchy.

Senator CARR—Sorry?

Dr Garrett—The answer was, essentially, not in all cases.

Senator CARR—So we have got records other than that?

Dr Garrett—We have provided records of certain documentation to you following your questions on notice, Senator.

Senator CARR—Not extensive documentation, is it?

Dr Garrett—There was quite some, but there were obviously gaps that we indicated last time.

Senator CARR—We will come back to that and have a look at the gaps. The business development and commercialisation unit spent three quarters of a million dollars on a stocktake of CSIRO involvement in the CRC program.

Dr Garrett—That is correct.

Senator CARR—Exemption was obtained for this particular project—that is, it was not advertised, appointed Phoenix Group Pacific Pty Ltd. That is right, isn't it?

Dr Garrett—I do not know what number you are quoting, but the number provided was correct—276. Could you ask your question again?

Senator CARR—Who made the decision to appoint that particular company for that particular contract without tender?

Mr Whelan—Senator, as I indicated to you, we have pulled together this data from our various business units and divisions across the organisation. My assumption, based on the data here, would have been an officer with the delegation within the business development and commercialisation group. I am happy to follow up the details around that and provide it to you.

Senator CARR—Can you tell me how long the consultancy lasted?

Mr Whelan—No. I do not have that data. We operate devolved and distributed procurement arrangements. That documentation will be held in the relevant business unit. I do not have that with me. I could get it for you.

Senator CARR—Who did that company Phoenix Group Pacific report to?

Mr Whelan—I would assume, based on the data in this table, an officer in the business development and commercialisation unit.

Senator CARR—You presumably will have a copy of the report, too.

Mr Whelan—If there was one, yes.

Senator CARR—Can I have a copy of that, please?

Mr Whelan—Yes.

Senator CARR—Dr Garrett, did you approve expenditure of \$70,000 for executive and team development work for Rosemary Grieve and Associates?

Dr Garrett—Yes, I did.

Senator CARR—Was there a tender for that?

Dr Garrett—As we indicated, this was not advertised, but using existing panel arrangements. I personally was engaged in an interview process of approximately 10 possible suppliers for that process.

Senator CARR—So there were 10 people on the panel?

Mr Whelan—Essentially a restricted tender.

Senator CARR—Restricted to whom?

Mr Whelan—A range of suppliers was identified from both existing CSIRO panels and from other organisations that CSIRO knew had engaged board members or members of the executive who worked with other development people in other places. A list was pulled together.

Senator CARR—Given the list that you have provided me with, it is quite apparent that executive and team development work was provided by a number of consultants throughout the organisation over a length of time. So it is not appropriate, therefore, to regard Rose Grieve as an exclusive tender or of pre-eminent expertise when you are using a number of people in the organisation.

Mr Whelan—Indeed. That was not the criteria. You would note that the entry against Rosemary Grieve and Associates under tender arrangements code 2 is ‘using existing departmental and Commonwealth exclusive use or panel arrangements’.

Senator CARR—I will have a look at that.

Mr Whelan—That is on page 1 of 30.

Senator CARR—Why did Grieve get the tender?

Dr Garrett—Because we believed through the selection process that she was the most capable person of the approximately 10 alternative providers that we interviewed and asked reference checks of.

Senator CARR—It says ‘exclusive use or panel arrangements’. You are saying the reference here should be to ‘the panel arrangements’ not ‘the exclusive use’.

Dr Garrett—It is a panel arrangement. As Mr Whelan indicated, it is essentially a restricted tender.

Senator CARR—How many other contracts did Rosemary Grieve secure?

Dr Garrett—She is just working for the executive team in this process.

Senator CARR—That is the only one then?

Dr Garrett—That is correct.

Mr Whelan—I should add that the data here is until the end of October 2003. So the work that Rosemary Grieve and Associates is conducting is continuing.

Senator CARR—There are no other contracts that you are aware of.

Mr Whelan—To the best of my knowledge, no.

Senator CARR—You contracted two consultants for \$63,000 to help prepare CSIRO’s submission to the government’s collaboration review. It is on page 1 and 2 of the list.

Dr Garrett—That is correct.

Senator CARR—Poynton Partners and Alistair Robertson for \$50,000 and \$13,000. Again, that is not advertised. You could justify just about anything under the categorisation of ‘obtaining exemption based on sole supply of pre-eminent expertise, urgency or practicality’, couldn’t you?

Dr Garrett—As Mr Whelan indicated earlier, many of these assignments require specialised expertise, and we believe the individuals concerned had that.

Senator CARR—I am surprised that you thought it required specialist expertise urgently at \$63,000. In fact, two people were required to do the job of responding to a government review.

Dr Garrett—Remember that was one of a number of critical reviews. Professor Robertson was at that time based in the UK and was able to provide us with a comparison of UK best practice in the collaboration space as well as in the European environment and, therefore, able to benchmark our submissions and provide input into that collaboration review, which we believe added value.

Senator CARR—You paid Professor Robertson \$50,000 to write a submission for you?

Dr Garrett—That is not correct. He provided a report that we utilised extensively in both our formal and informal deliberations and that formed part of our official submission. It enabled us to provide an authoritative international benchmark for our submission. We believe this had added value to the overall review.

Senator CARR—He did not actually write the submission; he provided advice, which was drawn upon for your submission.

Dr Garrett—That is correct.

Senator CARR—On UK practice?

Dr Garrett—UK practice specifically, but it also included European assessments.

Senator CARR—It is just that I have this notion that a very large number of academics in this country have specialist expertise in these areas of research collaboration in the UK and Europe, and you provided an exclusive tender of \$50,000 to one professor.

Dr Garrett—This particular person had a pedigree whereby he was at that time the head of a publicly funded research agency, he was the honorary dean—hence his professorial title—at the University of East Anglia and he had had extensive business experience. He had this combination of skills around collaboration between academe, PFRA and industry and therefore added value.

Senator CARR—I am not intending to cast any aspersions whatsoever on Professor Robertson. What I am querying is that there was an exclusive tender issued to him in an area which I would have thought is not fairly being described as pre-eminent expertise, because there are many people with expertise in this field, and that it would have been relatively easy to find someone that can provide you with advice. You do not know whether there is value for money because you did not offer that to a range of others to seek to compete for that tender.

Dr Garrett—First of all, we needed somebody based in the UK. There was a significant urgency associated with submission and there was capability and capacity.

Senator CARR—Why did you need someone based in the UK to write a report?

Dr Garrett—We wanted, at that part of our submission, so that we did not reinvent wheels, to say: what is best practice in the European framework in the collaboration area, can we learn from that and are we currently adopting best practice? What are the lessons? That is why we needed somebody based there who was available.

Senator CARR—How did you discover that Professor Alistair Robertson was the best person for that job?

Dr Garrett—We had been talking to him. We subsequently recruited him to run Food Science Australia.

Senator CARR—Who has been talking to him?

Dr Garrett—We had been talking to him—I had.

Senator CARR—The organisation?

Dr Garrett—The organisation.

Senator CARR—You had been talking to him?

Dr Garrett—Me and a number of colleagues had come across it.

Senator CARR—Senior members of the organisation knew this bloke in England and thought they would offer him a contract for \$50,000?

Dr Garrett—That is correct. It was my decision that we needed urgent information in that area. It took a long time and gave a very good report, which we think added value. A number of those recommendations have been subsequently taken up.

CHAIR—So the outcome validates the wisdom of the initial decision?

Dr Garrett—Absolutely. Here was a man with experience of more than 10 years in an industry, who had an adjunct position of seniority in the university environment, who was running first-hand a PFRA. He had a combination of skills in an area which was close to our own heart and he was available to provide this information to us.

CHAIR—Senator Carr is trying to make out that someone in Australia who has some expertise could read a book or documents off the Internet on what was happening in England. Could you compare that experience with that of someone who is actually hands-on in England and Europe in providing the expertise you need?

Dr Garrett—That is exactly it.

Senator CARR—But you do not know that. You do not know how many other Australians were available in England, do you?

Dr Garrett—That is also true, but as we talk about in exemption 4 there was practicality and urgency associated with it and additional costs of going out to a further process. We had a person who was capable, available to do the job and delivered the jobs in what we believe was a very value-adding sense.

Senator CARR—Dr Garrett, I put it to you the practicality is that you knew a person that you wanted and you offered him a contract.

Dr Garrett—Not correct, because I did not know Professor Robertson before we had discussions. He was known to some of my colleagues and recommended to me. I had not met him before. I was then able to assess his abilities and we provided him with this contract.

Senator CARR—So senior managers knew the man and offered him a contract?

Dr Garrett—No. Senior managers knew the man, we had discussions with him. Dr Barber and I had responsibility for this. He was not known to us before but we agreed that this was a study that we needed doing. It was within our strategy for enhancing collaboration. As you know, Senator, when you look at our strategic plan partnering is one of the key objectives. We were looking to increase our expertise in this domain and therefore broadening that net and understanding what happens in the European framework added value.

Senator CARR—So there was no-one else around that you could get, apart from Professor Robertson?

Dr Garrett—I am sure there were other people around. It would have taken time and expense to engage.

Senator CARR—Who wrote the submission in the end?

Dr Garrett—Dr Michael Barber, who is our executive director for science planning.

Senator CARR—So an officer wrote it within CSIRO and he drew upon the research report from Professor Robertson.

Dr Garrett—An officer had responsibility. He submitted the final report but there was an extensive team of people within CSIRO, including me and some of my executive colleagues, who were involved in the task work associated with putting that very extensive submission together.

Senator CARR—What did Poynton Partners do for you?

Dr Garrett—They provided the facilitation, organisational skills and input into the overall process.

Senator CARR—What does ‘facilitation’ mean?

Dr Garrett—That means working with a team of experts in our environment and other people outside our environment to help understand the nature of the problem, lead the team through a process, document that and make sure that the outputs are on track with the original objectives. It is a particular skill.

Senator CARR—I thought that is what Professor Robertson’s job was.

Dr Garrett—No. Professor Robertson’s job was to provide technical expertise and input on collaboration best practice in the UK specifically but also with a European horizon.

Senator CARR—Why were Poynton Partners given an exclusive contract?

Dr Garrett—Again, the principal involved there was known to us and had worked with colleagues previously.

Senator CARR—This is another individual.

Dr Garrett—It is a team. We worked with a particular individual in Poynton Partners.

Senator CARR—How are they known to you?

Dr Garrett—Through engagement of colleagues on the executive team from past assignments.

Mr Whelan—He is an independent member of the commercial executive committee of CSIRO.

Senator CARR—So he is a member of the CSIRO committee.

Mr Whelan—CSIRO internal processes for the approval of commercial transactions. We have executive members and two independent members on a committee. The individual who works for the organisation was known in part through that association.

Senator CARR—What is the nature of his association with an executive committee?

Mr Whelan—It is about providing advice on commercial transactions.

Dr Garrett—External independent advice. In so doing, obviously the individual concerned gained a lot of understanding of the nature of the organisation.

Senator CARR—I bet he did. Dr Garrett, it strikes me that if you are an insider in CSIRO it is pretty easy to get a contract. Would that be a fair conclusion to draw from these examples?

CHAIR—It sounds like a pretty wild statement to me.

Senator Vanstone—That is not a fair question to put to officers. You can draw whatever conclusion you like, but this is not a forum for you to put that proposition to them.

CHAIR—It is highly insulting to a highly professional organisation.

Senator CARR—Who do the communications staff report to?

Dr Sandland—The executive director of communications.

Senator CARR—Who is that?

Dr Sandland—Donna Staunton.

Senator CARR—Is it the same Donna Staunton listed on page 2?

Dr Sandland—That is true. She was engaged as a consultant before she joined us as executive director of communications.

Senator CARR—How many consultancies did she have?

Dr Sandland—She continued to carry out a number of consultancies for us. We had a number of key requirements that the board had imposed on us in terms of putting in place a communications strategy that she worked with us on over an extended period.

Senator CARR—How many?

Dr Sandland—I am not absolutely sure about the precise number of contracts, but it was an ongoing arrangement until such time as she declared that she was interested in putting her name forward for the position of executive director of communications at which time she went through the normal processes that other candidates went through.

Senator CARR—So over what period of time was Ms Staunton a consultant for the CSIRO?

Dr Sandland—Approximately six months.

Senator CARR—During that time what was the total value of consultancies issued?

Dr Garrett—I think we have answered that in question E767-04, which you asked in February.

Senator CARR—Have we got a copy of that?

Senator Vanstone—Did we not send you the answers, Senator Carr?

Senator CARR—No doubt—but you appreciate I do ask a lot of questions, so I want to make sure I have got the right one.

Dr Garrett—It certainly provides some input into your question, I think.

Senator CARR—That consultancy here refers to a consultancy issued on ‘27 October 2003 ... to provide services as Acting Director, Communications’. Is that right? Have I read that correctly?

Dr Garrett—That is what it says, Senator.

Senator CARR—My question was: what was the total number of consultancies issued to Ms Staunton? This refers to one consultancy. Were there any others?

Dr Sandland—My understanding is that there was one consultancy but several rolling contracts as a result of that.

Dr Garrett—It was one consultancy to do a job.

Senator CARR—That is the one job, is it—acting director of communications?

Dr Garrett—That is correct.

Dr Sandland—Before we asked her to take on the role of acting director of communications, she also provided communications consulting services to the preparation of a communications strategy for the organisation.

Senator CARR—We are probably getting closer to where I want to go. I would like to know the total value of consultancies provided to Ms Staunton, because it appears that there are two jobs that she has had to do.

Dr Sandland—Over the period of time that she was employed by the organisation, she carried out the work at the level that was provided to you in that answer of about \$22,000 per month, on a daily consulting rate of \$1,375.

Senator CARR—How long did this go on?

Dr Sandland—As I said, of the order of six months.

Senator CARR—So \$22,000 per month for six months. Is that right?

Dr Sandland—That is right, Senator. Of that order, but I will take on notice the question and give you a precise answer of the number of months and the precise total.

Senator CARR—Was there an open tender for that?

Dr Sandland—No, Senator.

Senator CARR—Why not?

Dr Sandland—Because we had been under quite significant pressure to provide a communications strategy. We had talked to a number of people in the marketplace. We had experimented with a number of models. We could not find anyone who could carry out this work to the standard that we required, until we found Ms Staunton.

Senator CARR—One thing I tell you now that this country is not short of is communications specialists. A \$132,000 contract at \$1,375 a day—four days a week—is a pretty good wicket for a communications specialist.

Dr Sandland—The daily consulting rate for which Ms Staunton agreed to work was significantly below that for which she would normally work—

Senator CARR—That is very good! So there was a saving here, was there?

Dr Sandland—A considerable saving.

Senator CARR—That is reassuring! What I am interested to know is, how did you know that there were not other people available that were prepared to work for that price?

Dr Sandland—As per our answer in the previous question, I do not deny that there are other experienced professionals in this domain. We had a pressing need to develop a communication strategy, which the board required of us as CSIRO executives. We had to find a person who could carry out that task quickly and effectively. I spoke to numbers of people in this area, although it was certainly offered as an exclusive tender. Ms Staunton was clearly a person who was very highly regarded in that domain.

Senator CARR—I am sure she is. I am not disputing whether or not she is highly regarded or whether or not she is a person of good character. I want to know what management processes are in place to ensure that this Commonwealth agency gets value for money and you are telling me—

Dr Sandland—It was under urgency and practicality. As I have explained to you before, the communication function had been unable to come up with a communication strategy that had satisfied the board previously—and the board had made it very clear that they were dissatisfied with previous attempts to develop a communication strategy. We were fishing in a rare part of the pond and we were certain of Ms Staunton's capability of delivering that strategy. Indeed, she, working with Mr John Williams, an internal CSIRO person who gave her the CSIRO context, did a superb effort in producing that plan.

Senator CARR—This urgency went on for six months?

Dr Sandland—The urgency was at the start of this process, but it was a lengthy process developing the strategy. From the strategy she then went to the task of acting director of communication, because she had developed very significant credibility in the organisation through her work on the strategy. Therefore it was a natural extension—in our hiatus period, as we were searching for a director of communication—to utilise Ms Staunton's services on a continuing basis. Indeed, that was vindicated in the sense that, when Ms Staunton put her name forward as a candidate for the position of director of communication, she was

unanimously selected as the successful candidate by our internal panel after rigorous questioning of a number of candidates.

Senator CARR—The appointment of the communication director is a separate issue but, while you have raised it, how much does she get?

Dr Sandland—We do not reveal the remuneration packages of individual executives.

Dr Garrett—As you know, in our annual report you will find full details of the band of senior executives in the environment on a regular basis. This is the public practice.

Dr Sandland—Ms Staunton's remuneration is within that band.

Senator CARR—Let us have a look at the band. What page is that on?

Dr Sandland—Page 143.

Senator CARR—You know I am not fussed about asking people's salaries. All our salaries are declared, all our allowances are declared and every cent we spend is on the public record, so I do not buy this line that public servants are not—

Dr Garrett—This is the line that we are advised to report.

Senator CARR—On page 143, which band is Ms Staunton in?

Dr Garrett—We do not identify individuals, as you will see, by a particular band.

Senator CARR—So the first band is you, Dr Garrett, with \$110,000 to \$120,000, is it not?

Dr Garrett—Nearly right.

Senator CARR—Nearly right?

Dr Garrett—No.

Senator JOHNSTON—It is inappropriate to determine this.

Dr Sandland—These figures apply to 2003.

Senator CARR—So I cannot find it in the annual report this year?

Dr Garrett—What we indicated was that this is how the information is available, in trying to respond to your request for detailed information. This gives the framework.

Senator CARR—What was the classification of the job advertised?

Dr Garrett—Executive director, director of communication.

Senator CARR—At what level?

Dr Sandland—A number of our senior positions are advertised in an employment arrangement called clause 11, in which we classify our senior executives. Ms Staunton is on an individual contract, as are all members of our executive team.

Senator CARR—So you cannot tell me what the advertisement placed the remuneration at?

Dr Sandland—When we commissioned Korn Ferry to carry out the search process for them, we did give them a salary band which was consistent with the salary band that Dr Garrett has alluded to.

Senator CARR—What was the salary band that you gave Korn Ferry?

Dr Sandland—In respect of my previous answer, that is not something I believe I should reveal.

Senator CARR—Can we have a copy of the advertisement?

Dr Sandland—Does the advertisement nominate a salary range?

Senator CARR—I do not know. I am asking you.

Dr Sandland—I do not believe it did. I believe this was something that was discussed with the individual candidates were they sufficiently prospective.

Senator CARR—You are saying that you will not provide this committee with information on the salary band.

Dr Garrett—We will have to take advice. You presumably are directing this request more broadly into the Public Service. If there is a ruling that requires individual senior civil servants to have individual salaries published, we will abide by that ruling. At this point in time we respond to the requirements of us when reporting salary bands in the Public Service, so it is beyond our jurisdiction to provide that information.

Senator CARR—I am asking you what was the salary band that was placed with the company that did the executive search.

Dr Sandland—As per our previous answer to this question, we believe that providing that information would contravene the privacy that we give our senior executives in relation to their salaries and the publication thereof.

Senator CARR—You know the standing orders here, though, don't you? Have you got that opening statement that the chairman read out?

ACTING CHAIR (Senator Johnston)—There is no need to go over it again.

Dr Garrett—As I said earlier, if the requirement is on us as public servants to reveal this information across the Australian Public Service, we will do as we are required to. At this point in time, we report as we are required.

Senator CARR—Your annual report provides me with the salary bands of the number of officers in each of the categories, ranging from \$100,000 through to \$430,000.

Dr Garrett—That is correct.

Senator CARR—I can see nothing that would prevent you from advising this committee of the salary range that you advised the company that undertook the executive search.

Dr Garrett—In the context of Dr Sandland's previous response, we need to take that on notice. We will take advice on that and, if it is required of us, then we will do as you ask.

Senator CARR—Who would you get advice from?

Dr Garrett—I will have to take that question on notice too. I would think it would be through the department in the first instance.

Senator CARR—It is not an unusual question. I have asked similar questions of the department of education.

Dr Garrett—What answer did you get?

Senator CARR—I do not recall this level of difficulty.

Dr Garrett—Let me understand it: the department of education has given detailed information of individual people's salaries?

Senator CARR—They are giving information on the remuneration of their senior executives.

ACTING CHAIR—But they are not a semicommercial organisation. These people are out in the marketplace competing for expertise, and you want to get stuck into the commercial sensitivities. It is ridiculous.

Senator CARR—Senator, you should know more about this organisation before you say things like that. This is a leading research agency for the Commonwealth. It operates under the Australian Public Service arrangements.

ACTING CHAIR—With commercial joint ventures with other people. You know that.

Senator CARR—I will ask the secretary of the department. I will have to take this up elsewhere.

ACTING CHAIR—Do not waste our time. Go and do that and get your facts right.

Dr Garrett—We will take it on notice as you required, and we will come back to you straightaway if this is the requirement of us. Thank you for your question.

Senator CARR—I return to another example. How many consultancies has Mr Ian Dean secured since October last year?

Dr Garrett—I believe that we would have answered that question.

Senator CARR—October last year.

Dr Garrett—Three.

Senator CARR—Can you indicate the value of those contracts?

Dr Garrett—Yes, I can.

Dr Sandland—\$62,967.

Senator CARR—Were they all on a selected tender basis?

Dr Sandland—Yes.

Senator CARR—What is the total amount for which Mr Dean has now secured contracts?

Dr Sandland—\$740,205.

Dr Garrett—We should clarify that obviously that includes local site visits. Subsistencies, actual fees are \$608,000.

Senator CARR—But that has all been secured without a full tender process. Is that right?

Dr Garrett—That is correct.

Senator CARR—Three-quarters of a million dollars?

Dr Garrett—We have indicated in answers to previous questions on notice how Mr Dean was appointed in the organisation. You have a number of questions on notice that we provided answers for last time.

Senator CARR—I understand that. Dr Garrett, in February when we were discussing these matters and canvassing why it was that Mr Dean was so successful and so fortunate in attracting \$740,000, you told the committee that before your arrival CSIRO had undertaken a full tender process with R&D providers in 1999—

Dr Garrett—That is correct.

Senator CARR—which had identified Groman Consulting as the only international consultants capable of undertaking leadership and management training. Is that right?

Dr Garrett—That is correct. I subsequently corrected that statement, as you know, because I was reading from an internal document.

Senator CARR—Was the \$740,000 all paid in Australian dollars?

Dr Garrett—Yes, to my understanding.

Senator CARR—I take it that it was all subject to Australian taxation requirements?

Dr Garrett—I do not know the answer to that. I will have to check. I will take that on notice. I would assume so. He is an international consultant, as you know.

Senator CARR—Was the payment sent to South Africa? Did he have an address in South Africa?

Dr Garrett—I do not know the answer in terms of the detail. He was an international consultant working in Australia. I do not know which tax regimes apply.

Senator CARR—I appreciate that on 3 May you wrote to the committee confirming that there had been a mistake about the tender process. That tender process in 1999 did not mention Groman at all, did it?

Dr Garrett—Yes, it did. There was an ambiguous document that I quoted from. As I indicated, I therefore corrected it. Mr Dean was only known to the organisation later than 1999. The point is that in 1999 the people development, then HR, function in the organisation had carried out a comprehensive international search for these skills and found them lacking.

Senator CARR—Would it also be true to say, though, when you told the committee on 18 February that when Mr Dean was engaged in 2001 ‘he was well known to the organisation’ that that was also incorrect?

Senator CARR—The statement goes further than that because, when you say ‘was well known to the CSIRO’, it is probably fairer to say he was well known to you.

Dr Garrett—That is correct. I had worked previously with this particular individual for a long period of time and his excellence and track record of work internationally was well known to me.

Senator CARR—Are you able to confirm that since last November when I raised this, CSIRO corporate people have been asked as to their recollection of Mr Dean and the terms of

his initial engagement? I understand the response has been to the effect that there was no knowledge of him.

Dr Garrett—Prior to 2001?

Senator CARR—Yes.

Dr Garrett—That is correct. That is what I indicated, but you have the document in question in your pack. I urge you to read the evaluation report ‘Engagement of Consultants’ around this particular assignment. I can refer you to the specific question on notice, if you would give me a moment, so that you would understand how that statement was made.

Senator CARR—No, I appreciate that. I have a number of documents in my pack, Dr Garrett, as I am sure you realise by now—it is the only way you can do this business. It is my understanding that a number of staff raised with you conflict of interest concerns. When did that first occur?

Dr Garrett—I have responded to this. You asked around this in E976 and I gave you an answer. The particular question you have now is when? Early after my arrival in the organisation and as per a previous answer to a question on notice, we indicated clearly why I recommended him in terms of the implementation of the strategic plan, the urgency for that plan, the market testing that had been done by the organisation without revealing any international level consultants who could help and Mr Dean’s track record was known to me. In discussing that with my colleagues, we agreed that we should move forward. I took the responsibility overall, as you know.

Senator CARR—Who prepared the documentation that you were relying upon in February?

Dr Garrett—The documentation was prepared by Peter O’Keefe, who is the director of people development in our environment.

Senator CARR—So the documents you relied upon did not represent the full facts?

Dr Garrett—I think they represented the full facts. There was just a misinterpretation of those facts. Obviously, I was not around in 1999 and the individual, as we prepared for Senate estimates hearings last time, was not available to consult with. So my colleagues agreed with the interpretation that I made.

Senator CARR—Was it Mr O’Keefe who has misrepresented the facts?

Dr Garrett—There was no misrepresentation by Mr O’Keefe. There was a misrepresentation by me. When you read that document, I think you would potentially draw the same conclusions.

Dr Sandland—The question is badly worded and therefore carries with it a certain ambiguity, which led to the mistaken interpretation.

Senator CARR—It has been put to me that nobody in the organisation in the leadership, career and team development or human resources personnel was in fact aware of Mr Ward until he was introduced by you, Dr Garrett. Is that right?

Dr Garrett—That is now the case, Senator.

Senator CARR—I am wondering why it took so long to get answer E983 back, which we were given only yesterday.

Dr Garrett—We apologise for the inconvenience of that. As you said earlier today, we get a large number of questions from you, many with multiple parts—59 this time around. We worked very hard to get accuracy and consistency in those. We delivered the significant majority of them by the deadline. There is a process through which we will be re-examining. I am anxious on behalf of the organisation to provide a timely response to those questions on notice. It was an unfortunate issue.

Senator CARR—When was that particular answer submitted to the department?

Dr Garrett—On 7 May, along with a number of other answers. As you know, to give a comprehensive response to the detailed questions you asked it was important to gather significant information from across the organisation.

Senator CARR—So your answer went to the department on 7 May but did not come to the committee until 1 June?

Dr Garrett—That appears to be the case.

Senator CARR—Where was the hold-up?

Dr Garrett—As you know, we utilise our colleagues in the department and the minister's office to add value and review our communication. We all have very busy lives and this one slipped through.

Senator CARR—So it went to the minister's office and slipped through.

Dr Garrett—It was in the system somewhere. As we reported last time, we recognise the value—they are our answers, but the department and the minister's office do provide a perspective to enable enhanced accuracy. We have talked about that process before.

Senator CARR—Enhanced accuracy?

Dr Garrett—They bring to our attention any items that we may not have appreciated in responding to questions that you have asked. We are trying to give you the service which is—

Senator CARR—I understand what you are trying to do. Was question E983 sent back to you for revision?

Dr Garrett—No.

Senator CARR—So it was delivered to the department on 7 May and it arrived with the committee on 1 June. Was it in the same form as it was sent to the department on 7 May?

Dr Garrett—Yes.

Senator CARR—So it sat somewhere in the department or in the minister's office for that length of time. Is that what you are saying?

Senator Vanstone—All the officer can tell you is when it was delivered to the department.

Senator CARR—That is a fair enough point. I will have to ask the secretary. Did Mr Peter O'Keefe, head of corporate affairs and resources, ever advise you that this particular contract should go out to tender?

Dr Garrett—Could you repeat the question, please.

Senator CARR—It is a very specific question. Did Mr Peter O’Keefe, the man who prepared the documentation that led to the difficulty in February, the head of human resources, ever advise you that the contract that Mr Ward secured should go out to tender?

Dr Garrett—This is exactly the question you asked in E983 and we have provided the response. I can read out that response again, if you want me to.

Senator CARR—I am happy for you to.

Senator Vanstone—I think what the officer has asked is whether you, having asked the question and being given an answer, and apparently being unaware of the answer, would like the officer to read it out to you.

Senator CARR—I am aware of the answer.

Senator Vanstone—If you are aware of the answer why would you want the officer to read it out to you?

Senator CARR—It says:

Mr O’Keefe did express the view at the time of the initial engagement of Groman Consulting that the services should be put to tender. General advice on the applicability of tendering under CSIRO’s then procurement policy was also sought from and provided by other senior CSIRO staff.

I take it then that Mr O’Keefe’s views were overruled. Is that right?

Dr Garrett—As I indicated, this advice was the subject of review by me and senior officers in the organisation. This was early in my tenure. In the best interests of the organisation, as we state clearly in this response to you around the implementation of our strategic plan, it was decided that we could engage Mr Dean and Groman ‘directly, on grounds of: expediency and value for money; the urgent need to proceed with the review of learning and development activities’ as well as my knowledge and other indirect knowledge of ‘Mr Dean’s excellent track record of delivery in the international marketplace’ and the fact that, as we said earlier, comprehensive market testing processes by the organisation had failed to identify other suitable suppliers in the international environment to do that job. That is the response we have given you.

Senator CARR—That is right. The advice was the subject of review by Dr Garrett. That is you, isn’t it?

Dr Garrett—That is me.

Senator CARR—Who was the other senior officer that you have referred to today who was part of that review?

Dr Garrett—The discussions would have taken place with a number of individuals. Certainly the corporate secretary, Mr Cain, would have been involved in that debate, and probably other individuals in the people development environment. I cannot remember the detail precisely.

Senator CARR—This answer is obviously not complete then.

Dr Garrett—Why not?

Senator CARR—It says ‘was the subject of review by Dr Garrett, who formed the view that ...’.

Dr Garrett—That is what I have written.

Senator CARR—Not these other officers.

Dr Garrett—No. I had the responsibility for the organisation. I listened to the advice. At that point in time, I was appointed to do a job. We had developed the strategic plan. A key component of the strategic plan was around the learning and development environment. We needed help for expediency and value for money et cetera. We decided to appoint Mr Dean. You will have all the documentation subsequently associated with that appointment and his further assignments in the environment.

Senator CARR—When you say ‘the decision to appoint Mr Dean’, that was a decision made by you, was it not?

Dr Garrett—I made the recommendation, as we have reported previously, that Mr Dean would add value into our environment. I introduced his name into the piece.

Senator CARR—The original contract was for \$100,000.

Dr Garrett—The first contract—let me give you the exact information—was consulting fees of \$97,217 and a total cost of \$128,670.

Senator CARR—Who initiated the appointment?

Dr Garrett—Who was the signing-off officer?

Senator CARR—Who initiated the appointment?

Dr Garrett—What do you mean by ‘initiated’?

Senator CARR—It seems to me, from what you have said today, that you were the initiating officer—that it was your proposal.

Dr Garrett—As I have indicated in the response, I formed the view, with my senior colleagues, that, all things considered, we could make this direct appointment. We did not want to waste money. We had already done the market testing. We had an individual who was available—and subsequently produced the goods.

Senator CARR—And it was Mr O’Keefe’s job to sign off on it?

Dr Garrett—He is annotated as the commissioning officer. He is the director of people development and has signed off on that documentation, yes.

Senator CARR—Did he sign off on it or was there a requirement by you that he sign off on it? Did you require him to sign off on it?

Dr Garrett—We had a discussion in terms of—having discussed the tendering arrangements and other conflicts of interest, that Ian Dean would be the appropriate person to be appointed. Then, as you will have seen in the correspondence, there were a number of senior individuals in the people and development area who engaged around the detail of his employment.

Senator CARR—Mr O’Keefe signed off on the next one.

Dr Garrett—That is correct, and then a number of other appointments and assignments as previously listed to you.

Senator CARR—Shaun Coffey.

Dr Garrett—And then other subsequent ones on the full list.

Senator CARR—And the last one was yourself.

Dr Garrett—The last one?

Senator CARR—Yes. There are six. Is that six?

Dr Garrett—We have previously provided you with a detailed list of those. You have the full details in this pack of information. My engagements as per that list were involved with two small assignments, one of a total value of \$1,650 for assistance with short-listing candidates for team building as per the documentation we provided and a subsequent one involving development and assessment interviews of senior leaders, which again was \$2,485. Sorry, let me correct that. You do have that information but I am just repeating it. There is \$2,485 for one assignment and \$5,284. Those were the two assignments for which I took responsibility as per the documentation we provided to you.

Senator CARR—Is the suggestion that at any time you directed or pressured staff to appoint Mr Dean to consultancy work untrue?

Dr Garrett—As I have indicated previously, I made a recommendation on the basis of the documentation provided that Ian Dean would add value to our environment. I do not believe it was a pressured situation.

Senator CARR—Dr Sandland, as the deputy CEO, did you send around an email in August 2003 about the role of the learning programs which said, in part:

Geoff has said to me that he will only be happy if Ian Dean is presenting as much of the material as possible.

Dr Sandland—That is a completely different context. I may indeed have sent such an email.

Senator CARR—Let me put it to you this way: this is an email that went to the LRE programs which involved Pat Blades.

Dr Sandland—The email was to Pat Blades; is that what you are saying?

Senator CARR—It is a general one. It says, 'Hi all'. It is one of those ones. CSIRO amazes me with its emails. It is a 'Hi all' email. It reads:

I have been having some interesting conversations about the proposed rollout of the LRE programs which Pat Blades has put together. I have sought comments from various people—Coffey, Garrett and Dean. I understand the LRE program will be subject to integrity refinement. It is on the user pay principle but of course it is most important that our senior leaders and potential leaders should go through a program of this kind. Geoff has some concerns about Pat's ability to deliver in this space and, despite some concerns with the organisation about his at times brusque manner, Pat came to us with the reputation as one of the top training people in the country. I have confirmed this with Ian Dean. Geoff has said to me that he will only be happy if Ian Dean is presenting as much of the material as possible.

Did you send an email of that description?

Dr Sandland—I may well have sent that email. I do not remember it precisely, but there were some discussions going on at the time about our LRE program. Pat Blades himself was very happy to use Ian Dean in that program. I think the comment that you are attributing to me there was in a much more anodyne context than what seems to be the implication. Geoff and I have had a number of discussions over a period about the appropriateness of using Ian Dean in a variety of contexts. In every situation that I have agreed Ian Dean was an appropriate person I have very much made my own decision about that.

For example, in the consultancy on change which I commissioned from Ian Dean for a relatively modest sum towards the end of 2003 we got some incredibly insightful information about some of the issues confronting the organisation. In terms of his ability as a trainer, the fact that Geoff's level of happiness would go up with the use of Ian Dean as a trainer was not a problem to me. We were in trouble with that course. We had had to cancel it on several occasions. Pat Blades resigned from the organisation, and my comments about Mr Blades are accurate, both in terms of his own reputation and Ian Dean's opinion of him. Ian Dean had delivered a number of courses for the organisation, and delivered them with considerable aplomb. So therefore for me to say, when a course is in trouble, that if we reverted to a known supplier Geoff would be more happy strikes me as being a fairly logical and reasonable thing to do.

Senator CARR—Who is Mr Scott Berriman?

Dr Garrett—Scott Berriman is one of the human resource professionals in corporate.

Senator CARR—Would you say he has a strong legal background?

Dr Garrett—Yes.

Senator CARR—Dr Sandland, were you advised that Mr Dean should not be employed unless he was supporting CSIRO senior management in carrying out the tasks he had been contracted for in regard to this particular program, this executive consultancy program—learning development support services?

Dr Sandland—The discussions about how we might use Ian Dean leading the research enterprise program related to the nature of how we might use Mr Dean. I am not quite getting the words that you—

Senator CARR—I will give you the words:

There might be good reason for using Ian Dean for some assignments—that is, familiarity with the organisation—

contained in, I presume it is, the brief for the particular contract—

We do not have a competitive process on which to base those decisions.

Were you being advised, even as late as last year, that prior to this matter being raised at the Senate estimates committee hearings in November, there was a requirement for a competitive process for the engagement of Mr Dean?

Dr Sandland—I do not recall that explicit advice, but if you tell me that I got that advice, then it must be the case.

Senator CARR—I would ask you to take it on notice and confirm it for me.

Dr Sandland—In relation to leading the research enterprise program, however, the interest in Mr Dean was very much along the lines of urgency and the need to recruit someone to run that program following the resignation of Mr Pat Blades. Subsequently we have appointed Mr Giuseppe Gigliotti to act in that position and he has done a sterling job in leading the research enterprise program.

Senator CARR—I am just wondering how that answer fits with the email that you sent to people suggesting that Mr Blades and Mr Dean were working together.

Dr Garrett—What is your question, Senator?

Senator CARR—You said the reason you had to appoint Mr Dean was because of the urgency following Mr Blades' resignation.

Dr Sandland—Yes.

Senator CARR—In fact, is it not the case that Mr Dean and Mr Blades were working together on the LRE program, certainly in August 2003?

Dr Sandland—That is correct.

Senator CARR—So where did the urgency arise?

Dr Sandland—Because Mr Blades subsequently resigned from the organisation.

Senator CARR—But Mr Dean had already been given an exclusive contract.

Dr Sandland—He had been given a contract to write parts of the course. Subsequently, when we took Pat Blades' proposal for the leading the research enterprise program to the executive concerns were expressed about that program, and we essentially had to go back to the drawing board on the program, which is what we have done. Now we have a program that is running successfully. The confusion there is that there were two different views on the executive as to what in fact the purpose of the course was. We have now set the purpose of the course as meeting both of those requirements. It seems to be operating satisfactorily.

Senator CARR—Obviously there is a difference of view within the executive. What about the board? Have there been any expressions of concern about this appointment by the board?

Dr Garrett—Concern about which appointment?

Senator CARR—Mr Dean's. He has \$740,000 worth of appointment.

Dr Garrett—As we talked during the last Senate hearings, this was discussed with the board. The framework around not going to tender and a conflict of interest were raised at the August 2002 meeting of the audit committee of the board, as per the questions we have responded to you. That was clear, and I can give you the exact reference. In E983, the previous ones, we confirmed that these decisions were the subject of a subsequent audit committee review. So, yes, it was discussed with the board.

Senator CARR—You have established this review committee. Is Ernst and Young undertaking the review?

Mr Whelan—The board commissioned management to engage consultants to review the engagement of consultants in December 2003. It was indicated in a previous answer that the draft report and draft management findings were considered by the audit committee at this

meeting earlier this week, and the final report and recommendations are due to be considered by the board at its June meeting.

Senator CARR—Can we have a copy of the report?

Mr Whelan—I would imagine so, once the board has finished consideration of it.

Senator CARR—How was Ernst and Young appointed?

Mr Whelan—Through a competitive process.

Senator CARR—That is very good to hear. How much was the contract for?

Mr Whelan—I think the initial contract was in the order of \$11,000. I will need to double-check that. It was subsequently extended to a second stage.

Senator CARR—What is the second stage?

Mr Whelan—The first stage was a review of documentation. The second stage was to undertake a review of sample transactions.

Senator CARR—How much is the second stage contract?

Mr Whelan—I do not have the details with me, but I would be happy to provide them to you.

Senator CARR—Thank you. Why did Mr Blades leave the organisation, Dr Sandland?

Dr Sandland—Mr Blades left to take up the position of human resources director at ANSTO.

Senator CARR—What is the recruitment process that you have undertaken to replace Mr Blades.

Dr Sandland—As I said earlier, Mr Giuseppe Gigliotti has taken the position on an acting basis. We have completed the process of selecting a new executive director of people and culture, to whom that function will report. When he takes up his position he will select an appropriate person for that role. I understand he has given Mr Gigliotti more time to act in the role because of the effective functioning at this point of the LRE program.

Senator CARR—Dr Sandland, I mentioned before the nature of the advice that you received from officers with a legal background. Were you also advised that consultants were available within Australia who could undertake the work to be undertaken by Mr Dean?

Dr Sandland—I may well have been, but I do not recall that advice being given to me explicitly.

Senator CARR—Mr Dean filled the role of Mr Blades from October last year. Is that right?

Dr Sandland—Yes.

Senator CARR—Did he have to be brought in to do the job? Was he overseas?

Dr Sandland—We had planned to bring Mr Dean into the country to take on a consultancy to look at the LRE program for us. At the time, having done some good work and with the information that became available with the number of consultancies that Mr Dean had carried out, we decided that it would be appropriate to terminate that consultancy.

Senator CARR—When did you terminate that?

Dr Sandland—Towards the end of last year, I organised that with Mr Dean. Mr Dean provided valuable input into the LRE program to terminate the work that he had been doing for us.

Senator CARR—Who is Mr Trevor Heldt?

Dr Sandland—He is the human resources manager of CSIRO Mathematical and Information Sciences, though I believe he is currently acting in a role that combines that function for the new ICT Centre and CSIRO Industrial Physics.

Senator CARR—Was he helping out Mr Dean?

Dr Sandland—He may have been, but I am unaware of that relationship.

Senator CARR—Before the engagement of Mr Dean for this last contract in October last year, despite the fact that he was overseas, was there any process undertaken to establish whether there were Australian based consultants or internal secondments from divisions that could do the work?

Dr Sandland—It was certainly mooted that there were others in Australia who might be able to carry out that function in relation to Mr Trevor Heldt. It was suggested to me by Mr Peter O'Keefe that Trevor Heldt could carry out the role of acting manager of the learning and development unit.

Senator CARR—But Mr Dean secured the contract.

Dr Sandland—Mr Heldt is a very capable human resources professional. He had little active experience at this kind of level in developing courses of the nature of the Leading the Research Enterprise program. Indeed, had he been appointed to the position of acting director, we would have needed to recruit someone to the position of running the Leading the Research Enterprise program anyway. So we moved directly to secure the services of Mr Dean in the first instance and the process unfolded as you described earlier.

Proceedings suspended from 3.44 p.m. to 4.00 p.m.

CHAIR—The committee is continuing consideration of estimates relating to the agency CSIRO.

Senator CARR—Dr Garrett, have you had an opportunity to check advice on the provision of information to the Senate committee concerning remuneration of executive officers?

Dr Garrett—Yes.

Senator CARR—What have you discovered?

Dr Garrett—We discovered that the line we took is the appropriate one. It is a requirement for us to report in the annual report as we do at the moment so that bands with individuals are not identified. This information will be provided in our forthcoming annual report.

Senator CARR—You do not intend to provide the committee with the information concerning the salary bands offered in regard to the recent appointment of the communications director.

Dr Garrett—No. That is the advice we have received.

Senator CARR—The chair's statement earlier this morning was:

I remind officers that, in its orders of continuing effect, the Senate has resolved that there is no area in connection with expenditure of public funds where any person has discretion to withhold details or explanation from parliament or its committees unless the parliament has provided otherwise.

CHAIR—A point of correction: I actually did not say that this morning. The *Hansard* record will show.

Senator CARR—When did you say that?

CHAIR—It was not on the statement this morning.

Senator CARR—You did not read that out.

CHAIR—No. That was not this morning's statement.

Senator CARR—That was read out yesterday at the beginning of our proceedings.

CHAIR—It would have been on Monday. It was the very first day when I read that. I think the *Hansard* will show that. I have only read it once this week—right at the start.

Senator CARR—Do you disagree with that statement the chair has made?

Dr Garrett—It is not our job to agree or disagree. We will take further advice in the context of that ruling. We are public servants and have to abide by these rulings.

Senator CARR—I am specifically looking for the band that was advised to the company that undertook the search for the communications director.

Dr Garrett—We will take that on notice.

Senator CARR—Is Ms Staunton employed as an individual or through her company?

Dr Sandland—She is employed as an individual.

Senator CARR—Is she full time?

Dr Sandland—She is almost full time. She has certain other board related duties that we have allowed her to continue. That has been taken into account, so she is effectively working 4.75 days per week. She is remunerated at 4.75 over five times the normal remuneration level.

Senator CARR—So she gets paid for 4¾ days.

Dr Sandland—Correct.

Senator CARR—What is the nature of the board related duties?

Dr Sandland—She is a member of the WorkCover board.

Senator CARR—In New South Wales.

Dr Sandland—Yes.

Senator CARR—Is she based in Canberra?

Dr Sandland—She commutes between Sydney and Canberra.

Senator CARR—Is that part of the remuneration package?

Dr Sandland—No, it is part of the reality of hiring people who have family responsibilities in other cities and requirements to travel.

Senator CARR—It is not unusual. What is the cost to CSIRO of airfares between Sydney and Canberra for Ms Staunton?

Dr Sandland—Ms Staunton, like a number of people, travels regularly between Sydney and Canberra, as I do myself. We pay the standard travel cost between Sydney and Canberra.

Senator CARR—Does she receive an allowance? Is she Canberra based or Sydney based under the Australian Public Service arrangements?

Dr Sandland—She receives no allowance. In CSIRO, all travel costs are paid directly. People are not paid an allowance.

Senator CARR—You say she commutes. Does CSIRO pay for her transport costs?

Dr Sandland—Yes.

Senator CARR—What is the cost of transporting her backwards and forwards from Canberra? I presume her job is actually based in Canberra.

Dr Garrett—We need to give you some further information in that regard inasmuch as, had she been Canberra based, she would have also been travelling extensively into Sydney.

Senator CARR—Senior executive officers are required to travel all over the country.

Dr Garrett—Of course.

Senator CARR—But I can tell you now as a senator that I am required to specify to the department of finance where my base is. Where is Ms Staunton's base under the APS arrangements?

Dr Sandland—As I understand it, the APS arrangements relate to cities in which one is paid an allowance for travelling. Ms Staunton's home is in Sydney. She has an office in Sydney and she has an office in Canberra.

Senator CARR—What is the cost of running the Sydney office for Ms Staunton?

Dr Sandland—I would have to take that question on notice.

Senator CARR—What is the cost of running the Canberra office for Ms Staunton?

Dr Sandland—Those are questions that we would need to take on notice.

Senator CARR—How many other executive officers do you have that appear to have more than one office?

Dr Sandland—I have an office in both Sydney and Canberra. We are appointing an executive director of people and culture who will have an office in both Sydney and Canberra. I regard Canberra as essentially my office base, but my home is in Sydney.

Senator CARR—Do you get paid for commuting from Canberra to Sydney?

Dr Sandland—I receive no allowance.

Senator CARR—But does CSIRO pay your airfares?

Dr Sandland—CSIRO pays my airfares, yes.

Senator CARR—On a weekly basis?

Dr Sandland—I travel quite extensively and CSIRO pays the airfares for my commuting, as it does for all CSIRO executives.

Senator CARR—It is my understanding that with senior officers in other departments—and I presume even in your home department—where there is extensive commuting required they are required to move to Canberra. They cannot have two locations.

Dr Garrett—We do not have that requirement. In addition, we have a very considerable activity at North Ryde, where a number of the executive team have offices. We have a significant presence of our scientific staff in Sydney. Therefore it makes sense for senior executives to have two bases, if you like, as well as the additional travelling. It is not a similar situation to a department, which is focused in Canberra.

Senator CARR—Ms Staunton was engaged as a consultant before she took on the full-time position—I take it 4.75 is to be regarded as full time. She was employed as a consultant, I think you mentioned before. I think you gave me a figure of \$130,000. That is right, isn't it?

Dr Garrett—It is \$22,000 a month at \$1,350 a day. We recorded those numbers.

Senator CARR—For six months, that is \$130,000 for four days a week for six months.

Dr Sandland—We said of the order of six months. We will give you the precise duration.

Senator CARR—Presumably she will be getting more than that as a full-time officer?

Dr Garrett—That is not the case. Why did you say 'presumably'?

Senator CARR—I just asked the question. She has taken a pay cut, has she? Is she going to work for 4.7 days a week and get less than \$132,000 for six months work?

Dr Garrett—In the consulting profession—if I can make a general comment—that is an at-risk area. When you take up full-time employment you do not get paid at consulting rates.

Senator CARR—So it is not reasonable for you to pay her double that rate then?

Dr Garrett—That is correct.

Senator CARR—Is Ms Staunton still a consultant?

Dr Garrett—No, she has joined the CSIRO staff.

Senator CARR—I can tell you that as at five minutes to four her web site indicated she was still operating as a consultant. If you care to get someone to check I think you will find it is still operating.

Dr Sandland—I am sure that is an oversight. I shall attend to it forthwith.

Senator CARR—You mentioned to us in E763 Staunton Consulting Ltd. I am wondering whether there has been an error because ASIC does not have any record of a company registered by that name. Are you sure it is a limited company?

Dr Sandland—No.

Mr Whelan—Those details would have been taken off our creditor listing. We can check the accuracy of those details.

Senator CARR—It is probably a mistake somewhere. Does the AWA you have with Ms Staunton preclude her from undertaking consultancy work?

Dr Sandland—Ms Staunton is appointed under our clause 11 arrangements which require her to work virtually full time, as you have noted, for CSIRO. In such situations we do not permit people to undertake consultancy, at least not without the chief executive's permission.

Senator CARR—So she cannot work as a consultant. That is what you are telling me, is it?

Dr Sandland—That is my understanding.

Dr Garrett—As I said, without the chief executive's permission I have had no requests for additional consultancy. She is full time so she has no time to engage in other activities.

Senator CARR—There has been considerable public attention paid to Ms Staunton's involvement with the Tobacco Institute. How do you respond to the criticism, Dr Garrett? You know the nature of it—that is, she said during that time that smoking was not addictive and various other things.

Dr Sandland—In 1994 Ms Staunton made statements of that nature. In 2000 she repudiated those statements publicly by sending a letter to a noted antismoking campaigner who I believe copied the letter to some hundreds of people.

Senator CARR—So it was a private letter.

Dr Sandland—It is on the public record that Ms Staunton has repudiated those views and did so in 2000. It was the subject of discussions during the interview process. We would not have gone ahead with the appointment had Ms Staunton still held those views.

Senator CARR—What is the division of time that Ms Staunton's duties require her to spend in Canberra and Sydney?

Dr Sandland—We do not have a specific time but the general expectation is that she spends of the order of three days per week in Canberra.

Dr Garrett—If you were to examine the elapsed time as far as effort logging in our system, the hours that she spends in a given week would be significantly more than—I am sure, on our behalf—4.75 times 7.75.

Senator CARR—Anyone who is being paid \$130,00 for six months work on four days a week would hopefully spend a bit more time than a normal shift of seven hours a day.

Dr Garrett—That is the point I am making.

Senator CARR—Did you give me the daily rate she is being paid? Is it \$1,300?

Dr Sandland—It is \$1,370.

Senator CARR—She is not getting paid that at the moment.

Dr Garrett—That is what we indicated in general terms.

Senator CARR—Executive jobs search is a matter we have discussed at some length today. I understand that Egon Zehnder have been appointed as executive search consultants.

Dr Garrett—Yes.

Senator CARR—Were they given that appointment on the basis of an open tender?

Dr Garrett—We have, as reported previously, a list of preferred suppliers. They are now on that list. They were engaged because of their expertise and track record in human resource related issues. They are considered in the community to be one of the top search agencies. Therefore that was the process by which we engaged them—through preferred suppliers. As we have indicated previously, there are about 23 companies on our preferred suppliers list.

Senator CARR—So they are one of the 23 on the executive search preferred tender list, are they?

Dr Garrett—Yes, they are now.

Senator CARR—How long have they been on the list?

Dr Garrett—I will have to take that on notice.

Senator CARR—How many other contracts have they had?

Dr Garrett—This is the only one that they have done with us in the last couple of years or so.

Senator CARR—They have only recently been added to the list, haven't they?

Dr Garrett—That is correct, because of their expertise in this domain.

Senator CARR—They were added because of their expertise to a list of 23. How long have they been working in the field?

Dr Garrett—On this assignment?

Senator CARR—No. How long have Egon been working in the field of executive recruitment?

Dr Garrett—I do not have that information. I would say quite a long time. I could take it on notice. They are a reputable international organisation, as you know.

Senator CARR—But they have only recently been added to your list of specialists—the 23?

Dr Garrett—Yes.

Senator CARR—Why do you think it has taken so long to add them to your list of experts?

Dr Garrett—I do not know the answer to that. I believe their lack of participation on our preferred supplier list was potentially an oversight. They are one of the top organisations in the country. I would consider it to be an oversight.

Senator CARR—How much experience does Egon have with public sector recruitment?

Dr Garrett—In talking to the search consultants, they have had significant exposure in that environment. Of the candidates that they brought forward, a number were from the public sector. I would have to get an indication from them. If you wanted that, I could get that information provided to you on notice.

Mr Whelan—By way of example, I understand that they have assisted the Australian Taxation Office with a significant amount of executive recruitment over the last two years.

Senator CARR—The last two years?

Mr Whelan—As I understand it.

Senator CARR—When they were appointed to the contract they were on your list at that time? They were not added after that time?

Dr Garrett—I do not know the answer to that. I was looking for the best skills around. We were looking in the HR area. We looked at a short list on the preferred supplier list. They were interviewed and won.

Senator CARR—That is my point. You selected them. There was a limited tender; it went to Egon. At the time of their appointment, were they on the preferred tenderer list?

Dr Garrett—I do not know the answer to that.

Senator CARR—It just strikes me as strange. You have this pre-eminent group of people. We know that Egon have only been added recently. My question is this. When were they added, and was it after they actually got the contract?

Dr Garrett—That could have been the case. As I indicated earlier, that would have been because it was an oversight not including them in the original case.

Senator CARR—Can you not see that there is a problem there?

Dr Garrett—Yes, that is why the oversight was corrected. They had professional skills that were not on our preferred supplier list. They are obviously a preferred supplier. They have done a very good job on this assignment. They have done one assignment in four years for us and may well do more.

Senator CARR—What is put to me, Dr Garrett, and you can refute this, because I am more than prepared to accept that perhaps it is not true. But I will put it to you and you can tell me. I am told that no executive team members had any personal links with the principal of the company but that you met with principals of the company at a social function. Is that right?

Dr Garrett—Which search agency are you talking about?

Senator CARR—Egon.

Dr Garrett—I say categorically, to my knowledge, that neither I nor any of my colleagues have had any connection with the principals of that firm before. It may well be—and I would have to check with my executive colleagues—that certainly one of our executive members would have previously known at least one of the principals of Egon Zehnder. It is a small country. Certainly those principals were not known to me or Dr Sandland.

Dr Sandland—I had met Mr Stephenson before in a completely different context. I had no part in choosing that agency.

Dr Garrett—I had the sign-off decision of the short list of suppliers in this matter and, through a restricted process, they came out tops.

Senator CARR—What I am concerned about here is the point where I started before—and people were excited amongst the government senators—that it seems to me that we have here a tender process that is in need of a major overhaul. It strikes me that there are possibly two

interpretations of the situation with Mr Dean, and maybe others. First, that this is a case of extraordinary good fortune that a person can get a series of contracts totalling \$740,000 without going to a tender process. It could equally be argued that there is undue favouritism within CSIRO as to the awarding of certain contracts. It strikes me that, within the Australian Public Service context, this is a suggestion that should never have to be made. It is deeply disturbing to me that we have this totally inappropriate method by an organisation like CSIRO, with its international reputation, but particularly its national reputation.

Dr Garrett—We hear clearly about the perceptions. We have tried to indicate the reality and counter your points. We take this very seriously and, as Mr Whelan indicated previously, we are undertaking a review of our overall procurement processes in order to address these issues. Your concerns are important to us.

Senator CARR—It may well be that my concerns will be extremely important to you. The Labor Party is very worried about this. There are a wide number of examples that I could point to that reflect a totally inappropriate method of the appointment of public moneys by way of consultancies. This is outside what I would expect for a Public Service agency such as your own. I turn to the communications strategy, which is the matter of Ms Staunton's original contract. First, there were two documents. The first document is entitled 'The communications revolution', which was produced in-house in 2001. That is correct, isn't it?

Dr Sandland—That is correct.

Senator CARR—There was a second document called 'The communications strategy'. So the first one was produced in-house?

Dr Sandland—That is correct.

Senator CARR—How much did that cost you? Do you have any idea?

Dr Sandland—It obviously occupied a significant amount of time of the then director of communication, Ms Di Jay, but I have no idea of the cost. I do not think I even have the capability of discovering that information.

Senator CARR—Fair enough. It was done in-house?

Dr Sandland—It was done in-house.

Senator CARR—But there was certainly no controversy about the appointments of the consultants. We now have another document called 'The communications strategy'.

Dr Sandland—While there were many meritorious aspects to the original document, it was not considered by our board to be an acceptable strategy.

Senator CARR—What was wrong with it?

Dr Sandland—A variety of issues were discussed with the board. I think Ms Jay was labouring under the difficulty of not having an organisational strategy or an organisational strategy process to which she could tie that document. Therefore, it was a very difficult assignment for her to attempt to develop a strategy in the absence of a corporate strategy.

Senator CARR—As you are no doubt aware, I have a copy of the document. I would like to go through few issues. Is it normal for documents of this type to have some sort of organisational strategy, as you have indicated, to underpin them?

Dr Sandland—The organisational strategy is obviously the subject of another document.

Senator CARR—So that is the reason why it is not clear.

Dr Garrett—You have a copy of the organisational strategy.

Senator CARR—I do, but it is quite clear that the communication strategy document does not seem to have any strong relationship.

Dr Sandland—There is a very clear mapping of the communication strategy against the CSIRO strategic goals.

Dr Garrett—You have the document, Senator. If you look at the strategic goals they are foremost on the communication strategy of influencing the strategic elements articulated therein. So I am surprised at your question.

Senator CARR—It says ‘business objectives’. I see those. I see communications objectives ‘to convince government, industry and the community that CSIRO is delivering great science and innovative solutions to enhance the way Australians value and use knowledge, to build CSIRO as a global brand name, to show CSIRO as having great people and being keen to partner and be responsive to customer needs’. Those are the communications objectives. Where are the organisational objectives? This is headed ‘The communication revolution’.

Dr Sandland—You are looking at the communication revolution document.

Dr Garrett—We do not have that in front of us. That is the old document.

Dr Sandland—And part of my previous answer goes to exactly that question.

Senator CARR—It is now clear to me; there is another document. That one says, ‘The scope of the strategy and the strategic imperatives’. It also says that staff are ‘non-aligned with the new CSIRO directions’. What does that mean?

Dr Sandland—The CSIRO communications strategy was prepared as an internal document to help us address a number of issues, both internally and externally, and also to address issues of both perception and reality. You are aware, Senator, that we carry out from time to time our insight survey and other polling surveys to find the extent to which people are aligned with CSIRO strategies. We understand that that is an area where we need to be able to demonstrate some improvement, not just statistically but in reality.

Senator CARR—This goes through a whole list of risks in terms of stakeholder analysis et cetera. They are all there and it is quite clear that there are serious problems. You say on page 7: ‘The key issue is the apparent increasing volatility and divergence in views politically on science policy, and CSIRO’s role is reflected in accountability mechanisms such as Senate estimates in a more adversarial science policy context.’ What do you think that means?

Dr Sandland—I do not have that detail in front of me at the moment. As I said, this was intended as an internal document. It was intended to help us with a range of issues that we felt were important for the perception and portrayal of CSIRO as an organisation. There is a whole bunch of issues in there, each of which could be subject to that level of scrutiny and analysis.

Senator CARR—Given you paid so much money for this document, I wonder about political wisdom associated with views such as ‘CSIRO by its actions or inactions loses the support of its ministers or alienates government.’

Dr Sandland—That is a risk for which one needs to have a mitigating strategy. It does not mean that that is a description of the current reality.

Senator CARR—You even canvass a ministerial reshuffle.

Dr Sandland—We have, in all levels of our organisation, an appreciation of the risks in a particular situation, the statement of those risks, and the development of mitigating strategies does not, of itself, constitute an acknowledge that that risk is the reality in the organisation at any time.

Senator CARR—It strikes me that this is a propaganda plan. I can go through point after point of this analysis, and if you wish me to I will, but it seems to me that you are paying large sums of money for these documents which would not normally be produced in a public service organisation, certainly none that I am familiar with. I have some experience in this now and it strikes me that this is extraordinary.

Dr Sandland—This document was never intended to be on the public record. It was intended to be a document to guide actions. If I look at some aspects of the key stakeholders, we are talking about young people and teachers and getting them to understand how science can add value to the nation and to their lives and how they can participate in it. I do not regard that kind of thing as being anything other than a very noble cause that is agreed to by most people in the organisation in terms of developing nations and global agencies. To position CSIRO as a trusted and unique research organisation in that context clearly potentially adds value not just to CSIRO but to the nation and indeed to the world, which is where we are coming from in this strategy.

Senator CARR—Thank you, Dr Sandland. I am not impressed by that. As I said, I can go through the approaches taken point by point. I am putting to you an entirely different view—that is, whether or not there is genuine value for money in the contracts you are entering if this is the quality of the work that comes forward.

Dr Garrett—We should add to the comment that first of all, three years ago or more when we first started reviewing our strategy and the need to move forward and we developed the strategic action plan that we talked about before, communication was highlighted as a major issue for us and as one that we were not handling well to both the external environment and the internal environment. That is why the communication revolution came about. We then developed the strategic plan 2003-07 in which communication was issued as a key issue. Our board tasked us specifically with developing a strategy. We have done that and it has received formal sign-off. We are going through the implementation of that strategy. We have to beg to differ with you. We would certainly be happy to take this debate off-line and talk you through these issues.

Senator CARR—Fair enough. This document has gone to the board?

Dr Sandland—Yes, Senator.

Senator CARR—In the form I have just read out?

Dr Sandland—The board, like other parts of the organisation, is interested in looking at some of the risks associated with communication and indeed has regarded this document as entirely appropriate for the organisation.

Senator CARR—There was no-one on the board who expressed any reservations about you commenting upon the possibility of a ministerial reshuffle?

Dr Sandland—I was not commenting on a ministerial reshuffle. I tried to explain previously, in looking at a whole set of risks—and as I said, this was intended to be an internal document—we are doing nothing other than appropriately considering a range of possibilities that might occur and a range of potential scenarios, some of which might be realised and some of which might never be realised. Having strategies for a range of potential eventualities is just good strategic business practice.

Senator CARR—Has Ms Staunton advised the current members of the communications team at Limestone Avenue that they will have to reapply for their jobs?

Dr Sandland—As part of the tasks that we have asked Ms Staunton to undertake she has been looking at the ability of the organisation to give effect to the strategy that has been put forward. In doing so she has looked at the current work force. She has established a new structure and some new processes associated with communications. In certain instances she has made a judgment that the current structure is working well and performing admirably. In others she has noted a need for some change. In others she has noted a need for some more senior positions to take on particular roles. Where positions have actually changed people have had to reapply for their jobs.

Senator CARR—How many?

Dr Sandland—There were changes to 17 positions. Eight new positions were created and nine positions were amended.

Senator CARR—Eight positions were created and nine positions were amended.

Dr Sandland—Yes.

Senator CARR—What does ‘amended’ mean?

Dr Sandland—Either the roles or the levels were adjusted to make it more appropriate to what we are trying to do.

Senator CARR—This was a reclassification, was it?

Dr Sandland—It may involve reclassification in certain situations, but in terms of the creation of new positions they are genuinely new positions. No reclassification has been made in situ without consideration of the need and the requirements of the function.

Senator CARR—What was the nature of the reclassifications?

Dr Sandland—The nature of the reclassifications has varied according to the positions. I can supply you, if you like, with a list of outcomes of the communications restructure, if that would be of value to you.

Senator CARR—Thank you. How many people reapplied for their jobs and were not successful?

Dr Sandland—I am not aware of the exact number. A number of people applied for positions that had been newly created within the framework. Some of them chose not to apply for those positions and a couple of people have left the organisation. A genuine attempt has been made in all cases to find a suitable position internally for the people who are involved in this process.

Senator CARR—Let us get this clear. How many people left the organisation?

Dr Sandland—I can give you a fuller account. So far two staff have moved to a position at a higher level. Three more may move following a three-month review of their performance in their new roles. As I am aware, two people have left the organisation as a result of the restructuring.

Senator CARR—So two were unsuccessful?

Dr Sandland—No. In one instance a person looked at the new position that had been created for which they may have had the skills and decided not to apply for that position and left the organisation because there was no other position for them. In another case a person decided not to apply for the more senior position and has moved to another position outside the organisation.

Senator CARR—So the number of positions has actually grown within the communications branch?

Dr Sandland—I believe that is the case. What Ms Staunton did was actually look from a zero level at what was required to carry out the functions to implement the strategy. Essentially in certain instances there have been, as I said, eight new positions created and nine amended. I believe that eight new positions do represent a growth in the function.

Senator CARR—Speaking of redundancies, I want to turn to the EMC.

Dr Garrett—That is our executive management council.

Senator CARR—How many of the EMC have been offered redundancies?

Dr Garrett—Over what time period?

Senator CARR—The last 18 months. That is a nice round figure.

Dr Garrett—I am not aware of anyone. We are having a current discussion with a previous member of the EMC. That is one. I could double-check on notice for you or check my arithmetic in the break.

Senator CARR—Thank you. As far as you are concerned, in the last 18 months you think there might be one person that has been spoken to.

Dr Garrett—We are having a discussion as we speak, so to speak.

Senator CARR—Do you want me to come back to that? Do you want to have a look at it? Thank you. Six redundancies have been offered at the Australian Animal Health Laboratories in Geelong—is that correct?

Dr Garrett—I do not have that information.

Senator CARR—Does someone here have that information.

Dr Garrett—We will find that for you.

Senator CARR—Thank you. I have some questions on redundancies. Presumably there will be a similar file. I would like to know about animal livestock more generally. What about the textiles and fibre technology division?

Dr Garrett—I can talk to that.

Senator CARR—Is it true that 30 positions there—or is it 40—what is the number of positions that—

Dr Garrett—Up to 22 positions, following our strategic review of the operations and a number of difficulties in that operating environment, which I can go into should you so wish.

Senator CARR—Is it 22?

Dr Garrett—Up to 22.

Senator CARR—There are no others? It has been put to me that it is up to 22 in the first instance but then there are a total of 40.

Dr Garrett—I am not aware of those discussions.

Senator CARR—There is nothing in your brief to say that there are more than 22 in the forthcoming period?

Dr Garrett—We have formerly had discussions at the EMC level and with the responsible divisional chief. That is the number that we have considered. Up to 22 is the information that I have at this point in time.

Senator CARR—Is it true that recently—that is, in the last two year—the textiles and fibre production division has had major investment in new technology lines, particularly at the Belmont research facilities?

Dr Garrett—When you say ‘major’, I am not—

Senator CARR—What is the nature of the new capital investment at the Belmont research laboratories in Geelong?

Dr Garrett—I would have to get that information.

Mr Whelan—We have made provision in our capital investment plan for the next five years to do either a half-life refurbishment or a major maintenance program on that facility. I can get the dollar value of that.

Senator CARR—And the nature of the works that are proposed?

Mr Whelan—I think in broad terms it is a half-life refurbishment or a major maintenance program. I can check the details.

Senator CARR—Has there been other investment in recent years in the laboratories in terms of the provision of high-speed woven material production?

Mr Whelan—I do not have details of that.

Senator CARR—Has the division been involved in CRC bids?

Dr Garrett—I do not have that detail. I can get it to you.

Senator CARR—Why is it necessary to remove 22 people from that division?

Dr Garrett—We have undertaken a significant review in that environment. The restructuring is necessary in order to ensure the long-term sustainability of that division. The reasons for restructure include a significant shortfall in excel learning associated with some delays, deferrals and cancellations of contracts, the increase in salary expenditure and relatively low staff turnover rate and the portfolio strategic review of funding allocations at the macro level in the organisation to support the establishment of prioritised flagship programs. The textile operation was only a very small contributor to those programs. As such there is a significant financial complexity associated with that, requiring some consideration of redundancies, and this has been communicated to staff on a regular basis. It was foreshadowed last year.

Senator CARR—So this is part of the process of transferring funds from the division to fund flagships?

Dr Garrett—No. As I indicated, in accordance with our strategic plan around prioritisations and closer alignment of national research priorities, we evaluate our portfolio across the organisation on a regular basis. The flagships, as you know, are a major strategic thrust of focusing the skills and there are consequences associated with that focus and reprioritisation. Some areas shrink somewhat, other areas grow.

Senator CARR—What strikes me as odd is why an organisation such as these laboratories would attract recent investments for two new lines of equipment—new technology relating to high-speed woven material production in the centre of our textile industry in this country—and then you turn around and say that there has to be a downsizing of the operations.

Dr Garrett—It is approximately a 10 per cent downsizing of the overall operations. That investment would have been a divisional investment and there are a number of critical areas that will go forward. I am assuming that the divisional management have made those decisions in accordance with the mainstream items that will be continued into the future and the areas at risk are those which are not seen as either an organisational priority or a divisional priority. I would say it would be a wise investment that would be consolidated in this restructuring process.

Senator CARR—So it is not a priority.

Dr Garrett—I am sorry; what is not a priority?

Senator CARR—Textile fibre production is no longer regarded as a priority. Is that what you are saying?

Dr Garrett—That is subject to divisional review in terms of the areas in which retrenchments will be made. I cannot answer that.

Senator CARR—I can assure that in the textile industry it is regarded as a priority.

Dr Garrett—That is correct. That is why we are having ongoing discussions, including with a number of people in the textile industry, in terms of the future direction of that area. As you will know, that division and the whole textiles domain around the world has been under significant pressure. That overall environmental influence is one of the reasons that we continually have to look carefully at our prioritisation.

Senator CARR—It is because the industry is under such pressure that it needs you more than ever.

Dr Garrett—We would hope that in those engagements—as I indicated to you, we have had some significant shortfall through industry bodies in supporting our research—we obviously need that support from the industry. We have not had that and there is a significant shortfall.

Senator CARR—But the external earnings targets were removed some while ago. Are you saying they still operate?

Dr Garrett—No. We need obviously to run a business that is funded in part from preparation funding and in part from external earnings. The strategy of the division would be to grow its revenue in particular areas and where those areas do not provide that revenue, then we have staffing consequences.

Mr Whelan—Notwithstanding the fact that the government made the decision to remove external earnings targets, 36 per cent of the organisation's resources come from external sources. In many respects, through major co-investment collaborative research arrangements, that external funding helps fund the research that CSIRO provides to the textile and other industries. That division generates approximately \$9 million a year in external revenue.

Senator CARR—So it has generated \$9 million?

Mr Whelan—Approximately \$9 million a year.

Senator CARR—How much is it likely to generate this year? Is it falling?

Mr Whelan—Approximately \$9 million.

Senator CARR—How long has it generated \$9 million?

Mr Whelan—I have the data in front of me for only this year. That is why I have quoted \$9 million.

Senator CARR—What is its budget?

Mr Whelan—Its appropriation budget for this year is of the order of \$12 million.

Senator CARR—So it receives \$12 million from public funds and \$9 million—presumably some of that is from public funds as well?

Mr Whelan—We have had this discussion before about direct appropriations. The direct appropriation is \$12 million. Money from external services may include recycled government resources.

Senator CARR—Yes, but whatever you say it is not from your core appropriation. They are given \$12 million and they raise another \$9 million. Are you saying that that is not good enough?

Mr Whelan—I am not making any observation about whether it is good enough. I am observing that those are the sources of revenue for the division.

Senator CARR—How many people are there in the division?

Dr Sandland—There are 177 full-time equivalents.

Dr Garrett—There are 177 at Geelong and a further 15 full-time equivalents at the Leather Research Centre in Melbourne. That is 192 FTEs. The actual staff number would be more than that.

Senator CARR—There are others somewhere else, are there?

Dr Garrett—No, I said that that number is full-time equivalents. We would presumably have some part-timers and the total number of employees would be in excess of 192.

Senator CARR—You are taking 22 in the first instance?

Dr Garrett—Approximately 11 per cent of the total work force.

Senator CARR—I am told that the figure is actually 40 and, given all the other information I have, which seems to coincide with the information you have given me, it strikes me that that may well be true.

Dr Garrett—I do not have that information. I would have to check that on notice. Certainly at the executive level it is up to 22 because we have put a lot of effort, as we talked about before, in the redeployment of skills inside the organisation.

Senator CARR—I have it now. It could be that 40 jobs are going from the division and you are seeking to redeploy within CSIRO?

Dr Garrett—No, Senator. As I said, we looked at the 22 redundancies, which is the question you have asked me. There may well be other jobs that change in the environment.

Senator CARR—If we say now that there are 192 effective full-time positions, at the end of this restructure, how many full-time positions will there be in the division?

Dr Garrett—As I indicated, we looked at up to 22 redundancies. I do not know whether they are full-time equivalents. If they are, then the reduction would be of that order, so it would be approximately 11 per cent.

Senator CARR—My contention to you is that in fact the number of job reductions is much higher. It could be the discrepancy between up to the 22 redundancies that you are acknowledging and the 40 figure refers to the division seeking to transfer people to other divisions. Is that possible?

Dr Garrett—That is possible, but it is also possible that those redeployments happen within the division in new priority areas—for example, to support the investments you talked about earlier.

Senator CARR—Who have you consulted about these redundancies?

Dr Garrett—The staff were consulted at length through the appropriate processes, the divisional management would have consulted widely with their industrial partners in terms of the difficulties around external earnings and there was consultation at the senior management level in the organisation before this decision was made.

Senator CARR—I am surprised that you think that \$9 million, with \$12 million coming from core appropriation, is a problem for external earnings. What figure do you want?

Dr Garrett—It is a problem in the sense of net change. When we have to support salary increases, which as you know we have negotiated extensively in the last couple of years, there

are expenses that we have to meet. When those expenses cannot be met either from core appropriation or from external earnings, that has implications around staffing, which is a major expense in the running of our operations.

Mr Whelan—Senator, you asked a question earlier about the division's involvement with CRCs. In round 9, the division of textiles was involved the proposal for cotton catchment communities, with three FTEs. To the best of my knowledge, TFT was not involved in any of the current round 6, 7 or 8 CRCs. So TFT is involved with cotton catchment communities.

Senator CARR—It was put to me, and it is clearly the view in some quarters, that CSIRO management did not support that bid. Is that true?

Mr Whelan—I am not aware of that view.

Dr Garrett—We obviously take this area very seriously. In the next few months we will be reviewing extensively. There are a number of factors in the operation of that division. It has a heavy reliance on a single, dominant customer, the Australian Wool Innovation. There are historical dominances of overseas companies in the global textile area. There is reduced potential for substantial growth, given the continuing global decline in the demand for wool. As you have said yourself, there is a potential for a slow decline in demand through innovation, so we are examining this in great detail in terms of the way forward for that division in the context of the broader CSIRO.

Senator CARR—There seems to be a whole new suite of fabrics coming on, and new technologies are required all the time in this industry. Some of the most successful textile companies operating in the country at the moment are relying upon new innovations, both in the tools of technology and in the fabrics. I am very surprised that this area has been targeted for redundancies. Is the Animal Health Laboratory also targeted?

Dr Garrett—I do not know whether I have that information.

Senator CARR—They are also in Geelong, aren't they? It seems that there are another six jobs in Geelong to go.

Dr Garrett—I will have to check the facts and come back to you on that.

Senator CARR—They might have a bit of problem in Geelong with this number of jobs going out of the town. Is it true that management does not tell the staff association about redundancies unless they take place in blocks of 15 or more? Do you have a policy position on that?

Dr Garrett—Not that I am aware of. We try to communicate with our union colleagues on a regular basis. We have a significant number of interactions around individual staff members, so I do not understand that.

Senator CARR—You do not think that is right.

Dr Garrett—Yes, full stop.

Senator CARR—If you say that that is not the way it works, that is fair enough. Would you prepare for me a table covering the last two years and up to the end of the current financial year with the number of actual and planned redundancies, the divisions and their locations and the number of redundancies and resignations from positions?

Dr Garrett—By geographic area?

Senator CARR—Tell me the name of the division, how many job losses have gone on in that division and where they are based.

Dr Garrett—Do you mean where the job losses are based or where the divisions are based?

Senator CARR—Where the divisions are based. I do not want to know where people live; I would like to know where the labs are.

Dr Garrett—We will liaise with your office to make sure that the table meets your expectation. We have that information. For the last two years?

Senator CARR—Yes, the last two years—that is, the actual—and the expected for the current financial year.

Dr Garrett—Yes.

Dr Sandland—It is possibly worth noting that the expected number of redundancies for 2003-04 was 250 at the start of that period. Our current expectation is that the actual number will be 170, and that reduction has come about as a result of strategies that we have developed internally to enhance redeployment and retraining within the organisation.

Senator CARR—That was last year, was it?

Dr Sandland—This current financial year.

Senator CARR—That is your expectation?

Dr Sandland—Our expectation at the start of the year was 250. It is now 170.

Senator CARR—Thank you. I will turn to AMC. My intention is to try to conclude this agency by teatime if that is possible, so there will be a number of questions that I will put on notice. With regard to the AMC project, what is the total liability that CSIRO is now exposed to?

Mr Whelan—The organisation has a contingent asset and a contingent liability. In net terms the exposure is zero.

Senator CARR—The industry department the other night told me the figure of \$70 million, if I recall rightly. It was from a loan and the technology agreement. They said the Commonwealth saw it as a liability. Do you not agree with that?

Mr Whelan—There is a liability and there is an asset.

Senator CARR—What is the asset?

Mr Whelan—The asset is the royalties that are payable should that particular smelter reach a defined level of production at some time in the future, as set out in the research agreement.

Senator CARR—But it is in receivership, isn't it?

Mr Whelan—As I understand it, the AMC is currently trying to restructure itself.

Senator CARR—But it is not functioning?

Mr Whelan—That is correct. That is why we changed the status of both the asset and the liability in our financial statements last year, which I think is a matter that we have discussed on a previous occasion. It is now classified as a contingent asset and a contingent liability, both of the same value. The net impact on CSIRO's accounts is zero.

Senator CARR—I will get the estimates *Hansard* from the industry department and I will get you to comment on their interpretation. We will see if we can verify it.

Mr Whelan—We work closely with the industry department on that matter.

Senator CARR—It is just that you are using an entirely different language. What has happened to the light metals flagship with AMC's apparent demise?

Dr Sandland—The light metals flagship has a number of themes that it is addressing, including a theme in magnesium. The focus of the light metals flagship in magnesium is all around looking at alternative ways of producing magnesium that would reduce the costs of the production of that metal to a level where it would be competitive with international competitors. That is the primary focus. It has no focus relating to the AMC technology.

Senator CARR—Can I come back to that, though. I have just found a reference that intrigues me. Budget Paper No. 2 on page 241 reads:

Work on the Stanwell Magnesium Project ceased in June 2003 due to significant project cost overruns. As a consequence, the Government has decided to finalise its involvement with AMC ...

Does that include you?

Mr Whelan—I do not have a copy of that, I am sorry.

Senator CARR—This is under the industry portfolio. But it does say the Australian government. That is why I am intrigued by the interpretation that CSIRO is putting on its continuing work with AMC. Am I clear about this? The Australian government is saying that it is finalising its involvement in AMC, but you are not.

Mr Whelan—I think that the statement in the budget paper may be relating to the guarantees or other financial support that the federal government was providing to AMC. I understand from recent press statements that, in response to the restructuring proposal from AMC, the government has indicated it will no longer support or continue to offer those financial guarantees. I understand that to be true, and I suspect that is what that statement relates to. I answered your question with regard to CSIRO in relation to the rights that CSIRO retains under the research agreement for royalties that may flow, should the Stanwell facility reach specified levels of production. Those royalties, if payable, trigger the repayment of the loans the Commonwealth has made. If those production levels are not met, those loans are not repayable. I think there are two separate financial transactions that we are linking here. One is loans that were previously made by the Commonwealth through CSIRO to AMC. I think the budget paper that you are referring to related to other financial guarantees that the government has offered that organisation.

Senator CARR—So, as far as you are concerned, the fact that the Stanwell operation ceased in 2003 does not affect you.

Mr Whelan—It clearly affects the prospects of the organisation achieving the royalties outlined in the research agreement, which is why we changed the accounting treatment last

year from regarding it as an asset to a contingent asset. The probability of receiving it was less than it had been in previous years.

Senator CARR—Fair enough. So who were the partners to your current research in terms of the light metals flagship?

Dr Sandland—We have a number of partners that we are working with in relation to magnesium. What we are trying to do there is demonstrate a proof of concept that might attract new levels of investment.

Senator CARR—The question I asked was: who are they?

Dr Sandland—I am not aware of the explicit partners that we have in magnesium at the moment, but we are working with magnesium metal to demonstrate a proof of concept for new ways of producing magnesium metal at a cost below that of our international competitors. It is proof of concept stuff at this stage, Senator.

Senator CARR—So this is a flagship without partners?

Dr Sandland—No, this is not a flagship without partners. In relation to magnesium, I am not aware of whether we have partners in that space yet. The partners that we have for the light metals flagship are the University of Central Queensland, Curtin University, the University of Auckland, the University of New South Wales, Alcan, Alcoa, the Australian Greenhouse Office, BHP Billiton, the Department of Industry, Tourism and Resources and another resource company.

Senator CARR—Apart from the private sector partners—Alcan, BHP Billiton—and the department of industry, the rest are all universities, are they?

Dr Sandland—Yes, Senator.

Senator CARR—How much money are the two private sector partners putting into the flagship?

Dr Sandland—The amount of money going into that particular flagship in 2003-04, in terms of external revenue, is expected to be \$1 million. In 2004-05, that will grow to \$4.4 million. I would point out that the flagships, in addressing major national goals, have not been tasked with immediately cranking up their external revenue. That is not a primary driver on flagships. These are seen as being of longer term investments; however, we do see it as a very significant co-investment opportunity for companies and for CSIRO. We have, this year, established a new business development and commercialisation strategy to enhance the level of co-investment through major deals with corporates.

Senator CARR—In 2003-04, \$1 million was raised. Is that an actual?

Dr Sandland—That is the budgeted figure. I do not have the actual figure in front of me at the moment; however, I think that is on track.

Senator CARR—How much money has Alcan put in?

Dr Sandland—I do not have that information.

Senator CARR—How much has BHP put in?

Dr Sandland—Likewise.

Senator CARR—Can you give me a breakdown of the sources of the revenue received so far for 2003-04?

Dr Sandland—I will take that question on notice.

Senator CARR—What is your expectation for 2004-05 of the break-up of the external revenue? It may be that you have to identify it in terms of public versus private sources.

Dr Sandland—I will break up that figure in a way that is appropriate.

Dr Garrett—Senator, you had a request about the Animal Health Laboratory. There have been just four redundancies at these labs in Geelong over the last 18 months. Two are currently under consideration but may result in redeployment. There are no more planned in the near future. So this is historical as opposed to future.

Senator CARR—How many redundancies have occurred in the animal livestock divisions?

Dr Garrett—Are you talking about the Livestock Industries division?

Senator CARR—I hope we are talking about the same thing. I am talking about the whole division of animal livestock rather than just the laboratories in Geelong.

Dr Garrett—I do not have that information. We can find that for you also. Are you talking about the last year or two?

Senator CARR—The last two years, please.

Mr Whelan—Just to clarify: you have asked us to provide you with a table of divisions by location. The detail you have just asked for will be in that table.

Senator CARR—It will, but this was a specific one about Geelong.

Dr Garrett—If we can get it while we are still together, we will send for it.

Senator CARR—If it is a simple thing—in, say, 15 minutes—if not I will wait, but hopefully not for too long. The light metals flagship did assume AMC would be heavily involved, didn't it? If I recall correctly, AMC featured prominently at the launch.

Dr Sandland—AMC was certainly featured prominently at the launch, but with all our flagships—

Senator CARR—Very nice key rings, I might tell you.

Dr Sandland—They are nice key rings. I am glad you appreciated them. With all of our flagships we have technology milestones and delivery milestones. They relate to the work that is being done at that particular time to achieve the outcomes that we want to achieve with our flagships. Indeed, the disappearance of AMC was a significant issue for the flagship. We also have a flagship oversight committee, which looks at the delivery milestones and the various themes, of which magnesium is one, to see how effectively the flagship is performing. Indeed, the work in the light metals flagship has been reconfigured around some exciting technology that would actually make Australia world competitive in the production of magnesium. So, while the AMC work is no longer part of that flagship, there is nevertheless very significant magnesium work going on around exciting new technologies, building on leading-edge science, to produce magnesium significantly cheaper than our competitors.

So magnesium is still there as a theme, and our director has been carefully managing the transition from one to another. Furthermore, the flagship oversight committee, which meets four times a year, looks at those issues on a continuing basis. We have a significant number of annual performance goals that we set for each of our flagships, and achievement against those annual performance goals is a clear indicator of what future directions the flagship should take, bearing in mind that flagships being longer term and based on real research do in fact constitute a risky investment. So we need to monitor and manage the risks.

Senator CARR—What is the IP percentage that you have got out of the ongoing agreement regarding AMC? Is there a percentage return?

Mr Whelan—Are you referring to the royalties?

Senator CARR—Yes.

Mr Whelan—I think we have provided that detail in the past but I can get it again for you. As you know, we have not received royalties from AMC.

Senator CARR—That is right, but in the contract what is the percentage?

Mr Whelan—In the contract there is a rate per tonne. I do not have the details on me but we can provide you with them.

Senator CARR—You have lost one of your senior staff Dr Ian Poiner in marine research to AIMS.

Dr Garrett—He will obviously be badly missed in the environment, but in terms of the gain for the nation we see that as terrific.

Senator CARR—I am sure that is what you mean. Do you expect that there will be an opportunity for greater cooperation between AIMS and CSIRO?

Dr Garrett—We believe so. I think Tony Hamit and Ian Poiner—Ian was the deputy chief of that division—had a terrific relationship and we believe there is significant scope for enhancing collaboration between our respective institutions. That is why we see it as being as much a gain as it is a physical loss to our environment. Does that make sense to you, Senator?

Senator CARR—I hope that is the case. How is the *Southern Surveyor* going?

Dr Garrett—We believe it is going well. We do not have any expertise around to answer any detailed questions because we did not think it would be an issue. We can take any detailed questions you have on notice. All the indications are that it is sailing well, with terrific results coming out of it.

Senator CARR—Would you provide me with some details about the maintenance and repairs that have been undertaken on the vessel in the last 12 months, together with the costs?

Dr Garrett—We will take that on notice.

Senator CARR—I would like a list of the equipment that has proved to be faulty or non-operational, the amount of down time and the location and the cost of the repair. Has any research time been lost at sea as a result of faulty or non-operational equipment? How many sea days did the *Southern Surveyor* spend undertaking research in 2003-04? How many do you anticipate for 2004-05?

Dr Garrett—We will get back to you on all those questions.

Senator CARR—I can probably quote Dr Poiner, now that he has left for AIMS. I understand that he was arguing for a sea time budget of 270 sea days for the *Franklin* and 210 days for the *Southern Surveyor*, which is a total of 480 days at sea. What do you think of that target?

Dr Garrett—I cannot comment on that. I will have to get the detail from Ian himself.

Senator CARR—I understand that Dr Poiner also said that only about two per cent of our ocean territory is habitat mapped. He went on to make the point: ‘How can we manage the wealth if we don’t even know what’s in there?’

Dr Garrett—I think we subscribe to that view. It is one of the key themes of our wealth promotions flagship.

Senator CARR—If that is the case, how much in additional resources in your next internal budget will be paid to marine research?

Dr Garrett—I will have to come back to you on the detail of that.

Senator CARR—Is there any proposal to buy a new boat?

Mr Whelan—No.

Senator CARR—What is the life expectancy of the current boat?

Mr Whelan—I would have to follow that up for you.

Dr Sandland—In relation to the wealth promotions flagship, we are budgeting \$19.3 million to go into that domain. That includes both the flagship appropriation revenue, divisional co-investment and external revenue. Essentially, we are seeing at least 7.3 million new dollars going into that. A significant proportion of that will flow to the marine research division.

Mr Whelan—I can answer the question that you asked earlier about the division of marine. Its actual appropriation revenue in 2002-03 was \$24.8 million. Its forecast for 2003-04 was \$24.9 million and the budget for 2004-05 is \$27.7 million. That is an 11.2 per cent increase.

Senator CARR—How many extra sea days will that give them?

Mr Whelan—I can follow that up for you.

Senator CARR—In regard to the CRC program, obviously CSIRO spends a great deal of money on CRCs.

Dr Garrett—Yes.

Senator CARR—How much is your total contribution?

Mr Whelan—In which year?

Senator CARR—In the last year.

Mr Whelan—To 31 March 2004 CSIRO’s actual contributions, cash and in kind, were \$46 million. CSIRO received from other CRC sources \$22.8 million. So, in total, for the year to date to the end of March 2004, CSIRO had spent \$68.8 million.

Dr Garrett—That is as a core participant in 47 out of 73 CRCs.

Senator CARR—There has been some talk that alternative funding is going to be found for the defunded CRCs in rainforest and reef. Have you been approached about that?

Dr Garrett—No, I have not.

Senator CARR—How much money does CSIRO currently spend on tropical research?

Dr Garrett—Tropical research or tropical research in CRCs?

Senator CARR—Within any? How much money do you spend in North Queensland?

Dr Garrett—We would have to take that one on notice. We do not have that detail. You would like to know the total CSIRO—

Senator CARR—Basically what you spend—

Dr Garrett—In northern Queensland.

Senator CARR—Yes, north of the tropics.

Dr Garrett—We will come back to you on that.

Senator CARR—Do you have any moneys that might be called upon to fund a tropical CRC?

Dr Garrett—We have not budgeted—

Senator CARR—Is there any discretionary moneys available?

Dr Garrett—I wish. No, we do not have that on our budget at this point in time.

Senator CARR—Have you had any discussions with DEST about providing additional moneys to make up for the rainforest or the reef CRCs defunding?

Dr Garrett—No. Obviously we were participants in both of those.

Senator CARR—Yes. When were you advised that they were not going to be funded?

Dr Garrett—When the announcements were made.

Senator CARR—Like everybody else?

Dr Garrett—Yes.

Senator CARR—I understand that CSIRO has been trialling state government liaison officers and that the longest serving of them is in Queensland. Is that the case?

Dr Garrett—That is correct?

Senator CARR—Did that liaison officer discuss with the Queensland government the future of CRCs in Queensland?

Dr Garrett—He may well have done so in the course of his daily activities.

Senator CARR—Could you give us a report on what the nature of any discussions might have been.

Dr Garrett—Yes.

Senator CARR—Did CSIRO make a submission to the Howard CRC review?

Dr Garrett—I believe so. We certainly had discussions.

Senator CARR—When did you find out that public interest research was to be removed from the criteria?

Dr Garrett—Again when the general announcements were made. We did provide a submission.

Senator CARR—Do you regard public interest research as a core function of CSIRO?

Dr Garrett—Yes.

Senator CARR—So there is no change in the CSIRO policy in that regard?

Dr Garrett—It is a very important component in our activities.

Senator CARR—Thank you.

Dr Garrett—I have the information for you on our contributions to the Great Barrier Reef CRC, which was \$321,429 for 2003-04 and for tropical rainforest ecology and management \$1,595,300. We will give you further breakdown on our overall spending in northern Queensland.

Senator CARR—To return to the AMC issue, the department of industry advised me at the estimates that they expect to recover between \$25 million and \$30 million from the proceeds of sale of non-core AMC assets. How much does the CSIRO expect to recover?

Mr Whelan—I am not aware that CSIRO has any entitlement to proceeds from the sale of the assets you are talking about. CSIRO's contingent asset is linked to royalties associated with the production of magnesium.

Senator CARR—I asked some questions before about AMC. What is clearly stated in the *Hansard* is that the industry department is writing off a loss of \$70 million as a result of a guarantee provided to the AMC and they have advised me that CSIRO has an equivalent exposure, that is about \$70 million.

Mr Whelan—It is \$70 million for the federal government and \$5 million for the Queensland government.

Senator CARR—No, \$70 million from CSIRO.

Mr Whelan—That is correct, Senator. That is the same figure that we were talking about earlier.

Senator CARR—In fact, it is \$140 million for the Commonwealth if you regard yourself as a Commonwealth agency.

Mr Whelan—I suspect we are talking about the same \$70 million.

Senator CARR—No, they are quite clear about that.

Mr Whelan—I cannot comment on what DITR are saying. CSIRO's contingent asset and liability from AMC is \$75 million.

Senator CARR—I will go back to where I was. I asked a question along the lines, 'Is it 70?' and the *Hansard* states:

Mr Hartwell —Yes.

Senator CARR—Another \$70 million?

Mr Hartwell—Yes.

Senator CARR—So the total exposure of the Commonwealth really may well be around about \$130 million?

Mr Hartwell— ... yes ...

... ..

Senator CARR—So \$130 million is a reasonable estimate of the exposure of the Commonwealth?

Mr Hartwell—It is a reasonable estimate.

Mr Whelan—They are obviously in a better position than I am to comment.

Senator CARR—Yes. I will give you a copy of that—although I am sure you can get access to it—and we will ask some questions based on the *Hansard* because there appears to be a difference of opinion or at least a different emphasis to the tune of \$70 million, which is quite substantial. The rest of the questions I will put on notice.

Dr Garrett—I have one piece of information for you. You were asking about the AMC executive management council members. In the last 18 months, as I indicated, there was just one member.

Senator CARR—Was that person given redundancy on the same basis? Were there special arrangements for that one person?

Dr Garrett—I do not believe so, but I could check if you wish.

Senator CARR—There were not special arrangements or there were?

Dr Garrett—I would have to check what you mean by ‘special’. I think it would have been under the normal dispensation.

Senator CARR—If you could, please identify the terms of the redundancy for that person and were they offered a redundancy on the same basis as others in the organisation who have been offered redundancy.

Dr Garrett—Fine, thank you.

Senator CARR—Thank you very much.

[5.31 p.m.]

Department of Education, Science and Training

CHAIR—I welcome officers from Questacon.

Senator CARR—Professor Durant, are Questacon regarded as an agency of the department?

Prof. Durant—No, we are a semi-autonomous unit. We are output 3.4 in the DEST portfolio, so we are part of DEST.

Senator CARR—With all due respect to you, I might get the officers up here as well, if possible, and we will do the lot together.

CHAIR—The way it is listed it should be that way, actually. I am not too sure why the department has asked for Questacon separately. It is listed after the start of the Science Group.

Prof. Durant—They are perhaps being kind to me because I have the Minerals Council dinner downstairs in the Great Hall.

CHAIR—Senator Carr, perhaps you could ask your questions of Questacon and then we will call the officers.

Senator CARR—That is fair enough. You have received some additional funding to pursue the Smart Moves program, which is aimed at raising science awareness. Obviously, that is a good idea. You described to the committee in February something of this program. Could you tell me how you intend to use the additional moneys that are being provided? Will there be additional staff?

Prof. Durant—Yes. The money has been awarded to be spent over a number of years up to 2011. Effectively, it is around \$1.6 million, \$1.7 million or \$1.8 million a year over that period, ramping up a little bit. The money will be spent to allow us to increase the size and range of the program so that we will reach more of the secondary school pupils that the program is targeted at. It will allow us to run the Invention Convention, which is in-depth training for a small but committed group of school students so that they get a good immersion in aspects of commercialisation and how they can start up a business from their ideas. They are selected on the basis of their ideas.

Senator CARR—They are school kids?

Prof. Durant—Yes.

Senator CARR—What about the other functions that you undertake—the public displays and the like? Will you be able to increase the number of performances of those?

Prof. Durant—Within the centre in Canberra?

Senator CARR—Yes.

Prof. Durant—We are always seeking to increase what we do and maximise the amount of spending for the visitor.

Senator CARR—So there is a visitor program.

Prof. Durant—Yes, but the Smart Moves program is an outreach program, so generally that will be out on the road in the schools.

Senator CARR—I was thinking more of what I call the science circuses. Will you have more of those?

Prof. Durant—The science circus is not funded from that additional money from Backing Australia's Ability 2.

Senator CARR—Why is that?

Prof. Durant—Because the process of selecting the programs to be funded led to the result that Smart Moves was deemed to be the one that was worth supporting.

Senator CARR—Why is that more important than the circuses?

Prof. Durant—I would imagine it is because it is targeted at senior secondary pupils, and it could have great impact in the short-term in terms of them selecting their study options and future careers.

Senator CARR—But the science circuses surely reach a far greater number of people.

Prof. Durant—The science circus has greater range and, over the years, has certainly reached a larger number of schoolchildren but generally of primary age schools and communities in regional and remote areas.

Senator CARR—Will this involve a major restructure of the current program?

Prof. Durant—No, it will involve us extending it so that we will have additional teams out on the road. It is a program that works very well. The studies that have been done so far confirm that it is an effective program. The funding will allow us to continue that and just extend it a small way to meet the needs of the communities and schools and reach more children.

Senator CARR—Is it still the case that you are relying pretty heavily on your cooperation with the ANU?

Prof. Durant—We have a longstanding arrangement with the ANU, insofar as the Centre for the Public Awareness of Science has been a long-term associate of Questacon. Questacon's founder, Mike Gore, was involved in the founding of that particular centre at the ANU. We are closely involved with the Shell Questacon Science Circus. That is a triangular relationship between the ANU, us and Shell. The ANU staff at the Centre for the Public Awareness of Science undertake the training of the scholars who then go out on the road and run the circus.

Senator CARR—Are there any discussions currently under way to broaden the program, involving any other university?

Prof. Durant—There are discussions under way in general terms with one or two other organisations. For example, two of our circus staff have been in Darwin on a planning trip and talking with the staff at Charles Darwin University about some possible linkage there, because we are looking for ways we can take on some Indigenous staff to help with some of the outreach programs. It seemed a logical place to go to have those discussions, because we were involved with Charles Darwin University in discussions about possible training programs in East Timor.

Senator CARR—What other institutions are you discussing possible engagements with?

Prof. Durant—We have a good relationship with the University of Western Australia. Professor Leonie Rennie has been involved in a number of studies of Questacon. John O'Connor at the University of Newcastle is somebody we come across and get involved with because of the nature of what we do in science outreach.

Senator CARR—Who are you dealing with at the University of Western Australia?

Prof. Durant—Professor Leonie Rennie is the person there who knows the most about Questacon and our history. We also have a council member Lyn Abbott, who has just joined us from Western Australia.

Senator CARR—How many visits do you have to Western Australia at the moment? What sort of offering do you currently organise in Western Australia?

Prof. Durant—The next leg of the Shell Questacon Science Circus will be going to the Kimberley and the Northern Territory. We are planning to work with the Scitech Discovery

Centre in Perth. We are doing a pilot program, testing the delivery of the Smart Moves model there in partnership with Scitech, and we will be sending one of our exhibitions there. I think it will be in 2006.

Senator CARR—In terms of actually encouraging children to become engaged with science, engineering and technology, how important do you regard face-to-face contact?

Prof. Durant—It is very important because what it does is introduce enthusiastic young presenters into a classroom setting, so it gives a bit of a lift to the teaching of science in the classroom. It is also good for the young communicators because they get real experience of delivery, so the circus is a training model for science communicators and it works very well on that basis. The long-term aim would be to mainstream the wow effect of circus visits and get it into the classroom. If teachers were doing that then you could perhaps argue that these programs are not needed. But at the moment, and for the foreseeable future, I suspect there is a great deal of help that can be given to teachers to support them with these programs either by the delivery in the classroom or by the teacher workshops that happen associated with them.

Senator CARR—Do you have a schedule of the visits that are currently undertaken by the circuses?

Prof. Durant—Yes, we do.

Senator CARR—Could you provide that for us?

Prof. Durant—Yes. The science circus has visited Cabramurra, snow camps and school workshops in Western Australia. It toured Tasmania in October and November 2003. There was a Yass training tour event for the new scholars this year; a New South Wales tour in March; a Queensland tour, which they have just returned from; then there will be an Indigenous community program; the Northern Territory tour; the Kimberley tour, I mentioned earlier; and then the last tour of the year is to South Australia and Victoria.

Senator CARR—What is your current capacity? What is the target number of students you are trying to reach this year?

Prof. Durant—The total in the last financial year was 115,000 in a typical year. Each leg gets about 30,000 students.

Senator CARR—What do you think you could increase it to?

Prof. Durant—It is scaleable, but the factors you need to consider are the cost of delivery and the cost of training. If we had more science communicators on the ground with appropriate training then, for every extra truck and squad, you could get it to another 120,000.

Senator CARR—What does it cost to run a truck and a squad?

Prof. Durant—It is about \$1 million a year.

Senator CARR—So, you could put another one on the road for \$1 million per annum?

Prof. Durant—Yes.

Senator CARR—Does that include the training costs?

Prof. Durant—That includes the training costs.

Senator CARR—So that is your aggregate budget?

Prof. Durant—Yes.

Senator CARR—And that is everything?

Prof. Durant—Yes.

Senator CARR—Can you give us a breakdown of how that \$1 million is calculated and how you come to that conclusion?

Prof. Durant—It is about one third from the sponsorship, one third from the earnings on the road and one third from appropriation.

Senator CARR—You are saying \$1 million is from appropriation.

Prof. Durant—No, one third of \$1 million.

Senator CARR—Are you saying it costs \$1 million to keep them on the road but that one third comes from appropriation?

Prof. Durant—That is correct.

Senator CARR—So for \$1 million worth of Commonwealth funding, could you get three more units on the road?

Prof. Durant—If one assumes that we could get the sponsorship, yes, that could well be possible.

Senator CARR—Is that a realistic proposition? Could you get sponsorship for another three units?

Prof. Durant—It is certainly possible. The existing sponsor is a long-lasting sponsor, and that would be the first organisation we would want to talk to and see whether they were prepared to scale up or to take on other partners. Yes, it is possible to seek those funds. It is a good cause, and it is a good program. I have no doubt that other organisations could be encouraged to support that.

Senator CARR—You would need at least another two or three universities, wouldn't you? You cannot expect one university to carry it.

Prof. Durant—You would need to look at the costs carefully. If you have staff in post, it is possibly easier to scale up the tuition and give a larger group a modest increase in university staff whereas, if you are setting up a whole new department in another university, you may need slightly higher costs to do that.

Senator CARR—What was the basis for the money that has been allocated? Were any studies undertaken to put forward this particular model?

Prof. Durant—With regard to?

Senator CARR—The Smart Moves program. Who initiated that?

Prof. Durant—The program was initiated by my colleagues here. The program was developed at Questacon as part of the funding from the initial BAA package.

Senator CARR—Did you initiate it?

Prof. Durant—No, it was before my time.

Senator CARR—What I meant was whether Questacon went to government and said, ‘Look, it’s a great idea; give us some money’?

Prof. Durant—Yes, Questacon came up with the idea and approached government.

Senator CARR—Was it your priority, or was the priority on the circuses?

Prof. Durant—No, I believe that Questacon recognised it needed to work with older audiences. There was a perception that secondary pupils needed more excitement and interest in science and technology. It was in response to that perceived need that the program was developed.

Senator CARR—You do not think the circuses could have filled that function?

Prof. Durant—The circus is aimed at younger children, delivering bangs, flashes and slime type shows for a bit of stimulation in the classroom.

Senator Vanstone—Sounds good.

Senator CARR—I must say to you that this is extraordinarily good stuff.

Prof. Durant—Smart Moves is about leading-edge technology. The Smart Moves web site has a lot of examples of current research and innovation in action in Australia. It is a resource that students and teachers can use, as well as the program that goes into schools and the Invention Convention.

Senator CARR—For \$11 million over seven years, the Commonwealth will only contribute \$3.7 million?

Prof. Durant—No. The Smart Moves program is fully funded by the Commonwealth.

Senator CARR—So \$11 million has been provided over seven years. It was built on initial funding of \$3.7 million, provided through Backing Australia’s Ability. Is that Backing Australia’s Ability 1?

Prof. Durant—That is correct.

Senator CARR—So there is an additional allocation of \$11 million over seven years?

Prof. Durant—Yes, it allows us to extend the program to a slightly higher level so we get more students.

Senator CARR—Did you undertake a feasibility study?

Prof. Durant—An evaluation study was undertaken by a researcher from Queensland.

Senator CARR—Who was that?

Prof. Durant—Dr Keith Lucas.

Senator CARR—Do you have a copy of that report?

Prof. Durant—Yes, we can provide that.

Senator CARR—When was it undertaken?

Prof. Durant—In 2001, but we can check. I have a copy here in front of me. The report was published in September 2003, but the research would have been done before that.

Senator CARR—If we can get a copy of that, I would appreciate it. That is the foundation for the extra funding, is it?

Prof. Durant—It is part of the argument. It is part of making the case.

Senator CARR—Was there a case put for increased money for the circuses?

Prof. Durant—When the original BAA 2 program came around, we put up a number of ideas, and certainly increasing the size of the circus was one of the ideas. I think there are 26 ideas on our original list. Questacon is a creative organisation.

Senator CARR—It would be.

Prof. Durant—It probably should not come as a surprise that there are a lot of things that we would love to do if the resources are there.

Senator CARR—You put 26 proposals to government?

Prof. Durant—We put them to the department. One just goes through the process—

Senator CARR—I am encouraged by this enthusiasm. I bet you the minister was, too. That is very good.

Prof. Durant—Thank you.

[5.51 p.m.]

CHAIR—We move to questions to the Science Group. Senator Carr.

Senator CARR—Dr Harmer, I notice that you were at the back of the room for most of the discussion with the agencies. My first question goes to appropriate responses from Australian Public Service agencies. In your judgment, is standard procedure being adopted in all agencies within the portfolio concerning the appointment of consultancies?

Dr Harmer—I think it varies across the agencies. Most of the agencies are pretty close to the Australian Public Service guidelines for appointments. As I said to you, I think, yesterday I am quite keen to move all of them closer.

Senator CARR—I am very pleased to hear that. I take it then that the department will be taking steps to ensure that there is some conformity across the portfolio with regard to procedures for the awarding of consultancies?

Dr Harmer—There has not been, until recently, a need for us to intervene. Generally, we take the view that agencies have their own governance mechanisms, either boards or councils, and make their own decisions. But in the case of CSIRO I think Dr Garrett himself acknowledged that they are in the process of making some changes and that those changes will take them much closer to the APS guidelines for letting contracts.

Senator CARR—You are on the board of the CSIRO, aren't you?

Dr Harmer—Yes, I am.

Senator CARR—I take it that you would have expressed a view about the need to ensure compliance with the normal probity arrangements for consultancies?

Dr Harmer—Certainly.

Senator CARR—Is it your judgment that there is a concern on the board to ensure that that happens?

Dr Harmer—Certainly the board is concerned that that happens. Naturally they are very concerned, as I am—and I am sure the government would be, too—that CSIRO, through the budget, has just been given an enormous boost in resources—a vote of confidence, if you like, in the direction of the flagships program, a confirmation of their training and funding agreement—and, at a time when CSIRO should be making the most of the opportunities provided to them with additional funding, for the board to hear that a lot of discussion at committees like this and in the press is about matters of probity around consultancies would be very disappointing. I am sure they give high priority to fixing it up.

Senator CARR—I presume that the department will take steps to try to regularise the situation?

Dr Harmer—The CSIRO is a separate body within the portfolio. It is a separate agency with its own board. Our opportunity to influence what the CSIRO does is primarily through my position on the board. I can assure you that I will be using that position.

Senator CARR—You have other avenues available to you as well.

Dr Harmer—Yes, we do.

Senator CARR—No doubt you are aware of that. With regard to the information concerning the remuneration of senior executives, the normal provision is to have that information provided to committees such as these if not by name then by broad band identification. Would you agree, Dr Harmer?

Dr Harmer—Following the questioning of CSIRO I checked on that. According to my corporate services people, CSIRO's annual report is compliant with the guidelines we receive from PM&C in relation to reporting on remuneration by band of \$10,000. We do that in our annual report and I think the CSIRO does that as well. What we do not do is identify where individuals stand in that band because the bands, frankly, are too narrow. Personally, I would be comfortable revealing names in much broader bands than in the bands we are reporting in the—

Senator CARR—However, if I were to ask you for information about the amount on offer for a vacancy, you would have no difficulty providing that, would you?

Dr Harmer—No, I would not. We advertise all vacancies and we advertise our salary range for the vacancy.

Senator CARR—As you are aware, I have asked for the information that was provided to the headhunting company. There is no reason why that would not be normally provided for the department, would there be?

Dr Harmer—I listened to Dr Garrett's answer. It is quite likely that he will be able to provide that information in the band because the advertisement would probably have included a band of salaries.

Senator CARR—In general terms, is it possible for an AWA to go outside of the band?

Dr Harmer—It is and I have done that myself. I have advertised a position within a band and we attracted a particular candidate with qualifications and skills to warrant going above that to retain them. Yes, I have done it.

Senator CARR—Would it be significantly outside the band?

Dr Harmer—It is unlikely to be significantly outside the band.

Senator CARR—That is fair enough. I will ask you another question that relates to Public Service advice. The department works on the basis that it subscribes to normal APS values, does it not? That is, it is responsive to the government in providing frank, honest, comprehensive, accurate and timely advice. Would that be the case?

Dr Harmer—Yes, and we reinforce those messages at every opportunity with all the staff.

Senator CARR—Do you have a practice in the department of providing draft advice to the minister's office?

Dr Harmer—No. But from time to time we have discussions with the minister which does constitute formal advice, often in the formative stages of us creating a position on which to advise the minister. We sometimes have discussions with his advisers about the minister's priorities and our advice et cetera. There are a whole range of levels at which we provide advice to the minister, including formal written advice.

Senator CARR—Has there ever been a circumstance where advice has gone over in a written form and been sent back for alteration?

Dr Harmer—I am not personally aware of an issue. Have you some information?

Senator CARR—It is normal practice here.

Dr Harmer—Indeed. I think it is not uncommon for an adviser who is advising the minister on a particular issue to get some advice from the department to seek a discussion around it. But I am not aware of us modifying nor would it be acceptable to me or to my senior people for us in the department to modify our advice in relation to a request from the office.

Senator CARR—Have you had any of your officers raise concerns with you about the provision of advice to the minister's office?

Dr Harmer—No, I do not believe so.

Senator CARR—You have indicated that there are discussions held with the minister's office?

Dr Harmer—Yes.

Senator CARR—I can understand that. You are also telling me that drafts of briefs are not provided to the minister's office for vetting before they are finalised or become formal advice of the department?

Dr Harmer—Certainly it would not be normal practice or one that I would accept that we would provide draft briefs for acceptance before we sent them off. For a minister as busy and as energetic as Minister Nelson, we would send a lot of briefs to him on a daily basis, not weekly, so I am not saying I would be aware of the process in relation to each one. But it has

not been brought to my attention that there is a practice—and it would not be acceptable—of sending briefs across in draft.

Senator CARR—It certainly has not happened in the case of the allocation of resources to organisations funded by the department?

Dr Harmer—I have no knowledge of any such process in relation to that matter.

Senator CARR—I thought I would raise these questions with you because the higher education division is coming up shortly and officers might have an opportunity to confer on that matter.

Dr Harmer—Indeed.

Senator CARR—Thank you for that. Might I go to questions of the CRC program. I take it, Dr Harmer, that this division handles all the BAA coordinations?

Dr Harmer—No. I think when we last met I mentioned that I had restructured the department to provide a greater focus on research and innovation and had created a new group called the Innovation and Research Systems Group, which is currently headed by Dr Evan Arthur in an acting capacity. It was that group, because of its link with the university research funding system and some of the science functions, that coordinated the BAA. I think they are scheduled to come to the committee after higher education this evening.

Senator CARR—So we should do all the BAA matters then.

Dr Harmer—I would prefer that. I would have the right people here. Sorry, as Mr Walters is reminding me, except for the CRC program, because that part was dealt with by science.

Senator CARR—That has to be, yes. Is there a reduction in the CRC program over the life of the program?

Mr Walters—No.

Senator CARR—If we look at the forward estimates for the cooperative research centre programs in current prices—actually, I will take it on constant prices; it would probably be a bit easier, wouldn't it? Have you got them in constant prices?

Mr Walters—The forward estimates are expressed in out-term prices.

Senator CARR—You do not have the constant prices figure?

Mr Walters—Not as far as I know.

Senator CARR—I will ask you to confirm for me, then—you will need to take this on notice, I presume, if that is the case—that in constant prices the figures for the period 2003-04 and out are, for the CRC program: \$56.4 million, \$57 million, \$62.4 million, \$42.67 million, \$59.5 million, \$28.2 million, \$37.8 million and then minus \$4.3 million. If those figures are wrong, can you correct them for me. In out term prices, that is \$55 million, \$57 million, \$64 million, \$44.9 million, \$64.3 million, \$31.5 million, \$43 million and then minus \$5 million. Is that right?

Mr Walters—You went rather fast for me. I might just see if Mr Manns was able to follow that and can offer immediate comment.

Mr Manns—The last run of figures that you mentioned, I think with one small error, appear to be the extra amounts of CRC program funding in that top part of the BAA table. Is that correct?

Senator CARR—I am taking them from the BAA graph in blue. I look across there and I see them in yellow, and then I look at them in blue and it seems to me as if there is a reduction over the period. Is that not right?

Mr Manns—They are additions on top of what would have been the underlying base of the program had the government not added anything in BAA 1 or 2.

Senator CARR—This is all additional?

Mr Manns—There are two sets of figures there. I think the CRC program is the only one that actually has a third colour there. But, yes, those figures in yellow and beige in the middle and blue at the end are additions in most cases with one exception—the last figure—in relation to what would have been the underlying pre-BAA level of the program.

Senator CARR—Why is the last figure a negative, then?

Mr Manns—Some of that money has been brought forward into some earlier years. So in effect, as you can see, there are pluses and minuses. In net terms over the period 2005-06, there is an additional \$65 million for the program.

Senator CARR—The normal wage cost index is six, which is the one that applies to this program—is it not?

Mr Manns—Yes, that is right—WCI6.

Senator CARR—Another acronym—I like that.

Mr Manns—Wage cost index No. 6.

Senator CARR—That is 2.6 per cent per annum, is it not?

Mr Manns—It fluctuates.

Senator CARR—But that is an average figure. Is that currently working at 2.6 per cent?

Mr Manns—I do not think it is quite as high as that.

Senator CARR—I had this figure of 2.6 per cent provided to me by the experts upstairs. Is there somebody who can tell me if that is right or wrong? Is the current figure 2.6 per cent?

Dr Harmer—We might take that on notice. I am not sure we know exactly the figure. We have probably got an estimate. I am not sure we can be definitive about what it is. Mr Storen may know.

Mr Storen—The WCI6, moving into the 2004-05 financial year, is a bit lower than 2.6 per cent.

Senator CARR—What is it?

Mr Storen—It is around the 2.2 per cent mark, because it has a component of CPI. In budget paper No. 1, I think, you will see that the CPI forecast in 2004-05 has declined.

Senator CARR—I have been extraordinarily generous and allocated on 2.6 per cent. The figure I got—on the 2.6 per cent, which obviously was foolhardy—was that the CRC program was short about \$240 million over the life of the program. Is that right, Mr Manns?

Mr Manns—I do not understand your methodology.

Senator CARR—What I am saying to you is that if you apply a normal index of 2.6 per cent, which you say is too generous, then the program actually requires more money to maintain the status quo arrangements.

Mr Manns—But I do not know what number you are applying that index to.

Senator CARR—The base figure that is provided in the PBS.

Mr Manns—Sorry, which base figure is that?

Senator CARR—The base figure here that is used, as I read it, is an actual. You provide a figure of \$202 million for the current financial year; is that correct?

Mr Manns—Yes, for the current financial year.

Senator CARR—That is the PBS figure. You apply your normal indexation arrangements. By the time we get to 2010-11, how much will that be?

Mr Manns—I have not worked that out, but the program does not quite work that way. The amount needed in any year is a function of a number of different things. The trail of commitments, as you know—grants under the program—typically run for seven years. In any given year you have a tail of commitments from previous rounds. Potentially you have commitments in some years from three rounds and in other years from four rounds. The figures would naturally cease, all other things being equal, so it is not a flat line program.

Senator CARR—But is it what you would expect under normal circumstances would go down?

Mr Manns—If you were looking at a year which has four rounds worth of commitments in it, then you would expect the following year—all other things being equal—to go down, because you would have only three rounds worth of commitments in that year. Then the following year it would come back up to four. As you know, it is simple arithmetic—seven years funding and program rounds every second year. Seven does not divide evenly by two, so some years you have four rounds worth of commitments and some years you have three rounds worth. The figure for 2003-04 is part history. Any of these figures is part history and what you might spend in future.

Senator CARR—So how much new money is in the program and how much would we normally expect from indexation?

Mr Manns—It depends what we are talking about indexation on. If we went back to the pre-BAA base, we would be talking about indexation on something in the order of \$145 million or \$148 million. That is the underlying base level of the program. In BAA the government added money on top of that, so that is not really the base of the program. There was never a commitment to carry on at that level permanently. In what we colloquially call ‘BAA 2’, some of the BAA money has been pushed out into later years and some additional money has been added. In net terms that is the \$65 million additional from 2005-06.

Senator CARR—We can acknowledge a \$65 million addition. My question to you is: what is the additional indexation on the figure? We now have a new baseline for a 2003-04 program—that is, the current year.

Mr Manns—No. In a sense, that is not the underlying base for the program.

Senator CARR—The underlying base year was 1991 when the program was established. It is a nonsense.

Mr Manns—No. I think what we are talking about is: if there had not been a BAA addition to the program what would be the continuing underlying base of the program?

Senator CARR—Mr Manns, this is sophistry.

Mr Manns—No. Putting it another way, Senator: if no additional funding had been provided in BAA 2, we would have expected the program to return to around \$146 million in 2007-08.

Senator CARR—How much was cut in 1996?

Mr Manns—The allocation for the program in 1994-95 was \$103.6 million; in 1995-96, \$132.7 million, so it actually went up; in 1996-97, \$143.1 million, so that was up again; in 1997-98, \$146.9 million; in 1998-99, \$142.3 million, slightly down; in 1999-2000, \$137.5; and so on. It has hovered around that \$130-\$140 million mark through that span of years.

Senator CARR—It is a silly idea to try to get figures based on a baseline 10 years prior, isn't it?

Mr Manns—No, I am not going back 10 years prior.

Senator CARR—Or five years prior?

Mr Manns—I am really saying that when we went into the BAA period, the level of program funding in 2001-02 was \$145.3 million. That is the amount of money that would have just been indexed up if nothing else had happened.

Senator CARR—And the rate of indexation?

Mr Manns—I think it has reasonably consistently hovered between the two and three per cent.

Mr Storen—Generally closer to two per cent.

Senator CARR—So it would be reasonable to presume that in the period out to 2011 a similar arrangement could occur?

Mr Manns—In fact, if you look at the amount that is in 2010-11 in the very bottom row of the BAA tables of \$151.6 million and put back on top of that the \$5 million that has been brought forward, that gives you what the underlying level of the program would be in that year if there had been no additional BAA funds. So around \$156 million would be the level of the program if that pre-BAA level had just been indexed up through that period.

Senator CARR—However, if the BAA program is extended—which I presume is the statement the government has made—what is the contribution towards indexation of that additional money? Of the additional \$65 million, how much can be allocated for indexation?

Mr Manns—My understanding is that none of that is attributable to indexation. They are the actual additions reflecting budget decisions.

Senator CARR—So there is no indexation figure in that?

Mr Manns—My understanding is that is the convention of the presentation of the budget. They are headline, if you like.

Mr Storen—The preparation of the additional money is done in out-term prices. There is no preparation of additional money to the CRC in constant terms and then indexation applied to it.

Senator CARR—What I am trying to calculate is what would be a reasonable expectation if we were to exclude the indexation normally applied, which is WCI 6 at two to three per cent—and you cannot give me that figure.

Mr Cook—We do not work on those figures and we do not have those figures available with us because we cannot administer a program on that basis. We administer the program according to the out-term prices on which the budget numbers are presented—and that includes an indexation component, as we have been discussing.

Senator CARR—What we can say, though, is that the difference between the period prior to BAA 1 and BAA 2 was an increase from about \$150 million to \$250 million per annum for the CRC program.

Mr Manns—More like \$145 million—\$140 million would be a more accurate starting point than \$150 million. The BAA table does present the figures as transparently as possible. It is that very final column, the 10-year total, which shows the additional funds that the government has added over the 10-year period over and above what would have been just the underlying base of the program.

Senator CARR—So you do not believe there was an expectation within the scientific and research communities that the annual funding for the CRC program would increase from that figure of \$245 million by the commencement of round 9 CRCs?

Mr Manns—I cannot speculate on other people's expectations.

Senator CARR—No, Mr Manns, you move widely in the community. Has it not been put to you that there was a view expressed that the base funding figure was about \$245 million?

Mr Manns—No, I am not quite sure why anyone would have chosen that figure. Under the original BAA package the peak, which you could derive from these tables by taking the 2005-06 figure, the current figure of \$206 million and adding back the \$51 million that has been reprofiled, was in the order of \$257 million. That was the BAA peak year. In last year's budget the amount available in 2006-07 that was published in the budget papers was below that, so I am not sure that anyone would have had an expectation of the \$257 million carrying on. The government had already signalled something of a reduction in that.

Senator CARR—I refer to the \$4.3 million you spoke of with regard to the last period. Was that to be taken from the allocation you made to the CRC program for 2008-09? Is that where the rolling fault occurs or is it from years further out than that?

Mr Manns—The movement of moneys affects 2005-06, 2006-07 and 2010-11.

Senator CARR—Are those the round years? Are those when the allocations occur for additional rounds?

Mr Manns—No. There is not a coincidence between the funding rounds and those figures; 2005-06 is the first year of a round but 2006-07 is not, nor is 2010-11 at this stage.

Mr Walters—The point we are trying to get across is that it is a lumpy program. Because there is not a round every year, expenditure is not constant. In any given year, because the projects go on for seven years, you are dealing with expenditure on projects at different stages of their evolution, so it is not like some programs where the expenditure is necessarily pretty much the same every year.

Senator CARR—Yes, I can understand the point you are making. I am putting to you another point. If I include the normal indexation arrangements and I make the assumption that Mr Manns clearly does not make—that there is an expectation that the base funding has become the last year of the old program, which is a point of argument—then I see that there is actually a reduction in funding across the length of the program that may be as high as \$200 million.

Mr Cook—That is your assumption, but I would just make a couple of points about this. If you look at the bottom line of the copy of the research centres program in this table, you will see that the amount of money actually to be spent on CRCs in the second five years of this 10-year table is actually higher than what it was in the first five years. This is the first occasion when a government has given certainty about three rounds out into the future—that is, the current round, the 2006 round and the 2008 round—and \$65 million in additional new money was put into the program. Certainly the feedback I have had is that people generally think that is a reasonable outcome.

Clearly a lot of people always want more money, and I would be absolutely surprised if they were not saying that. But I think that, in the context of the package and the certainty that has been given to this program, it is on a very good basis for the future. The movement of funds was designed to make the program administration more sensible and more in accord with what we thought the needs in the out years might be, given that long tail effect that Mr Manns has mentioned. Even by the time we get to the 2008 around, we will be having commitments which extend out to about 2015 as a result of this program.

Senator CARR—Quite clearly we move in different circles. No doubt the winners want to talk to you and the losers want to talk to me.

Mr Cook—That is possibly the case.

Senator CARR—That is not an unusual expectation at this time in the political cycle, is it? But I would be interested if you could tell me about Mr Howard. Is he a professor or doctor?

Mr Manns—I think he is just mister, at this stage. I think he is working on a PhD.

Senator CARR—Was Mr Howard appointed by the department to run a review of CRCs?

Mr Manns—A program evaluation, yes.

Senator CARR—His report came up with some interesting ideas about changes to the guidelines, did it not?

Mr Manns—Yes, it had recommendations dealing with the guidelines.

Senator CARR—I will come to that in some detail, as you can expect, but, given the hour, I just wondered whether you could comment on this little issue, Mr Manns. When Mr Howard finished with the department of education, he got a job with the department of industry, did he not?

Mr Manns—He was contracted to the department of industry. I think some little time elapsed, yes.

Senator CARR—‘Little time’ is the emphasis here.

Mr Manns—Some months, I think.

Senator CARR—So the guidelines changed in December?

Mr Manns—Yes, we published in early December 2003.

Senator CARR—And Mr Howard got the job with the industry department in January?

Mr Manns—I could not confirm the precise time but I think it was about then.

Senator CARR—It is not a great deal of time after the guidelines have changed, though, is it?

Mr Manns—No. I think you were saying it was after he left us. He did the evaluation in the earlier part of the year and it was completed in early August.

Senator CARR—I see that point but I am talking about the operational effect—guidelines were changed in December and he got a job in the department. What did he do in the industry department, do you know?

Mr Manns—In broad terms, I think his remit was to go out and try to generate industry interest in potentially lodging applications.

Senator CARR—To drum up business. That would be fair, wouldn’t it?

Mr Manns—I wouldn’t describe it in any way other than I have.

Senator CARR—In fact, Mr Mann, you wrote to the industry department expressing your concern about that, didn’t you?

Mr Manns—About what in particular?

Senator CARR—About his appointment and his role in the—

Mr Manns—No, I did not write to the department about that.

Senator CARR—So you did not write to the department?

Mr Manns—No. I had communications with the department about certain aspects of the project, but I did not—

Senator CARR—You did not write an email? Is that not regarded as writing? Did you forward an email to the department of industry?

Mr Manns—As I said, I have had communications with the department.

Senator CARR—Let us be clear about this. Does writing these days include an email?

Mr Manns—No. I think you are asking me whether I wrote to them taking some issue with the appointment of John Howard, and I did not do that.

Senator CARR—I see. What did you contact them about with regard to Mr Howard?

Mr Manns—I raised some issues concerning an email that had been circulated that contained some errors of fact.

Senator CARR—Was this the email that said:

The CRC evaluation completed last August recommended that the program be more sharply focussed on economic/industry outcomes, that CRCs be industry driven, and that pure ‘public good’ related research not be part of the program in future.

Mr Manns—I think you are reading from the text of an email that John Howard sent.

Senator CARR—That is the one. Is that the email that you had concerns about?

Mr Manns—Yes, I had some concerns with some of those statements.

Senator CARR—What, in particular, did you have concerns about?

Mr Manns—The evaluation did not actually recommend that.

Senator CARR—He wrote the evaluation. Surely he would know.

Mr Manns—One would have hoped so.

Senator CARR—Did you speak to him about this?

Mr Manns—No, I did not speak to him.

Senator CARR—Why is that wrong?

Mr Manns—There is no such recommendation in his report.

Senator CARR—Is that not the effect of the guidelines?

Mr Manns—Not entirely. The guidelines do not reflect entirely the recommendations of the evaluation report. I think we went through this last time. The guidelines state that CRCs that would be relying solely on generating public benefit outcomes would be unlikely to be competitive, but they certainly did not say CRCs could have no element of public good research in them.

Proceedings suspended from 6.30 p.m. to 7.33 p.m.

CHAIR—The committee is continuing its consideration of matters relating to the Science Group.

Senator WONG—Dr Harmer, I want to ask about the national radioactive waste management, output 3.1.2. I notice that the estimated actual for 2003-04 was \$6.102 million. Can you remind me what the budget estimate was last time for this component?

Dr Harmer—I will ask Mr Irwin to answer that. Which page are you referring to?

Senator WONG—I am reading from page 104 of the portfolio budget statement.

Mr Irwin—You are asking for the estimate from the previous year?

Senator WONG—I want to know whether you spent more or less or the same amount as the estimate.

Mr Irwin—In the year before, 2002-03—

Senator WONG—In the previous budget, what was the estimated expenditure on that output?

Mr Irwin—We do not have figures from 2002-03 with us.

Dr Harmer—We will take it on notice.

Senator WONG—It is a fairly reasonable question.

Dr Harmer—It is quite a reasonable question, but we do not have it with us—I am sorry. We can get it for you perhaps quite quickly.

Mr Irwin—You wanted to know whether we have spent moneys this year in accordance with what was appropriated in the budget.

Senator WONG—Yes, I would like to compare what the estimated actual expenditure is as compared to what was presented and compiled in the last budget. Presumably, that is available.

Mr Irwin—We do have those figures so that is expenditure this year.

Senator WONG—I understand that. That is in the papers, but what I am trying to compare is whether what you spent this year is what you said you were going to spend.

Mr Irwin—You have confused it by saying ‘last year’. We thought you were referring to the previous financial year.

Dr Harmer—Can we answer the question?

Mr Irwin—Yes.

Dr Perkins—We have currently spent something under what we estimated for the year and the reason for that is the licensing for the repository. The process has gone somewhat more slowly than expected.

Senator WONG—One might say that.

Dr Perkins—That is right, but of course we cannot proceed to establish the facility until we have the requisite licences. Also, we have not expended what we considered we would with the store.

Senator WONG—So are you going to give me any figures, Dr Perkins?

Dr Perkins—In terms of the estimate for the repository, for the actual expenses we estimated about \$2.8 million and we have spent about \$2.4 million. We also had an appropriation for capital that we have not spent, which is about \$5 million.

Senator WONG—What was the total appropriation for the 2003-04 budget?

Dr Perkins—So the total for the national radioactive waste management, which includes the store repository at Maralinga, is \$11.4 million.

Senator WONG—Can you give me the figures in terms of the estimates: how much was allocated between the three categories you have just outlined?

Dr Perkins—For the store it is \$1.6 million and we have spent \$66,886 so far this year; for the repository for expenses it is \$2.8 million and we have spent about \$2.4 million so far this year; and Maralinga is \$1.7 million and we have spent about \$0.46 million.

Senator WONG—Firstly, on the store: that is a very significant underspend, isn't it?

Dr Perkins—Yes, it is less than what we considered.

Senator WONG—Was the original appropriation and estimate based on the assumption you would purchase land?

Dr Perkins—No, not for the store because it will be sited on Commonwealth land.

Senator WONG—So what did you think you were going to spend it on that you didn't?

Dr Perkins—We thought we would be doing site selection studies and physical work on the ground at this stage.

Senator WONG—When was the decision made by government to not undertake those studies in this financial year?

Dr Perkins—I am not aware of a decision of that nature having been made.

Senator WONG—Perhaps I misunderstood you: I thought you said you were allocated \$1.6 million and you only spent \$66,000 of that. I thought your explanation was that you thought you were going to select sites and you did not. Did I misunderstand you?

Dr Perkins—The process has moved forward but it is at a stage where further consideration is required before we move forward with a program on the ground of actually doing investigation and so on.

Senator WONG—I understand that. What was it that you thought you were going to do and therefore spend \$1.6 million but that you have not done so you have only spent \$66,000?

Dr Perkins—As I said, exploration on the ground doing physical works to look at sites on Commonwealth land.

Senator WONG—So why wasn't that done?

Dr Perkins—We have taken, as you are probably aware, advice from an expert committee which was provided to the minister. On the basis of that, he ruled out siting the store in South Australia because there were no sites there that were highly suitable. Further consultations have been required within government before we could ahead to do work on the ground.

Senator WONG—What consultations might those be?

Dr Perkins—Consultations within government.

Mr Irwin—The issue is still before the minister.

Senator WONG—I see. So the store is the high-level waste, for want of a short—

Dr Perkins—Long-lived intermediate waste.

Senator WONG—So it is the higher level waste we are talking about.

Mr Walters—Senator, just to be quite clear, there is no high-level waste in Australia. We are talking about intermediate level.

Senator WONG—As a comparison, as opposed to the repository—but I accept the point. Can you just remind me of when the decision was made not to site in South Australia?

Dr Perkins—The minister made that announcement in May 2003.

Senator WONG—So, since May 2003, the matter has been with the minister in relation to further site selection processes regarding the store, has it?

Dr Perkins—Yes, that is correct.

Senator WONG—When was the last time you provided advice to the minister on this issue?

Mr Walters—The last advice would have been provided to the minister on this issue in April 2003, when the advice from the expert committee was provided to him.

Senator WONG—And has the minister sought any further advice on the issue of the store since that time?

Mr Irwin—There has been some discussion of the issue, but no further formal advice of a written nature has been provided.

Senator WONG—Have you determined how your process of site selection for the store will occur?

Dr Perkins—I think you may be aware that we have actually published two public discussion papers which have outlined selection criteria, and we sought public comment on that. I think, in our responding paper, we did talk a bit about the process. We aim to follow something similar to what we did for the repository, which is announce a certain number of sites where you will do further investigations. What you would aim to do—because our work so far has been on the basis of desktop studies, not field investigations—is go out into the field, look at the sites, compare them to the selection criteria and do various assessments of superficial geological features and current land use, et cetera. So you would need to do some field studies to assess the sites. Based on that, you would make your decision as to which site or sites you would refer for environmental assessment. As you would be aware, the environmental assessment process is very fulsome. A series of detailed guidelines are issued by the Department of the Environment and Heritage. You would then undertake further investigation to address each of those guidelines and research. You would probably, for this project, do an environmental impact statement—though that is the decision of the Minister for the Environment and Heritage. Then, once you got environmental approval, you would go into the licensing process, via ARPANSA.

Senator WONG—Is the process that you want to finalise the licence application for the repository before you engage in that selection process for the store?

Dr Perkins—That was not our intention, no.

Senator WONG—Has there been a decision made by the minister to that effect?

Dr Perkins—I do not believe so, no.

Senator WONG—That has not been communicated to you.

Dr Perkins—No.

Mr Walters—Senator, we have got no reason to believe such a decision has been made.

Senator WONG—Can we turn now to the repository and the appropriation? I am a little confused. The estimated actual at page 104 of the PBS is \$6.102 million. Does that tally up with the figures you gave me—\$1.6 million, \$2.8 million and \$1.7 million?

Dr Perkins—I was talking about the 2003-04 financial year, and this is 2004-05—

Senator WONG—No, the 2003-04 financial year is \$6.102 million.

Dr Perkins—Yes, it does. I think the difference is because we have some moneys for capital. It was quite a complicated breakdown of figures. Some was on the ongoing expenses; some was money to actually establish the facility.

Senator WONG—Can you provide to me on notice that breakdown for the 2003-04 expenditure and also for the 2004-05 appropriation, which is slightly less?

Dr Harmer—We will provide a reconciliation between the \$6.102 million and what Dr Perkins indicated.

Senator WONG—I want to know what the actual expenditure is and also if you could provide for the 2004-05 appropriation a breakdown of how much is for which bits.

Dr Harmer—Okay.

Senator WONG—I turn now to the repository. I assume you would be aware of the actions of ARPANSA in relation to your licence in referring your application to a number of its committees and also the international peer review and also the public forums that were held and the subsequent report a Professor Ian Lowe.

Dr Harmer—Yes.

Senator WONG—I presume that you are familiar with them.

Dr Perkins—Yes.

Senator WONG—You are the relevant officer to ask?

Dr Perkins—Yes.

Senator WONG—First can I take you through some of the international purity criticisms of the DEST application. The IAEA international review team, or IRT, were quite critical of DEST's decision to seek a single licence for siting design construction and operation. They made the point that it is contrary to international best practice. I am referring to I think it is page 13 of the report, which states:

Recommendation: the application for siting, design, construction and operation of the facility in a single step overlooks the step by step approach that is now considered to be international best practice.

Mr Walters—Could I make a preliminary observation that, although there are some criticisms in the report, there are some complimentary points as well. For example, on sites selection the team points out that the process used was in accordance with international best practice.

Senator WONG—Mr Walters, I have not asked you this question. I am asking a specific question about this. If you want to make defences of the department's decision we will be here for a very long time. I understand DEST has a view about this application. I am asking a

specific question about a recommendation. I would appreciate it if you would allow me to do that.

Mr Walters—We were just about to answer that because you were asking particularly about the step by step issue. I think we would contest that the contention was made that there was very clear international guidance to go step by step, but you might care to be aware that the secretary has written to Dr Loy on that particular issue.

Senator WONG—I am actually not referring to Dr Lowe's report right now. I am referring to the IRT report and I am reading from page 13.

Dr Harmer—Mr Walters said Dr Loy, not Dr Lowe.

Senator WONG—I am sorry. This is not Dr Loy's report. This is a report to Dr Loy.

Mr Walters—But this updates you on that particular issue, so it might helpful to hear where we have got to on it.

Senator WONG—I am sure we will get to that, but if you really want to say it now you can say it and I will come back to this and we can go through the process again.

Mr Walters—The secretary has written to Dr Loy on this point because it was raised with us before. The question was posed to us whether we had a view on this issue and if it was decided to proceed step by step how we would be propose to go. The response that we can table, if that would be helpful, indicates that, although we regard the application as being adequate and satisfactory to deal with the whole issue—the three stages at once—if Dr Loy prefers to deal with it on a step by step basis we believe that he has all the information necessary to do so.

Senator WONG—So you are prepared to do it but you do not propose to do any further work on that issue but just say to him, 'You deal with it as you see fit.'

Mr Walters—There are a number of other issues on which we have been asked to do further work.

Senator WONG—Yes, I am aware of that and I will come to that.

Mr Walters—We are going to do that and Dr Perkins can explain exactly how we propose to go about that. But on the step by step issue, what we have effectively said is that if he wishes to proceed on that basis we believe that he has, with the extra information he asked for, got all the information he needs to do that.

Senator WONG—Do you propose to table that correspondence?

Dr Harmer—I would be very happy to give you the letter. I have only signed it today. I would like to check with Dr Loy that he is happy for it to be tabled. I have no problem with it, as long as he has not.

Senator WONG—I am seeing him tomorrow morning.

Dr Harmer—Perhaps you can ask him. It is common courtesy, since he probably has not received the letter yet.

Senator WONG—I do not have a difficulty with that. I go back to the recommendation, which states:

... the application for siting, design, construction and operation of the facility in a single step overlooks the step by step approach that is now considered to be international best practice. A single step approach precludes the iteration considered to be necessary to achieve, demonstrate and develop confidence in the safety of the facility. It is recommended that alternatives be explored ...

If you turn to page 11, paragraph 304, the IRT makes this comment in relation to your single licence application:

Whilst there may be legal and financial reasons to prefer an approach requesting licensing authorization for all the steps together, safety considerations need to be given pre-eminence.

Dr Perkins, it is of concern to members of the public that the proponent for this facility has taken a licensing application in the way it has, given that it appears from this report that the reasons for that are not scientifically based, but reasons of expedition.

Dr Perkins—The reason we put in an application for all three conducts was very simple. In our case—and perhaps to compare our facility with a replacement research reactor would be a useful thing to do—preparing a site consists of putting up a fence and putting in an access road. So it is hardly major works.

Senator WONG—What about the bores et cetera? There is more involved than just putting up a fence and putting in a road.

Dr Perkins—Indeed there is, but for us the whole process of construction operation is excavating a disposal structure and filling it with waste. Whereas, for example, in the case of constructing a building or an instrument such as a replacement research reactor there are very clear, discrete steps—for instance, you must construct the facility first, then commission it before you can operate. In our case, it is a continuum. We are looking at it as a continuum of construction operation and a series of cycles. For us, there is a very clear break between construction operation and between siting a construction operation, which you would get with something like the replacement research reactor. Our facility is so different that preparing a site is very minor work. The whole thing is a series of constructions and operation cycles. It is recognising the nature of the facility. That is why we put the application in to Dr Loy in the way we did. And he accepted it, I might say.

Senator WONG—Hang on. He has to accept it. He does not tell you how to write your application.

Dr Perkins—No, he does not do that. I believe he would have to check to see that what we had done was consistent with the act. Indeed, we did communicate with him. That is why we put the application in in the form we did. To get back to this step by step process, as you would be aware, the entire repository process has been a very step by step, iterative process. We commenced in 1992 by looking at the whole of Australia against various selection criteria to see where the most suitable regions would be. We gradually narrowed that down. We compared regions and we got the best region in Australia—in central-north South Australia in 1998. It is not as though the design for the facility has been plucked from thin air. The actual facility design and safety considerations were first proposed in 1992 in our first discussion paper. Not only that; they are in the code of practice. You may also be aware that during our siting studies we called for public comment.

Senator WONG—Dr Perkins, with respect, I do not want to interrupt you but this is a very long answer about the history of the application.

Dr Perkins—I am trying to explain to you how we have incorporated a step by step process. I think you were saying before that the public had not had a chance to have input into safety.

Senator WONG—No, I did not say that.

Dr Perkins—There seemed to be an implication—

Senator WONG—No. I can tell you what my implication is. The implication is that the proponent for this facility has not followed international best practice as to how to, at least in the first instance, construct its application and what it is applying for. I took your answer, frankly, to be a reiteration of a justification for why DEST applied for a single licence. It is pretty clear from this report that the IRT is saying that the way you have chosen to make your application is not international best practice, and that is of concern.

Dr Perkins—As I explained, the reason we did it was the nature of the facility and the fact that, for us, construction and operation are not discrete things and preparing a site as a rather small thing.

Senator WONG—So you disagree with this assessment?

Dr Perkins—If you look at some of the references that the IEA have published on it, you will see that they talk in general about a step by step process as being something that covers all phases of the development of the facility. My view would be that we have followed that. But it is up to Dr Loy how he makes his decision on the licence.

Senator WONG—So what you are saying is that you disagree with this assessment, given the current factual circumstances of the repository application?

Dr Harmer—I think what Dr Perkins is saying is that she believes, and we believe, that the particular licence we are seeking does not fit neatly into the best practice guide, because primarily they would be making assessments against bigger construction programs.

Senator WONG—So you are saying that we are different and therefore the international best practice should not apply to us. Is that right?

Dr Harmer—No, we do not say that international best practice does not apply to us. We think we are different. It will be up to Dr Loy to make his assessment, and we clearly have an interest to work within what Dr Loy says. However, as Dr Perkins said, we did construct our application so that it could be easily divided, if you like, so that it could be seen as a step by step process. We always envisaged—and this is what I say to Dr Loy in my reply—that it would have breaks, whether it be further examination et cetera. So we do not think our single application, given the way we put it together, is very far away from what we believe is the best practice.

Senator WONG—As I understand your position, you are saying, ‘We don’t think international best practice of the step by step process is necessarily applicable on the facts of this current proposal,’ and you are not going to do any further work on your application—other than the letter to Dr Loy—to take into account these criticisms?

Dr Harmer—Our preference is not to.

Senator WONG—Why is that?

Dr Harmer—Because we believe that there is sufficient information in the application, as we have submitted it, to allow investigation, examination, which is what we are doing, and I think that is the point.

Senator WONG—I accept we have difference of views. You are the proponent department. You have a view about the appropriateness of the process that you have undertaken. But, if you have an international panel saying, ‘The way you have constructed your application is not best practice,’ it is pretty serious for the department to say, ‘We don’t agree and we’re not going to change the way we’re applying.’

Mr Walters—If it was the other way around and the panel were saying, ‘You’ve only put in for one step, and you need the information on the other three,’ then obviously we would have to do more work. But we are saying that if they are saying he should only adjudicate on the first step then we have put in all the information to deal with all of the steps. Therefore, it is not to take a serious disagreement with the view of the panel, which Dr Loy can agree with or disagree with, all we are saying is we think he has enough information. If he wishes to proceed in that fashion, he has already got enough information, together with the additional information he has asked for on other grounds, which we are going ahead with.

Senator WONG—That is a bit of a straw man argument. I was not putting up the other, hypothetical possibility. We are dealing with an application that is being criticised in the way you have applied for it. You are saying (a) ‘We don’t think international best practice applies to us because of the particular type of facility we are seeking and (b) ‘Anyway, he’s got enough information now’?

Mr Walters—I draw your attention to paragraph 307 of the international panel report, which states:

... the ARPANSA Regulatory Principles document ... does not explicitly require a step by step approach.

Senator WONG—I am not suggesting it does.

Mr Walters—Therefore, we thought we were acting in accordance with what was required by putting in the three-step application. All we are saying now is, if Dr Loy decides to go on a step by step approach, we believe he has enough information. If he thinks he has not, then obviously we will look at that and see if we can supply some more.

Senator WONG—I am not suggesting that the regulations required you to do it step by step; I do not think I have ever suggested that. What I am suggesting is that an international panel of experts has said that your application does not conform with international best practice. Yet, in the face of that, you indicate to me, firstly, that you do not think that criticism is applicable to you because of the nature of the facility you are seeking to operate and, secondly, that you are not going to alter your application in any way.

Mr Walters—No, I do not think that is right, Senator. We have not said that. What we have said is, and I think Dr Perkins—

Senator WONG—Sorry—unless Dr Loy tells you to.

Mr Walters—But we would not want to supply any more information unless he asked for it, because we have already supplied vast amounts, and we are in the process of conducting some further tests and dealing with the specific issues he has already put to us. If he puts any more to us then, obviously, we will deal with those too. But we have said, ‘If step by step is the way you want to go, we think you’ve got the information. If you haven’t, let us know and we’ll supply more.’

Senator WONG—Was the IAEA report the subject of advice to the minister?

Mr Irwin—The minister was informed of the recommendations of the report, yes.

Senator WONG—When did that occur?

Mr Irwin—I do not have the exact date.

Senator WONG—Perhaps you could take that on notice.

Dr Harmer—It would have been, presumably, shortly after we received it.

Senator WONG—Was the decision to not restructure the allocation, which was an option—I appreciate you did not go down that track, but that was an option after the IAEA report—

Mr Walters—There are two issues—

Senator WONG—Let me finish the question. We could be here all night. I am not somebody who wants to be laborious about this, but we will go much quicker if we could just focus on the questions I am asking. Was the decision to not restructure the application the subject of advice to the minister?

Mr Walters—There are two issues. One is about the step by step approach, and the other is that there was some material in the report about the way in which the actual application was structured. This has got to do with the fact that there was the original application and additional bits of information had been supplied. It is not easy to navigate around now, so—

Senator WONG—No, in fact, there has been a reasonable amount of criticism of the report.

Mr Walters—and therefore we are having a look at whether we can add a road map to the front of the report which will help deal with that particular issue about the different bits of information being hard to access. That is the issue about the structure of the report, and we are seeking to deal with that.

Dr Harmer—In relation to the second part of your question, it is not appropriate for us to discuss or answer questions about policy advice that we give the minister.

Senator WONG—Not correct. I cannot ask you what you advised him, but I can ask you when the advice was provided.

Dr Harmer—And we will get that answer, Senator.

Senator WONG—What I am asking is this: who made the decision—was it a departmental decision or a ministerial decision—that there would not be a three-step licence application subsequent to the IAEA report?

Mr Walters—That is not quite the response we have made. The response we have made is that the issue has been put on the table as to whether it should be dealt with step by step. We believe the information is already there to do that if Dr Loy decides to do that.

Senator WONG—I understand that. All I am asking is: that decision made—

Dr Harmer—It has not been made yet, Senator. What we have done is reply to Dr Loy, stating our case for maintaining our application as is.

Senator WONG—Let us look at it this way then: is this correspondence you are going to give me, after you have checked with Dr Loy, the first response you have made to him since the IAEA report?

Dr Harmer—Yes.

Senator WONG—Is it from you or the minister?

Dr Harmer—From me.

Senator WONG—Were the contents of your letter, or this issue, the subject of advice to the minister?

Dr Harmer—I will have to rely on Dr Perkins, but I did not clear my letter with the minister.

Senator WONG—So this is a decision at your level.

Dr Harmer—Yes.

Senator WONG—That is all I wanted to check. I turn now to Professor Lowe's criticisms of your application. Dr Perkins, I presume you have a copy.

Dr Perkins—Yes, I have.

Senator WONG—This might be a bit difficult, because unfortunately mine is not paginated. On the first page, Professor Lowe says that your:

... proposal is so clearly deficient in several of these areas that it would be very difficult for the regulator to accede to the Department's request for a single-step approval.

That is fairly damning criticism of your application.

Dr Perkins—Professor Lowe certainly criticised aspects of the application. He also generally supported some aspects of the application, including the suitability of the site and safety aspects of the proposal. I accept that various issues from the international peer review have been raised in the public forum by Professor Lowe. We are, of course, looking at all the issues and will address those for Dr Loy.

Senator WONG—How are you addressing them? Dr Harmer has written to Dr Loy saying, 'We're not going to restructure the application.'

Dr Harmer—My letter will say, 'We believe we can defend why we would prefer to leave our application as it is.'

Senator WONG—Professor Lowe says:

If the regulator does not reject the proposal, I believe that he should certainly require the proponent to provide much more satisfactory assurances than have been given in the licence application and evidence to the public forum.

Dr Perkins—Dr Lowe has provided us formally with the report of the panellists from the public forum and the international peer review. We have been invited to respond to issues raised in those reports and we are doing that.

Senator WONG—When will that be?

Dr Perkins—We have a fair bit of work to do.

Senator WONG—I am glad we agree on something!

Dr Perkins—Yes. Our estimate is that it will take a few months to put together what is required. It is a long complex application. We are also drawing on information we gather during the environmental assessment process. I think some of the difficulty in putting everything together is simply the fact that there is so much information. We want to restructure it in a way that will, as Mr Walters said, put a road map in so that it is clearer and there is some sort of guide to people who read it as to where to find information to layer the documents.

Senator WONG—Can I express some disbelief at your few months timetable. I have not even started to go through any of the technical issues raised by the Nuclear Safety Committee—working groups or whatever they were called. Professor Lowe makes some very substantial criticisms. Given the time it has taken so far, how can you expect to alleviate those concerns with a few months work?

Dr Perkins—A lot of it involves re-presentation of material in a clearer fashion. Certainly there is some additional information we will have to collect and some new data will have to go into it, but a lot of it really is restructuring and presentation in a different fashion. So it is not starting from scratch at all; it is simply restructuring a lot of what we have already presented.

Mr Walters—The international review team concluded:

... that the process of site selection has been thorough and that the site selected offers good prospects of meeting internationally endorsed safety objectives and criteria. However, further work is necessary to demonstrate safety before regulatory approval of construction and operation of the facility.

That is what we are trying to do. We are trying to meet the additional concerns that have been raised against a report which generally says that the process has been thorough.

Senator WONG—Professor Lowe makes some criticisms about the failure to do a risk calculation in terms of collection and transport of the waste and says:

... no attempt has been made to estimate the increased risk of collecting and transporting this waste to the repository, even in orders of magnitude. ... it needs to be shown that collection and transport represent a relatively low risk compared with storage.

Dr Perkins—Yes.

Senator WONG—As I understand it, DEST has stated publicly that no transport specification has been developed.

Dr Perkins—There are two issues there. Transport will be licensed specifically via a different licence. It will be licensed by a source licence from ARPANSA, not a facility licence.

Senator WONG—In fact, Professor Lowe says that a transport specification should be a precondition for the issue of an operating licence, rather than a task attempted only after the grant of the licence. I have to say I am not a scientist but it seems to make pretty logical sense.

Dr Perkins—That is right. The specification for transport is that we will transport things in accordance with the code of practice for the transport of radioactive materials.

Senator WONG—Why did you tell a public forum that no transport specification had been developed?

Dr Perkins—I do not believe we did the tell public forum.

Senator WONG—The applicant told the public forum that no transport specification had been developed in the absence of an operating licence. Did you or did you not say that?

Dr Perkins—I personally did not. That might have been something that one of our contractors said, but I am sure he did not say exactly those words. I wish to clarify that the transport itself is not licensed through a facility licence.

Senator WONG—I understand that.

Dr Perkins—It is a source licence. It is not the operating licence. What the contractor might have been saying was that a transport plan had not yet been developed in detail. I would say that that is part of the source licence issue.

Senator WONG—I was going to move later to the issue of contractors. There is quite a lot of criticism in Professor Lowe's report of your reliance on contractors. He does rely quite largely on the evidence of Professor Peter Johnston, who is quite critical of DEST's management approach to this application, given his knowledge of the Maralinga experience. I will move to that in a minute. Given what you have just said, we have a public report here from a reasonably senior scientist who said that your department told the public forum that no transport specification had been developed in the absence of an operating licence. You are now saying: 'We didn't say that. It might have been the contractor.' Doesn't this exemplify the problem where you contract out management of these facilities to non-DEST people?

Dr Perkins—What Professor Lowe said might have been misquoting or getting things a bit out of context.

Senator WONG—Have you checked that?

Dr Perkins—I can certainly check those particular words.

Senator WONG—Presumably you have read this report.

Dr Perkins—Yes, I have.

Senator WONG—Did that not leap out at you, if that is not what your understanding of the situation is? He is quoting DEST as giving this evidence to the public forum. Have you checked the transcript of the proceedings to see how that misunderstanding—if that is what you say it is—occurred?

Dr Perkins—Dr Loy has provided these reports to us for response and we will do that in due course.

Senator WONG—The answer is no?

Dr Perkins—I have looked at the transcripts, yes.

Senator WONG—How do you say he has come to this view incorrectly?

Dr Perkins—I think he does not understand that the facility licence application is not for transport. Transport is to be covered from the source licence application. I think there is a bit of a misunderstanding of the processes.

Senator WONG—You are saying DEST did not say this?

Dr Perkins—I want to make it clear that detailed transport plans are not part of the facility licence application.

Senator WONG—I think what Professor Lowe is saying is that there should be a transport specification developed prior to the granting of a repository licence.

Dr Perkins—I am not sure what he means by ‘transport specification’. If he means transport plan I would see that as being part of the source licence.

Senator WONG—That is your opinion.

Dr Perkins—I think transport clearly comes more under the source licence than the facility licence.

Senator WONG—But you have not applied for the source licence.

Dr Perkins—Not as yet, no, but we will.

Senator WONG—You are saying to the nuclear regulator and to the South Australian public: ‘We want to build a nuclear waste facility. After we get that licence we might then think about applying for a licence to transport it.’

Dr Perkins—The ARPANSA licence structure is set up in a certain way.

Senator WONG—So what do you say to his criticisms that you have made no attempt to estimate the increased risk of collecting and transporting the waste?

Dr Perkins—What you are comparing is the risk on one hand of keeping waste in many stores which are unsuitable, which are not purpose-built and which are not designed for long-term waste management—

Senator WONG—That is an assertion. He makes the point that a lot of assertions are made about the risks of where waste is currently stored. I presume that the Commonwealth has done the inventory of its own waste.

Dr Perkins—Yes.

Senator WONG—So South Australia and the Commonwealth have done an inventory, but you do not know where the rest of the waste is stored.

Dr Perkins—We have some information. We do not have completely exhaustive inventories from all states and territories, but we do know that most universities, for example, would have sources—

Senator WONG—Have you done an inventory?

Dr Perkins—We have got inventory information from many waste holders, yes.

Senator WONG—Have you done an estimate of the increase in collection and transport, as opposed to—

Dr Perkins—In the additional information we will provide to Dr Lowe, we are going to provide him with a detailed comparison of the risk of keeping waste where it is in stores, as I said, which are not purpose-built. Remember, we are looking over 250 years and comparing that to the risk of transporting waste to the repository and keeping the waste in the repository—a purpose-built facility for that time.

Senator WONG—Yes, I do understand that, but DEST and the government make certain assertions about why this would be better. I think Dr Lowe puts the reasonably cogent point: how can you make those assertions when you actually have not done a risk assessment of where it currently is?

Dr Perkins—The international review said they were convinced by the net benefit and they thought we had demonstrated it. So I think it just shows people have different views, but certainly we will be providing further information.

Senator WONG—When do you anticipate providing that to Dr Lowe?

Dr Perkins—That will be with our big package of information—so in a few months time.

Senator WONG—Two, three, four, five, six?

Dr Perkins—Several months.

Dr Harmer—Would it be fair to say in the latter half of 2004?

Dr Perkins—Yes.

Senator WONG—Probably some of the most serious criticisms that Professor Lowe makes are about the department's capacity to manage the proposed facility. He quotes Professor Johnston, who was very critical of DEST's management approach of contracting work in the clean-up of the weapons test site of Maralinga. He quotes him as concluding that the applicant 'had not demonstrated a capacity for effective control of the proposed repository'. Then Professor Lowe says that, at the public forum, DEST stated that it 'does not accept Johnston's criticisms', but advanced no refutation of his argument.

Dr Perkins—Professor Johnston has put forward a view. I am not sure he has put forward evidence to support it.

Senator WONG—Have you read his report?

Dr Perkins—Yes, I have. I do not think it has very clear evidence for his views.

Senator WONG—So you think there were no problems at Maralinga?

Dr Perkins—The Maralinga clean-up was successfully completed and achieved all—

Senator WONG—That is a whole other argument. I am not sure I want to go down that track. But you think that DEST's management of contractors at Maralinga was problem free?

Dr Harmer—Management of contractors is rarely problem free, but we believe we have the capacity to do it. We would disagree with the conclusion that DEST cannot manage this.

Senator WONG—Can you explain to me why Professor Lowe in his report makes the statement which I read out before—that DEST stated it does not accept Johnston’s criticisms but advanced no refutation of his argument? Is that what occurred?

Dr Harmer—It is difficult to explain how that could have been without knowing exactly the context of the discussion.

Senator WONG—Was anyone from DEST at the forum?

Dr Perkins—Yes.

Senator WONG—Who was there?

Dr Perkins—I was there.

Senator WONG—You were there. Who else was there? Which contractor was there?

Dr Perkins—We had a group of contractors from various companies.

Senator WONG—I am a bit confused. You have not actually let the contract for the site yet, have you?

Dr Perkins—No. We have various specialists. The reason why we have structured the work as we have is for the reason that at present we are putting together the licence application. It requires input from experts in various areas. As to the actual nature of repository operations—we are going to have a disposal campaign.

Senator WONG—You have not tendered any contracts on this yet?

Dr Perkins—Not for the operations of the facility, no, that is correct.

Senator WONG—But you had a number of potential tenderers at the forum?

Dr Perkins—No, but we have contractors who are compiling parts of the licence application.

Senator WONG—Some of those people were at the forum?

Dr Perkins—Yes, that is correct.

Senator WONG—You have already said you do not know who stated on DEST’s behalf at the forum that no transport specification had been developed. Is that right?

Dr Perkins—As I said, I will have to go and have a look at the transcript again.

Senator WONG—But you were there.

Dr Perkins—Yes, that is right.

Senator WONG—You do not recall who said that?

Dr Perkins—They were fairly long proceedings. I cannot remember who said exactly what at every minute, but I will check that.

Dr Harmer—Was there a transcript?

Dr Perkins—There was a transcript, yes.

Senator WONG—Perhaps, on notice, you can explain to me what you point to in the proceedings of the public forum that lead you to disagree with the statement that Dr Lowe makes about your alleged comment about transport specification?

Dr Perkins—I do not think Professor Lowe fully appreciates that transport will be covered by a source licence.

Senator WONG—Yes, I understand that. But as I understood your evidence previously, you have said you do not think that you said that—that is, the applicant told the public forum that no transport specification had been developed in the absence of an operating licence.

Dr Perkins—If that means the transport plan, then that is correct. We have not got a transport plan, but I believe that is part of the source licence and not the operating licence.

Senator WONG—Do you or do you not dispute that was what DEST or its contractors told the public forum?

Dr Perkins—I would like to check the transcript.

Senator WONG—On notice, perhaps you can respond to whether or not that is disputed?

Dr Harmer—We would like to check that because—

Senator WONG—Dr Harmer, I accept that.

Dr Harmer—having been involved in seminars and things where there are proceedings, sometimes the attribution—and I do not know whether we have checked it very carefully—is not always accurate, even in Senate estimates hearings.

Senator WONG—I appreciate that, but this is a report that has been around since the end of February, and I do not think DEST has sought to correct the record yet if that is your position.

Dr Harmer—We are working on that and, as Dr Perkins said, we are working on providing comprehensive information back to Dr Loy in response to all of these things, and we will be doing it in the second half of the year. I assume that part of it would be addressing criticisms by Professor Lowe.

Senator WONG—Is that intended, Dr Perkins? Dr Harmer said—I will try to be fair to you, Dr Harmer—he assumes that as part of your work responding to the various criticisms it would include the criticisms made by Professor Lowe?

Dr Perkins—That is correct, yes.

Senator WONG—Do you or do you not agree that DEST stated at the forum that it did not accept Professor Johnston's criticisms but advanced no refutation of his argument?

Dr Perkins—Professor Johnston's criticisms were presented as a statement and we responded. It was not really a place to get into discussion of Maralinga. He had simply made a statement and we refuted it.

Senator WONG—It is asserted that you advanced no refutation of his argument.

Dr Perkins—Yes.

Senator WONG—Do you or do you not agree with Dr Lowe's comment?

Dr Perkins—Professor Johnston put forward a statement and I refuted it, but I was not given an opportunity to talk in detail about another project.

Senator WONG—Right, so you disagree with Professor Lowe when he said that you advanced no refutation of Johnston's criticisms?

Dr Perkins—I refuted the statement Professor Johnston had made, but that was not the place—I did not have the opportunity to go into detail. Once again that is an issue—if you are talking about the issue of management of the repository project—we can respond to more fully in response to the panellists' reports and the public forum issues.

Dr Harmer—If I understand the link correctly—Dr Perkins can correct me—what may have happened is that someone made a statement and Dr Perkins said that she did not agree, but the nature of the forum was not such that it allowed her to give the reasons for disagreeing and they moved on. It does not mean that she did not have reasons.

Senator WONG—Obviously, I can only rely on Professor Lowe and I was there for only some of the forum, but Professor Lowe says that you advanced no refutation of his argument.

Dr Harmer—His statement could be correct, yet Dr Perkins could have lots of reasons for disagreeing.

Senator WONG—I accept that, but that is what he says.

Dr Harmer—But that is not inconsistent with Dr Perkins having significant—

Senator WONG—It is an issue also about public confidence if at a public forum serious criticisms are made about this department's capacity to manage contractors when you are applying for a licence to operate a facility for radioactive waste where inherent in your proposal is the need for you to properly manage contractors in order to ensure that it is safe. There does not appear to be any evidence and you fail to refute that in a public forum to the satisfaction of somebody who is advising ARPANSA. It does not inspire public confidence in the application.

Dr Harmer—I think Dr Perkins said she did disagree, but I suspect we would both need to know a lot more about the particular context of the discussion to know whether it was as critical as that, that we had a long debate about it at that point.

Senator WONG—What evidence is there that your department has the capacity to safely manage contractors for this facility?

Dr Harmer—We manage I do not know how many contractors and consultants, but that is almost bread and butter for the department, the way we operate these days. Managing contractors and managing consultants is what we do for a large part of the time.

Senator WONG—You have someone who is not without some standing in this area being very critical of your management of contractors at Maralinga.

Dr Harmer—We are going to respond to that. No doubt, when we provide information back to Dr Loy, we will need to respond to all of those things and I am confident we will have very good responses.

Senator WONG—Are you intending to do a professional risk analysis of transport?

Dr Perkins—As I mentioned before, we will be providing further information to Dr Loy on comparative risks—comparing the risk of storing waste in non-purpose-built facilities over 250 years with disposal of waste in repository and transport.

Mr Irwin—There was a quite detailed analysis of the risk of transport of waste contained in the EIS that was done as part of the environmental approval process and there has been some subsequent work done by ANSTO looking at various scenarios of an accident. So a lot of that work has already been done.

Senator WONG—Dr Lowe refers to the ANSTO work, but nevertheless still says that a professional risk analysis should be conducted. I cannot get into his mind; I can only look at the report he has produced which suggests that the work done to date is insufficient.

Mr Irwin—Certainly we accept we need to do more work in terms of a comparative analysis. I was responding to your specific point about whether anything had been done on the risks of transport specifically.

Senator WONG—Professor Lowe also states:

... that the documentation of the proposal gives no information about either the charges for waste storage or the costs.

Is that correct?

Dr Perkins—It is correct as the licence stands. We certainly have a draft contract in the licence application which gives guidance to waste producers on the waste acceptance criteria. As to the issue of charges, that will be estimated on a campaign by campaign basis, but in the additional information we provide to Dr Loy we will give figures for the first campaign and the first disposal of that.

Senator WONG—So what you are telling me is that in your current application there is actually no indication of what the estimated costs to the taxpayer are likely to be, at least for the first few years.

Dr Perkins—No. We do not have a figure for the cost of disposal. I should point out that the Commonwealth waste producers have been covered in a previous budget for the cost of disposal of waste in the facility. We do not have a published figure as yet for the states and territories, but since the licence application was put in we have got a figure decided for the first campaign.

Senator WONG—What is that?

Dr Perkins—It is a thousand dollars per cubic metre.

Senator WONG—How much is in the first campaign? The campaign is the first movement?

Dr Perkins—That is right. It is the first disposal operation. There is 3,700 cubic metres of waste, most of which is Commonwealth waste, and there would be about 160 cubic metres of conditioned—that is, treated—waste from states and territories that would go to the repository.

Senator WONG—So what is your costing for the first campaign?

Dr Perkins—I will have to take it on notice to get the figure for you. I am sorry.

Senator WONG—But isn't it a thousand times—

Dr Perkins—Roughly.

Senator WONG—What were the figures again? Commonwealth waste was 360,000 or something, wasn't it?

Dr Perkins—The figure was 3,700 cubic metres in total, and of that about 160 cubic metres is state and territory waste, which is conditioned. But I should point out that the cost we have come to will not cover the cost of the entire operation. At this stage all we can do is estimate.

Senator WONG—Who pays for that?

Dr Perkins—Because it is a Commonwealth facility we will cover the cost, and we will recover some of those costs from waste producers.

Senator WONG—Who will cover the rest of it?

Dr Perkins—It is a Commonwealth facility so the Commonwealth will.

Senator WONG—It seems as if we are having a circular discussion here.

Dr Perkins—Yes.

Senator WONG—You said, 'We won't cover it.' Does that mean that DEST will not cover but that someone else in the Commonwealth will?

Dr Perkins—No. DEST has funds from the Commonwealth to pay for the first disposal campaign.

Senator WONG—And the first disposal campaign will be the 3,700 and the 160?

Dr Perkins—No. It will be 3,700, including the 160.

Senator WONG—I am sorry. So it is 3,700 cubic metres, of which 160 is state and territory waste?

Dr Perkins—That is correct.

Senator WONG—So that is the first campaign.

Dr Perkins—Yes.

Senator WONG—And your costing is around a thousand dollars per cubic metre.

Dr Perkins—That is right, but that will not cover the cost of the entire disposal operation. All we have at present are estimates because we have not, as I said, done that before.

Senator WONG—I accept that. And would the first campaign be for all of that amount?

Dr Perkins—That is our intention.

Senator WONG—When you say that the thousand dollars will not cover the total cost of the campaign—

Dr Perkins—We do not believe it will.

Senator WONG—Where else is it intended that the funds will come from?

Dr Perkins—We have funds appropriated to cover the cost of the campaign, some of which will be recovered.

Senator WONG—From whom?

Dr Perkins—From the Commonwealth government.

Senator WONG—I am very confused. Would you explain to me what you mean?

Dr Perkins—We have money in the budget to cover the campaign. Some money has been provided to Commonwealth agencies to cover them for the cost of the disposal of waste in the facility. The total cost of the campaign is, as I said, an estimate. So really at this stage we are working on estimates. We have money to cover the cost of the campaign and we will recover some funds as part of the disposal.

Senator WONG—From whom?

Dr Harmer—Dr Perkins can correct me if I am wrong, but I assume that she means we will recover funds from agencies like ANSTO.

Dr Perkins—That is right. It will be from Commonwealth agencies.

Senator WONG—Right, that is what I am asking you. So it will be people other than DEST?

Dr Perkins—Yes.

Dr Harmer—Yes, from ANSTO and places like that.

Senator WONG—So is the thousand dollars what your current costing is per cubic metre?

Mr Irwin—No. That is the charge to users.

Senator WONG—Has that been approved by the minister?

Dr Perkins—He has agreed, yes.

Senator WONG—When was that approved by the minister?

Dr Perkins—Some months ago.

Senator WONG—But you do not think that will be full cost recovery for you?

Dr Perkins—No.

Senator WONG—So it will have to be topped up by additional appropriated funds?

Mr Irwin—Yes.

Senator WONG—Now I think I understand.

Mr Irwin—The issue was legacy waste.

Senator WONG—Yes, I understand that. Will you ever be able to tell this committee the likely costs, say, over the first three years of operating the facility?

Dr Perkins—What we will have to do to improve on our estimates is to go out to tender for the various functions for the disposal campaign.

Senator WONG—So the answer is not.

Dr Harmer—The answer is yes.

Senator WONG—When?

Dr Perkins—When we go out to tender for contractors to conduct the first campaign.

Senator WONG—Which is after the licence application has been successful?

Dr Perkins—That is correct.

Senator WONG—Before the licence applications, you cannot tell the public or Dr Loy how much it will cost us. Correct?

Dr Perkins—All we have are estimates.

Senator WONG—Are you going to provide those to us?

Dr Perkins—Yes.

Senator WONG—Very briefly, my recollection of one of the conditions of approval of the EIS was that you would do further work on ground water analysis. Remind me when the EIS was approved. Was that done in 2002?

Dr Perkins—No, the approval for the EIS was May 2003.

Senator WONG—Have you done that ground water analysis?

Dr Perkins—We will be doing the additional ground water work shortly.

Senator WONG—So you have not done it yet?

Dr Perkins—It has not been done yet. We have done some other work which is the subject of conditions.

Senator WONG—Is there any reason why you have not moved on it in the year?

Dr Perkins—I should point out that the international peer review also indicated in their report—

Senator WONG—Yes, I noticed that.

Dr Perkins—We were going to do it.

Senator WONG—Also, the ARPANSA committee's working group.

Dr Perkins—That is right. All the requests have come in now, so we will do that work very shortly.

Senator WONG—With respect to the Nuclear Safety Committee report, this is the first working group on the engineered barriers et cetera. On page 5, the working group seems to suggest that the licence should be structured to provide for points of review and approval by ARPANSA, including choice of operator, final engineering plans and procedures and satisfactory preparation of trenches et cetera. In other words, as I understand it, what they are saying is rather than just giving a licence and then you can just go ahead, the licence should have steps in it that require further involvement and approval by ARPANSA of a number of critical steps, including the choice of operator, **final engineering plans and so forth**. Is that your understanding?

Dr Perkins—Yes, that is my understanding.

Senator WONG—Does DEST agree with that?

Dr Perkins—It is a matter for Dr Loy.

Senator WONG—Are you proposing to restructure your application to take that into account?

Dr Perkins—Obviously a licence Dr Loy will issue will be subject to conditions. We will endeavour to provide Dr Loy with the information that we need to in response to all these reports for him to make his decision.

Senator WONG—As you might have alluded to earlier, there is some criticism of your licence application that it is a bit difficult to understand or difficult to navigate. Do you accept that?

Dr Perkins—Yes.

Senator WONG—Not you personally; ‘you’ the plural. There is a reference in the second working group’s report to the fact that, in one version of the documents associated with your application, the site was incorrectly located.

Dr Perkins—That was on one of the maps in the EIS, which was revised, and we subsequently provided a corrected copy to the committee early this year.

Senator WONG—Again it is a public confidence issue: they got the map in the wrong place.

Dr Perkins—Yes. All I can say is that the EIS was a large document. We have provided the committee with the corrected diagram, which, I should point out, was not the only diagram of the site.

Senator WONG—No. I concede that. The report suggests that the bore network did not appear to be designed to address some of the ground water issues.

Dr Perkins—I think that is a matter of opinion. There was a very particular reason. I should point out that we drilled 16 drill holes in the site. We had drill holes around the outer 1.5 kilometre by 1.5 kilometre boundary and we had eight holes around the 500 metre by 500 metre boundary. We did not drill in the central part of the site, where the disposal structures will be located, for the specific reason that we did not want to introduce any potential artificial pathways for water. That was our judgment. We did do a lot of work. As we said, we will be doing some more; so, hopefully, that will address the issues the committee raised.

Senator WONG—The report also said:

... the Draft EIS and the Application were very difficult to navigate and a coherent picture of rates and directions of groundwater flow, recharge processes and the potential role of fractures specifically for Site 40a was not presented.

Dr Perkins—Certainly there was presentation of arguments. I think the Nuclear Safety Committee are saying that they want a consolidated document—we had a number of specialist reports—which draws all that evidence together. We will provide that in the supplementary information to Dr Loy, with the additional work we are planning.

Senator WONG—You are going to do additional ground water work?

Dr Perkins—Yes. We have said that.

Senator WONG—EIS and this document are critical of some of the data that you provided in relation to ground water flow regime and so forth.

Dr Perkins—I do not think the environmental approval was critical. The Minister for the Environment and Heritage said that he wanted some more work, and we will do that. This report has also indicated that some more work is required. The Nuclear Safety Committee report also wants a consolidated document, which draws together all the strands of information on the—

Senator WONG—The suggestion in this report is:

The available data indicate that the groundwater flow regime at Site 40a is not well understood, so confidence in the results of hydrogeological modelling for radionuclide migration is limited.

It is a little more than that the documents were not well presented. It is critical of the understanding shown in your documents of this issue.

Dr Perkins—We certainly did outline reasons for interpreting the ground water flow around the site, but the work we plan to do shortly will provide additional information to address that.

Senator WONG—Are you able to provide to the committee the current inventory and future waste proposed for the repository? I am asking you to do this on notice.

Dr Perkins—I will have to point out that a lot of the inventories we have are provided to us on a confidential basis. So we would have to seek the agreement of the waste holders—

Senator WONG—Is the waste acceptance criteria proposed to be used?

Dr Perkins—Yes, that is part of the licence application. I can provide you with that.

Senator WONG—Have you done an inventory of waste considered unsafe for shallow burial?

Dr Perkins—We have inventories from waste producers that include category S waste or long-lived intermediate waste, which will be accepted at the repository. We have information on that, but, once again, that is provided to us on a confidential basis.

Senator WONG—This is an estimates committee. It might be provided confidentially but that is not necessarily a ground for not providing it to the committee.

Dr Harmer—I do not think Dr Perkins is saying she will not provide it. I think she is saying that we would like to check with them, and if they are happy we will certainly provide it.

Senator WONG—Fine. If they are not, I am suggesting that that is not the end of the matter.

Dr Harmer—It may not be, but let's take the first step first.

Senator WONG—I am putting that to you because I would like that put to them. I am putting it to you because my suggestion is that whether or not they want it released is actually not the issue.

Dr Perkins—Other parties include state and territory governments as well as private—

Dr Harmer—I understand what you are saying, Senator, but we would need to check. The last thing we would want to do is to compromise them providing information to us which we need to conduct our work.

Senator WONG—Thank you very much.

Senator CARR—Just a couple of little matters I want to clear up. We were discussing before with Mr Manns the indexation rates for programs. You were citing the WCI 6 at two per cent. In an answer provided to me in April this year it is reported that WCI 6 was at 2.6 per cent. Does that relate to the last year's figure?

Mr Manns—I think that is probably right. But we would need to check that with you. I think that probably was the last year's figure. I am advised that 2.6 per cent was the original estimate of WCI 6 for the current financial year, and it has moved downwards since then, for 2003-04.

Senator CARR—That is the basis on which we did our calculations on the estimates you provided to us in April. But you are saying that since that time it has moved down 0.4 per cent.

Mr Manns—I think the figure of 2.2 per cent that was given to you was for 2004-05.

Senator CARR—It is an estimate.

Mr Manns—That is the estimate for 2004-05.

Senator CARR—Fair enough. That makes sense. Dr Harmer, a matter that arose in one of the other agencies earlier today concerned the appointment of the CEO for the Australian Research Council. You are a member of that selection committee, or that interview committee. It was revealed today that the minister's adviser, the chief of staff, was on that committee. Is it common in your department to have ministerial staff on selection committees?

Dr Harmer—No, it is not, but in my many years experience in the Public Service it is not uncommon for a member of a minister's staff to be either formally on, or informally present at, selection committees for senior jobs. I know, for example, that the chief of staff for Dr Wooldridge was on the panel—I am not sure whether formally or informally, but he was present—when I was selected as managing director of the Health Insurance Commission in 1998. I also know—and I will not go into details—that in 1994, when I was selected for a senior position within a department, that there was a member of a minister's staff present during the selection. I have knowledge and awareness of a number of times when ministers' office staff have been present.

It is always with the agreement of either the chair of the board or the panel. I think in this case, although I am operating from memory, it was the chairman's wish to have Catherine Murphy, who has had considerable experience in the science area. She was the Prime Minister's science adviser throughout the development of BAA 1, as I understand. Clearly, as Minister Nelson's senior adviser, she has been a very important part of the decision in his office around BAA 2 and was well qualified as a member of a very large selection committee in that case.

Senator CARR—So you do not think it is a particularly unusual event?

Dr Harmer—No, not for certain kinds of jobs.

Senator CARR—How far down would it go—to divisional heads?

Dr Harmer—My personal view is that it should not go that far down.

Senator CARR—To secretaries and deputy secretaries?

Dr Harmer—It is unusual that a minister's office would be involved in an appointment within a department, but it has happened.

Senator CARR—And head of a statutory corporation?

Dr Harmer—For a head of a statutory corporation it is much more common.

Senator CARR—It seems to me you have a number of senior people there. I would have thought you would make sure that there was no conflict. It would be your job, would it not Dr Harmer, to make sure that there was no serious conflict between the selection panel and the minister's interests?

Dr Harmer—Indeed. It is an important job and, as you say, there was a very good selection panel.

Senator CARR—I have no complaint about the selection panel. I was just interested. I was not aware that chiefs of staff—you say it is not uncommon.

Dr Harmer—I would not want to overstate it and certainly we have a number of examples where it has been the case. I am fairly confident—I would need to check and could if you wished—that it was the chairman of the board who requested that. I would be reasonably confident that the minister would have known but I do not think he was involved in deciding and I do not think it was other than a decision of the board chairman who was chairman of the panels to invite Catherine Murphy onto it.

Senator CARR—That was Mr Besley?

Dr Harmer—Tim Besley, yes.

Senator CARR—I was discussing some matters with Mr Manns, who has not failed me yet again with so many years of experience at Senate estimates. I always enjoy exchanges with Mr Manns. I find his innovative techniques illuminating. Mr Manns, you were telling me that you thought Mr Howard's email of 22 January was inaccurate. Is that right?

Mr Manns—My initial reaction was to a departmental email, which I understand John Howard then forwarded on in part or in whole as part of his own email to a wider group of people. So it was in both emails, in effect.

Senator CARR—You were unhappy about both of them?

Mr Manns—They said the same thing.

Senator CARR—You said that you thought that his representation of his own report was not accurate?

Mr Manns—I have explained to you what my view on that is.

Senator CARR—He goes on to say:

... this round offers an excellent opportunity to industry to benefit ... However the change in nature of the program has not been well publicised and the timing of the round (with a first compulsory expression of interest due by the end of January) may work against industry driven applications.

Did you agree with that?

Mr Manns—I did not agree that the round had not been well publicised. I thought it had been at least as well publicised as the previous round, as far as I could establish.

Senator CARR—You are the officer who is responsible for the supervision of this particular program, are you not?

Mr Manns—It is in my branch.

Senator CARR—You would be the line manager, so to speak?

Mr Manns—The CRC program is not the only thing my branch does.

Senator CARR—Who else is directly responsible for management of the CRC program?

Mr Manns—There are two sections in my branch that have something to do with the management of the program.

Senator CARR—You are the branch manager?

Mr Manns—Yes.

Senator CARR—So you are responsible for the program?

Mr Manns—In that sense I am, yes.

Senator CARR—So when he says that the round was not well advertised, that is a shot at you, isn't it?

Mr Manns—I did not take it personally.

Senator CARR—You never do. Your branch then?

Mr Manns—It was a comment, and I did not think it was accurate.

Senator CARR—You defended your branch accordingly?

Mr Manns—I corrected the facts of the situation.

Senator CARR—The email states:

Notwithstanding this very tight time frame, the Notification of Intent (NOI) to be lodged by 30 January only requires a short description of the purposes of a CRC and proposed outcome.

Is that accurate?

Mr Manns—Pretty accurate, yes. The notification of intent was only a few words, a few details about the name of the proposed CRC and what its broad objectives were to be.

Senator CARR—Then it says:

A preliminary "business case" is required by 30 March.

Mr Manns—Yes, I think that was the closing date.

Senator CARR—It is on the basis of the business case that was presented by 30 March that the bids were assessed, is it not?

Mr Manns—At the first stage, yes. But there are further stages of the process beyond that of course.

Senator CARR—Yes, there are further stages. But that is the stage at which 21 applications were rejected.

Mr Manns—Nineteen, in fact.

Senator CARR—The rejection of the 19 was based on the business case presented at that time, was it not?

Mr Manns—The stage 1 application preliminary business case, yes. Those applications have not been invited to proceed to stage 2.

Senator CARR—After the rejection of the 19, was there a common letter sent out by Dr Geoffrey Vaughan?

Mr Manns—A relatively standard letter from the chairman of the committee, Dr Geoffrey Vaughan. But the details in it were of course different for the various applications.

Senator CARR—Of the 19, how many were rejected under selection criterion 1?

Mr Manns—I do not think it is really appropriate to go into discussing the merits of applications where the process is still in train.

Senator CARR—But these have been rejected.

Mr Manns—They have indeed, and the applicants have been advised. We have not told the applicants that we are going to publish the reasons why they are not proceeding.

Senator CARR—I have seen letters on a number of CRCs that were rejected and they all say the same thing.

Mr Manns—There would be some that would be similar, but there would be others that would be different.

Senator CARR—Of the 19, how many were not rejected under criterion 1?

Mr Manns—I do not have that information readily available. Again, I think you are really asking me to go into the details of the advice that has been provided to the applicants. It is primarily for them to decide whether they would wish that information to be more widely known. It could potentially reflect on them in any other applications they may seek to make. It would not be usual for us to publish those reasons.

Senator CARR—Mr Manns, I have asked you how many of the 19 were rejected under criterion 1.

Mr Manns—I do not have that information in a readily available form. I can go back and look at that and give you the totals.

Senator CARR—How many of the 19 were rejected under selection criterion 4?

Mr Manns—I will take that on notice as well and have a look at that for you.

Senator CARR—All the ones I have seen have been rejected on both those grounds.

Mr Manns—I am confident that is not universally the case.

Senator CARR—So it does not cover all 19?

Senator Vanstone—That is what the term ‘not universally the case’ means.

Senator CARR—I am glad you are back, Minister. You can help me translate a few more of the answers.

Senator Vanstone—I thought that was pretty clear, actually. If you are acknowledging that help is required, I am always happy to assist.

Senator CARR—We could probably dismiss the other division too if this keeps up. Mr Manns, are you saying that as far as you are concerned the 19 were not rejected on both grounds in criteria 1 and 4?

Mr Manns—No, I have a clear recollection of at least one application where one criterion was at issue, not both.

Senator CARR—So when you answer the question I will know whether it is 19 for both or 18 and 19—or some other combination.

Mr Manns—Or whatever the figure is in between.

Senator CARR—That would be helpful. Basically, the letter that was sent out by Dr Geoffrey Vaughan was pretty standard.

Mr Manns—In a standard format, yes; but with the particular reasons relating to the particular application.

Senator CARR—When was that letter sent out?

Mr Manns—It would have been 29 or 30 April—about a week after the committee meeting.

Senator CARR—How do you see your branch’s role under the guidelines?

Mr Manns—In broad terms our role is as secretariat to the committee during the selection process. We do not have a role as such in determining the merits of applications. We do have a role in relation to the logistics in accepting the applications, checking their compliance, eligibility and so on. We are then, as I said, the secretariat for the committee and its appraisal panels and we come in at the end again when decisions are taken and we handle the contracting.

Senator CARR—I note that the guidelines say:

The Branch also supports the CRC Committee and provides advice about the Programme to the Minister.

Mr Manns—Sure, we do that.

Senator CARR—I take it you are on the committee.

Mr Manns—I am not on the committee.

Senator CARR—Was there any departmental officer on the committee?

Mr Manns—Mr Cook is a member of the committee.

Senator CARR—So, Mr Cook, you participated in all the—

Mr Cook—In the committee meetings, yes.

CHAIR—At what point did you advise the minister that certain projects were not going to be successful? What date was it?

Mr Cook—I do not know the date. Mr Manns provided advice to the minister on the outcome of the committee meeting.

Mr Manns—I couched it in terms of information about the outcomes. You need to be clear that it is the committee's decision as to which applicants proceed from stage 1 to stage 2. The minister was informed of the committee's decisions.

Senator CARR—On what date?

Mr Manns—My recollection is that the committee meeting was held on the Thursday and Friday. The information brief to the minister would have gone on the Monday or Tuesday following. I think that was the Anzac Day long weekend, so it would have gone on the Tuesday.

Mr Walters—The committee meeting was on 22 and 23 April.

Mr Manns—I think it was the day after Anzac Day.

Senator CARR—It was the 27th, was it? I have read the guidelines carefully. Paragraph 1.1.4 states:

The Minister for Science has overall responsibility for the CRC Programme. The Minister decides which CRCs will be funded and the conditions of any funding offer.

Is that correct?

Mr Manns—That is right. The minister is the decision maker at the end of the selection process, when he receives the advice from the committee.

Senator CARR—The guidelines also state that the science program branch supports the committee and provides advice about the program to the minister. Is that also correct?

Mr Manns—Yes. We provide policy advice to the minister and ongoing advice about how the program is going.

Senator CARR—Paragraph 1.5.1 states:

The Minister has appointed the CRC Committee ... to advise on the selection of new CRCs by assessing all applications and making recommendations for funding and any terms or conditions ...

Is that right?

Mr Manns—Yes.

Senator CARR—Paragraph 1.4.2 states:

... the Minister may have regard to the advice of the CRC Committee ...

What do the words 'may have regard to' mean, in your understanding?

Mr Manns—It is a common meaning. He is not necessarily bound by the advice of the CRC committee. But in my experience he has certainly taken that advice.

Senator CARR—But he is not bound to take that advice, is he?

Mr Manns—He is certainly not bound to take it.

Senator CARR—The guidelines also state that the minister:

... may take into consideration other matters including the application and related documentation.

What are the ‘other matters’ that might be taken into account under the guidelines?

Mr Manns—The minister has discretion to take into account any matters that he wishes.

Senator CARR—That is right.

Mr Manns—But I think the minister has made it very clear that he puts a lot of store on the integrity of the process and he is not inclined to take arbitrary decisions.

Senator CARR—The minister has said that he does not want to change the situation because he says the committee makes the decision, but the fact is the guidelines reflect a different reality, don’t they? He makes the decisions based on the recommendations of the committee if he so chooses to accept them. He may also take into account any other matters he chooses.

Mr Manns—Yes, but paragraph 1.4.1 also says that he will take account of the requirements of the guidelines and he will document his decisions and his reasons.

Senator CARR—You would expect nothing less.

Mr Manns—That is right. It is intended to be a proper process.

Senator CARR—Of course it is. It is intended to be a proper process. It is also intended that he has to give reasons for his decision. That is not an unreasonable request, I would have thought, with any decision. But it does not require him.

Mr Manns—I think we are agreeing on that point.

Senator CARR—We are.

Mr Manns—But at this stage the committee has not given him any recommendations in relation to the current round. The committee has itself taken decisions in accordance with the guidelines. As I have mentioned to you, the minister is the decision maker at the end of the process.

Dr Harmer—I think the point that Mr Manns is making is quite an important point. Mr Manns will correct me quite quickly if I have got this wrong but the reference to the minister needing to take account of things is in reference to the point at which the committee makes recommendations about which CRCs are to be funded, not at earlier stages when CRC applicants are submitting earlier stages of their applications. I think that is right.

Mr Manns—I draw your attention to section 2.8 of the guidelines, which really goes through the process. In section 2.8.5, it says that it is the chairman of the committee who invites applications to stage 2 and notifies the unsuccessfuls. Section 2.8.7 says that the CRC committee will shortlist applications for interview and so on. Then, if you get to 2.8.11, it shows that it is really at the end of the process that the committee will advise the minister on which applications are suitable for funding. Section 2.8.12 says that the minister will make final decisions about which will be funded.

Senator CARR—What is to stop the minister intervening at this point?

Mr Manns—The guidelines do not provide for that and the minister has said that he proposes to stick with the guidelines.

Senator CARR—That is right; it is his decision not to. But where do the guidelines preclude that?

Mr Manns—I have just explained to you the assessment process that it lays out. To be fair to all applicants, it really does make it clear that the process is managed by the committee up to the point at which the committee makes funding recommendations to the minister. The committee has not yet done that.

Senator CARR—Does 1.4.2 clearly state:

In deciding which CRCs get funded and what terms and conditions, if any, are attached to the funding offer, the Minister may have regard to the advice—

and take into account any other consideration?

Mr Manns—No decisions have been taken on which CRCs will be funded. There has been no funding recommendation taken.

Senator CARR—The letter that has been distributed says:

Unfortunately, the CRC Committee did not select your application for further consideration in the Selection Round.

That is a decision.

Mr Manns—It is a decision but it is not a decision about funding a CRC.

Senator CARR—Even by your standards that is an extraordinary proposition.

Mr Manns—No funding offers have been made in the current round.

Senator CARR—Under that proposition, the CRCs for reefs, rainforests or coasts are still eligible for funding under this round.

Mr Manns—No. They have been excluded from further consideration.

Senator CARR—You do not think that is a decision?

Mr Manns—Yes, it is a decision. It is a decision to exclude them from further consideration but it is not a decision about which CRCs will be funded and the conditions of any funding offer, because none have been made at this stage.

Senator CARR—So it is a decision to say which ones will not be funded.

Mr Manns—Which ones will not proceed for further consideration. Ultimately, it is the minister who will decide at the end of the process whether he accepts the totality of the process that the committee has been through.

Dr Harmer—It is a subtle distinction but it is an important one. The stage that we are at, which Mr Manns is referring to, is defined as ‘invited to stage 2’. The chairman of the CRC committee will invite applications to stage 2. I do not think there is any reference to the role of the minister at that stage. The reference earlier to the role of the minister is at the final stage when recommendations for funding have been provided to him or her by the chair of the CRC committee.

Senator CARR—It is quite clear that a decision has been made to exclude certain applications, Dr Harmer.

Mr Walters—I wonder if I can be helpful here. It is worth just going back a step to consider why we have a two-stage process. We have a two-stage process because, during the consultations, the point was raised that when you have more demand than you can meet some people go to a lot of trouble to submit full applications. Therefore it would be helpful to have a preliminary stage at which people could submit preliminary applications. The most promising were therefore invited to submit a stage 2 application. That is why we have ended up where we are. The point that Mr Manns is trying to make is that, at this stage, the selection was being made as to which competitive applications would be invited to go to the full trouble of submitting a full application for stage 2. That is where we are at in the process.

Senator CARR—Thank you. Perhaps we should have a break now, since we are being so helpful.

Proceedings suspended from 9.15 p.m. to 9.28 p.m.

Senator CARR—Mr Manns, was the person I referred to before—that is, Mr John Howard, who was the author of the report and who then went to the department of industry as a consultant on the CRC program—also nominated as a contact person or an adviser to one of the CRCs that had put in an expression of interest?

Mr Manns—Yes, I believe he was.

Senator CARR—Do you recall which one?

Mr Manns—No, I do not, sorry.

Senator CARR—Obviously, it was a matter that was brought to your attention. It was brought to your attention?

Mr Manns—I saw it when the application came in, yes.

Senator CARR—None of the other CRCs complained about that?

Mr Manns—Not directly to me, no.

Senator CARR—What did you do about it when you found out that he was a contact person/adviser?

Mr Manns—In relation to the application round, nothing at all.

Senator CARR—Nothing at all?

Mr Manns—Not in relation to the application, no.

Senator CARR—Did you contact the department of industry?

Mr Manns—I did not—let me refresh my memory. Yes, I did pass on some vibes, if you would want to call them that, I had picked up—not directly from the CRC but within the CRC community—that there was some disquiet about him having that consultancy while also being a contractor to the department of industry.

Senator CARR—What was the response from the department of industry?

Mr Manns—I do not recall that there was a response. In terms of dealing with the substance of the issue, there was a suggestion from them that they would seek to clarify his role. But whether they went ahead and did that, I do not know.

Senator CARR—With regard to the application by the solar CRC, was the Chief Scientist on the panel?

Mr Manns—The Chief Scientist is a member of the CRC committee that considered that application.

Senator CARR—Did he indicate to you or to the committee a conflict of interest?

Mr Manns—Not a conflict of interest as such, no. He was able to participate fully in the discussion of that application under the committee's conflict of interest rules because he is not associated with any of the parties to the application. That is my understanding.

Senator CARR—You have advised me that he did not declare a conflict of interest.

Mr Manns—No, that is right.

Senator CARR—And he participated in the decision-making process in all regards?

Mr Manns—Yes, he did. It is probably worth mentioning that the decision making process of the committee, at least on this occasion, was one of consensus. It was not a situation where there were votes taken or anything of that nature.

Senator CARR—I am not certain that is a normal requirement for conflict of interest issues to be pursued, whether or not there are votes taken.

Mr Manns—No, I am clarifying that he did not exercise any deliberative function in that sense. The committee came to a consensus view rather than anyone's vote being a deciding vote or anything like that.

Mr Cook—As a member of that committee, I might be able to elaborate a little. The committee functions, as Mr Manns just said, by process of consensus. We are required to lodge the details of our pecuniary interests with the CRC secretariat. The process is monitored by a probity auditor who is in the room with the committee at all stages. Where there is a potential conflict of interest based on our lodged declarations of interest, that is also monitored by the secretariat. They go to quite some trouble to ensure that people who have a potential conflict of interest are treated exactly as the guidelines say, and anyone who has got a direct conflict of interest or a potential conflict of interest is asked to leave the room. In this case, the Chief Scientist was not in that position.

Senator CARR—A reference in this month's *Australasian Scientist* refers to claims made by the minister regarding an independent panel of experts. I quote:

And here is the rub. One of the key decision makers was Australia's Chief Scientist, Dr Robert Batterham, who is also employed by the mining giant Rio Tinto, a significant beneficiary of federal R&D funding.

How do you respond to the charge that there is a conflict of interest in those circumstances?

Mr Cook—In addition to the procedures operated by the committee itself, the committee has sought undertakings from Rio Tinto that they operate the firewall in such a way that Dr Batterham is not involved in any application in which Rio Tinto is involved, so he is not

conflicted because he is not engaged in that process within Rio Tinto. In the case of the solar CRC, there is no issue about Rio Tinto.

Senator CARR—The way the argument goes is that this is Commonwealth money going to develop alternative energy or sustainable energy—a number of words are used—but essentially these solar energy people are in direct competition with the coal industry. You do not regard that as presenting a conflict of interest argument?

Mr Cook—I have heard that argument expressed, but there is no conflict of interest in respect of that issue. The broader Commonwealth government policy on renewables is an issue which is dealt with in other portfolios.

Senator CARR—This department, nonetheless, has responsibility for funding research.

Mr Cook—We fund some research. As you are aware, a lot of research is funded outside our—

Senator CARR—The bulk of the Commonwealth funding for research comes through this department.

Mr Cook—That is probably true in terms of the bulk, if you count the universities in, yes.

Senator CARR—It is the bulk. There is no way around that proposition. More than half the Commonwealth spend on R&D comes through this department. This is very much an R&D department. The question of the funding of alternative energy systems is a matter that is front and centre for the department, and certainly for your division.

Mr Cook—The selection process was based on the excellence of the research propositions put to us and the cards fall as they may around that criteria.

Senator CARR—You can understand why the solar CRC people do not think the cards did fall where they may. They may argue that the committee would be influenced in some way by the participation of a person employed by a coal company.

Mr Cook—I think there are 13 members of the CRC committee. They are—I am happy to exclude myself from this category—eminent and very well-informed people.

Senator CARR—I trust you are well informed.

Mr Cook—I like to think so, but I am modest also. To suggest that one member of that committee would dominate the committee's thinking does a disservice to the members of the committee.

Senator CARR—Regarding performance in delivery of departmental outputs, at page 110 of the DEST outcomes there is an item on independent expert advice received from the Chief Scientist and PMSEOC. It states, 'Satisfaction achieved'. What was the criteria you used?

Dr Harmer—That is our expectation for 2004-05. That is our outcome indicator. That is for next year.

Senator CARR—I know that. How was the satisfaction measured?

Mr Cook—As it says, Senator, it is the way in which the Prime Minister and relevant ministers regard that advice. We will be seeking their views.

Senator CARR—So he was more satisfied with the Chief Scientist than he was with the department with regard to their timeliness and quality of ministerial advice. It says, ‘Satisfaction (at least 90%),’ whereas it is full-on for the Chief Scientist.

Dr Harmer—You could interpret it as we were setting our bar a little lower!

Senator CARR—Indeed. That is about the same as, ‘Research activities are completed according to plan.’

Dr Harmer—Mr Walters has just pointed out that we put percentages or numbers in there when we have something we can actually quantify, and we can quantify the minister’s satisfaction with ministerials. It is much more difficult to do that with the Chief Scientist’s activity, which is advisory and involves the running of committees and things like that.

Senator CARR—I take it, Dr Harmer, that you will be putting a submission into the Senate inquiry into the Chief Scientist?

Dr Harmer—I think we are, yes.

Senator CARR—We will have an opportunity to explore it next week. Mr Manns, it has been put to me with respect to the claims the department is making about how easy it is to fill in these applications—that is, for the process we discussed earlier this evening—that it is running into a bit of trouble. I take it the department is still maintaining that the application process for the CRCs is straightforward?

Mr Manns—I do not know that I have ever said it is easy or necessarily straightforward. It is quite demanding in terms of the expectations on applicants to mount good cases. I do not think there should be a very simple process to potentially be awarded tens of millions of dollars. But, in terms of the logistics and the mechanics of the process, it is working quite well.

Senator CARR—It is quite a serious commitment, isn’t it, to sign up to one of these CRC proposals?

Mr Manns—It certainly is.

Senator CARR—It is seven years of funding or shareholding in an incorporated identity, so it is not a light matter that you can walk away from.

Mr Manns—Indeed.

Senator CARR—Would it be reasonable to argue that there is impracticality about the two-stage process that has been undertaken by the department?

Mr Manns—No. As I say, it appears to be working quite well at present. We are yet to receive the stage 2 applications, so it is a little early to pass judgment on the full process.

Senator CARR—You have not noticed in your travels a bit of public disquiet about the recent round?

Mr Manns—I am not at all surprised that some of those that have been unsuccessful are disappointed that they have been unsuccessful. But broadly speaking, no, the process itself is working well.

Senator CARR—It is working well? That is not the mail I am getting. Is it the case that some of those partners in the original bids have now withdrawn from those organisations seeking to rebid?

Mr Manns—I am not quite sure what you mean by that.

Senator CARR—To put a bid in, you have to demonstrate that there is a whole series of partners to the CRC. That is the case, isn't it?

Mr Manns—Yes.

Senator CARR—As a result of the rejection of the bid, is it the case that some CRC proposals are already falling apart?

Mr Manns—By definition, if a proposal is not proceeding further in the round then it is not proceeding; it is not under any further consideration.

Senator CARR—With those existing CRCs that were defunded, has there already been a process of disengagement from existing partners?

Mr Manns—Not that I am aware of. I would not use the term 'defunded'. Those applicants that were existing CRCs in the current round and are not proceeding further had not had any of their current funding taken away from them. Their contracts will run their full terms. To my knowledge, none of those CRCs have approached the department to seek to vary their existing contracts to withdraw any participants.

Senator CARR—Is it the case that some of those organisations that have lost their funding—'defunded', as I call it—will have to start winding up in a year?

Mr Manns—For most of them, 2005-06 is their final year of funding. Whether they wind up or whether they translate into some different form is really a matter for them, but it is a bit early to be speculating at this stage. They are required to produce a wind-up plan for the department.

Senator CARR—When are they required to do that?

Mr Manns—That would be during the course of the coming year.

Senator CARR—So in the next year they will have to produce a wind-up plan?

Mr Manns—Yes.

Senator CARR—Of those existing CRCs that will not have their funding continued, how many of them would have any significant funds in the final year?

Mr Manns—I think all of them have significant funds in the final year.

Senator CARR—Let us go through this. There are five of them. We can do that pretty easily, can't we? What is the reef's CRC funding currently?

Mr Manns—The reef's current total contract is for \$19.4 million.

Senator CARR—How much of that has already been spent?

Mr Manns—I will put it another way: it has \$5.5 million still to come over the next two financial years.

Senator CARR—That cuts it right down to the facts. Of the \$5.5 million, how much is for next year?

Mr Walters—While Mr Manns is looking it up, let me just make the point that there is nothing particularly unusual about this. Where the department gives a grant or a contract for a finite time, it is the normal expectation that the contract will be for that finite time. It is for the organisation that receives the grant to plan accordingly. I think that where the CRCs are different from some of our other contracts and programs is that they get seven years, which is a good deal longer than many of our programs allow.

Mr Manns—Funding for 2004-05 for the reef is \$3.5 million. In its final year, 2005-06, it is \$2 million.

Senator CARR—What are the remaining funds for the rainforests? That is about \$19 million as well, isn't it?

Mr Manns—Yes, about that. It is \$18.95 million. In 2004-05, it has \$3.35 million and, in 2005-06, \$2.25 million.

Senator CARR—What about coastals? The total is about the same, isn't it? About \$19 million?

Mr Manns—I think it is \$17.7 million. It has \$3.3 million and \$3.3 million. All of those CRCs won additional funding in the last round of supplementary funding, so their final year is higher than they otherwise would have been.

Senator CARR—For satellites?

Mr Manns—Satellites runs out in December 2005, I understand. I do not have the split over the two financial years, but the total is \$1.31 million.

Senator CARR—So they are into wind-up mode pretty soon, are they?

Mr Manns—Already, because satellites, in theory, would have applied for re-funding, if you would like to call it that, in the last round but they were fully consumed with getting the satellite into orbit. So they missed that round.

Senator CARR—That was a bit unfortunate, wasn't it?

Mr Manns—Yes, in one way.

Senator CARR—It was a different program then, wasn't it? It played different games then.

Mr Manns—There were different criteria, that is for sure. But they were granted additional funding to keep them alive long enough to bid into the 2004 round.

Senator CARR—I bet they are regretting that. What about the photonics?

Mr Manns—Photonics has a total of \$3.16 million. That split in 2004-05 is \$2.2 million and in 2005-06 it is \$0.96 million. The reason for that is that photonics applied earlier in the piece to have part of its grant brought forward into earlier years.

Senator CARR—I understand that a budget has been prepared by two government backbenchers and it has been submitted to the government. Is that right?

Mr Manns—I am aware that a very preliminary proposal has been submitted by at least one member to the government.

Senator CARR—Where is that preliminary proposal in the government at the moment?

Mr Manns—It is under consideration within the government.

Senator CARR—But is it under consideration within the department?

Mr Manns—We have not been asked to provide any advice on it.

Senator CARR—Given that you run the program, I presume it cannot go forward without your advice.

Mr Manns—I do not think it is necessarily looking for funding from within the CRC program.

Senator CARR—I see. There is no funding available, is there?

Mr Manns—There is uncommitted cash in the program, if that is what you mean.

Senator CARR—How much uncommitted cash is there?

Mr Manns—In which particular year?

Senator CARR—The CRC program in the current year.

Mr Manns—In the current year very little—about a million dollars, I think.

Senator CARR—And in the forward estimates year?

Mr Manns—Next year, at this stage, that is in 2004-05, we have \$2.7 million uncommitted and then in 2005-06, which is when the new round will kick in, the amounts really go up because that is when the tail of—

Senator CARR—How much is it?

Mr Manns—At the moment we would have \$43.6 million odd in that year, and it ramps up dramatically after that.

Senator CARR—You have not seen this budget? You have not been asked to comment?

Mr Manns—I did not say that I had not seen it.

Senator CARR—You have seen it?

Mr Manns—I have seen it, yes.

Senator CARR—What does it say?

Mr Manns—I think it is a matter that is under consideration within government. I have not been asked for any advice on it. It is correspondence to the minister, so I am not sure that without consulting the minister I am in a position to go into any details.

Senator CARR—A letter has been written by the backbenchers to the minister?

Mr Manns—A proposal has been put.

Senator CARR—By way of letter.

Mr Manns—To be honest, I cannot recall whether there was a covering letter or whether it was a fax or whatever.

Senator CARR—It might have been a fax?

Mr Manns—Yes. I am only telling you about what I have seen. Whether there are other documents, I have no idea.

Dr Harmer—I think Mr Manns has been as helpful as he can.

Senator CARR—He has been extremely helpful. A report that I saw recently in the *Sydney Morning Herald* suggested that a restructuring of applications for funding was being proposed. Is that the nature of the proposal?

Mr Manns—I think there was an implication in one of the articles that the applicants might be seeking to come back in to the CRC selection round. That is certainly not occurring.

Senator CARR—It is not occurring?

Mr Manns—No, not at this stage.

Senator CARR—In the 26 May edition of the *Campus Review* the Minister for Science was reported as saying, ‘They may well receive funding assistance from the Department of the Environment and Heritage, state or federal funds or by the Australian Research Council.’ Are you aware of any of those sources of funding being approached?

Mr Manns—No, not specifically. I am not aware at this stage.

Senator CARR—Have you or any of your officers had any discussion with state or territory governments about finding alternative sources of funding?

Mr Manns—No.

Senator CARR—Have you had any discussions with the ARC about kicking some money in?

Mr Manns—Not through any specific proposal.

Senator CARR—What alternative sources of funding are there?

Mr Walters—Let me offer some assistance here. The point Mr Manns was trying to make was that the department has not been asked for advice on this and therefore it would not be the role of Mr Manns’s branch or me as the division head to take any action on it. The situation is as per the minister’s media release last week, which makes the point that the proposals are under consideration by the government. I really do not think we can go beyond that.

Senator CARR—When you say ‘the government’, you mean the minister?

Mr Walters—Certainly by the minister.

Senator CARR—Which minister?

Mr Walters—You have probably seen it, but I could table it if it would help.

Senator CARR—I am aware of it. It says ‘Carr’s wrong,’ and that sort of stuff. It is one of those ones.

Mr Walters—I can table it if it would help. This is a media release by Minister McGauran.

Senator CARR—Another one of those beauties. Which is the minister that is considering this?

Mr Walters—Minister McGauran says that this is under consideration by the government and therefore certainly by Minister McGauran.

Senator CARR—Mr McGauran is considering this?

Mr Walters—It says so.

Senator CARR—But he has not talked to you about it?

Mr Walters—He has not asked us for any advice about it.

Senator CARR—Mr Walters, you are the divisional head. Surely he has asked you for advice.

Mr Walters—He asks me for advice about various things, but he has not asked me for advice about this.

Dr Harmer—Not so far. He may.

Senator CARR—He certainly will after tonight. I am sure he will ask you about a number of things. I am concerned that this program has got such publicity. The minister is out there putting out press releases and getting quite upset about all of this, and he has not actually asked you for assistance in this matter.

Mr Walters—There are all manner of things that the minister does not ask us for assistance with.

Senator CARR—It is a pity he did not ask for a bit more assistance before he got to this stage. He probably could have avoided this, I would have thought. In fact, I would be surprised, Mr Walters, if you did not tell him there was a problem. Is that the case?

Mr Walters—You would be surprised if I had not told him there was a problem?

Senator CARR—Yes, I would be very surprised if you had not told him there was a major problem on his plate. I take it you have.

Mr Walters—We do not normally disclose the nature of policy advice to ministers as a matter of fact.

Senator CARR—You will not stop me asking.

CHAIR—You are just fishing, Senator.

Senator CARR—I know. I have already caught quite a catch here. Mr Walters's advice has not been sought on this. Dr Harmer, you have not been asked about this either, have you?

Dr Harmer—No.

Senator CARR—Mr Manns has not been asked about this, so the brains trust in the ministerial wing has this under control. Is this what we are being told?

Dr Harmer—Nothing we have said would preclude the minister at some stage asking our advice.

Senator Vanstone—I tell you what: they will be turning off the movie to watch these estimates.

Senator CARR—Did you say you want to watch the movie?

Senator Vanstone—No. I said they are turning off the movie to watch these estimates. You have got nothing on Harrison Ford, I tell you.

Senator CARR—If you could go and watch the movie, we would all be a lot better off, I suspect.

Senator Vanstone—I do not even know what the movie is, but I am sure no-one else does either. They are so glued to watching you.

Senator CARR—Mr Walters, are you able to identify where I might look in the budget to find this special line of funding that the minister speaks of?

Mr Walters—I am afraid I cannot go beyond what we have said.

Senator CARR—Is there anything you could draw my budget attention to—

Mr Walters—I still cannot go beyond anything we have said. I am sorry.

Senator CARR—There is nothing you can see in the budget that would be identified as a special line of funding?

Mr Walters—That would be pure speculation on my part. I really cannot go beyond what we have said.

Senator CARR—When do you expect the wind-up plans to be delivered, Mr Manns?

Mr Manns—During the coming financial year, which is the year before the final year.

Senator CARR—I will put the rest on notice, but there is one issue and that concerns the Allen Consulting Group report *The study of international science and technology policies and programs* of August 2003. You were kind enough to send me a copy of that at the last round of estimates.

Mr Walters—We did?

Senator CARR—You did.

Mr Walters—I will take your word for it.

Senator CARR—You are familiar with, I can see.

Mr Walters—I am glad we did.

Senator CARR—Who handles international science and technology here? Is there a special group?

Mr Walters—It is in Ms Cowan's branch.

Senator CARR—Are you familiar with the report?

Mr Walters—Yes.

Senator CARR—I will cut to the chase here. In concluding chapter 9 funding is described as 'inadequate and insufficient' in terms of our international collaborations. It says that we are falling behind our international competitors. It also says:

... it is the view of the study team that Australian international S&T funding is insufficient, does not provide for the full range of measures facilitating international S&T that are available in other countries, and allows for Australian researchers to take up only a limited number of the valuable opportunities available to us.

On page 101 of chapter 8 it states:

Without access to such—

major research—

facilities, Australian researchers cannot remain competitive.

It also states on page 101 that deciding to ‘opt out’ of international S&T is not a possibility because it is a critical driver of productivity. What is the department’s response to that report?

Mr Walters—Of course we can always use more money for everything. It is in the nature of reports like these to say that there should be more. They consulted with stakeholders, and that is exactly what you would expect. I think it is worth bearing in mind that, although we do have some specific funding for international exchanges and so on centrally, international collaboration really lies at the heart of the science system. For example, a very high proportion of CSIRO projects involve some sort of international collaboration. I think that the report does bring out the huge scale of international collaboration that we already have. I think we have 34 international science and technology agreements. Some are more active than others, but we are in active dialogue with the USA, China, Japan, Taiwan and the European Union, just to name a few. We have specific arrangements with France. We had a senior science representative from the UK over only just this week. So we have a very active program in this field, and one that is very necessary because we only account for a very small proportion of scientific publications. Collaboration is very important.

There are very few activities around government where you could not usefully use more funding if you had it. But I think that, given the pervasive nature of international collaboration, Australia does very well. The chief scientific adviser in the UK recently said to me that he recognised the importance of Australia and the importance of collaboration with us. I think our place in science is recognised around the world and that on the whole we do punch above our weight.

CHAIR—Twice above our weight, isn’t it, Mr Walters?

Mr Walters—Absolutely.

CHAIR—One per cent of the population and two per cent of the research.

Mr Walters—That is our broad response.

Senator CARR—Let me go through this. The Allen Consulting Group were engaged by whom?

Mr Walters—Us.

Senator CARR—By the department?

Mr Walters—Yes.

Senator CARR—You engaged the consultants to tell you:

This study has found that, especially given Australia's location and the nature of our economy, funding for international S&T does not compare well with the other countries reviewed.

Mr Walters—All I say is that we do have funds, we think we use them very well and we have a very active international program.

Senator CARR—Will the department be issuing a response to this report?

Mr Walters—No, it was an internal report to help steer our effort. For example, it told us things we did not know before. It gave a breakdown of the countries with which we do collaborate internationally. It showed us, for example, that 24 per cent of all collaborations are with the USA, about 11 per cent are with the UK and something like 30 per cent overall are with the European Union. It gave a detailed breakdown of where the collaborations take place between different disciplines. So it helps to inform some of the program activity in a way that we have not had before. I think people throughout the system have found it quite illuminating in that respect.

Senator CARR—'Illuminating'? It says, for instance, on page 36:

Australia had a reasonable representation in Europe several years ago with coverage of national and international S&T linkages through London, Brussels, Bonn and Paris but this has now been greatly reduced.

Were you informed by that?

Mr Walters—I think it is probably referring back to the days when science and industry representation was combined to a very large extent. Certainly the department has recognised that we need to expand representation in science. We have recently appointed a counsellor to Washington, who will have science among his responsibilities. We are in the process of selecting a counsellor for Brussels, who will spend 50 per cent of their time on science in the important area of collaborating with the European Union. We have been talking to the education side about the better use of all of the counsellors we have in a range of countries in order to promote our scientific interests.

CHAIR—Mr Walters, would you send me a copy of that Allen Consulting Group report?

Mr Walters—Gladly.

Senator CARR—It was provided to the committee. This is one of these contracts.

CHAIR—I have not seen it.

Senator CARR—It is on the list there.

CHAIR—Would someone provide me with a copy of it.

Mr Cook—We have also upgraded our counsellor position in Paris from a shared position to a full-time position in order to lift our interaction with the OECD.

Dr Harmer—The use of our international education officers is in many respects probably a more appropriate and effective window into the science area in universities et cetera than perhaps the industry links. Mr Walters is right: we are genuinely looking at how we can leverage our fairly substantial education counsellor network to support science collaboration as well, in addition to the many positions.

Senator CARR—Were you also informed by this statement in the report:

This study has been informed of cases where Australian researchers visiting US laboratories received no benefits from intellectual property to which they contributed.

Mr Walters—That is an issue for the US science and technology agreement, which has been under negotiation for a while now and which we are still hoping to draw to a conclusion. This is an agreement that basically covers publicly funded researchers on both sides. I mentioned that 24 per cent of all Australia's international collaborations are with the USA, so it is not as if it is not a highly important country and one that is productive for us already. For some time now, in order to try to expand that, it has been the aspiration to have an overarching science and technology agreement which will set out more clearly the ground rules for intellectual property ownership and exploitation, and also some rules for dispute resolution in cases where dispute occurs. It has not been the easiest thing to negotiate with the USA but we have had some productive conversations this year, including last month. So we are still hoping to progress that issue.

Senator CARR—Were you informed by the recommendation that there is a strong case 'for a single coordinated fund to support Australia's access to megascience projects'?

Mr Walters—There is the new line under the revised Backing Australia's Ability which will provide infrastructure funding for megascience projects, and there are to be consultations about how that will be allocated. If you look internationally at megascience projects you can see that they divide into a number of different categories. Some are subscriptions to access very large facilities overseas, such as the particle colliders at CERN and large astronomy projects. Others are issues where one might look to locate facilities in this country in the future. So they vary enormously and, to be honest, I would have thought that a single fund as a one size fits all will not meet all of those circumstances, because governments in the future will face a very wide range of possibilities—from the possibility of investing very large sums indeed in single facilities located here to strategic investments in facilities located in a number of overseas countries. So it is certainly an issue that governments need to think about. But I myself would have thought that, beyond the provision that has already been made in Backing Australia's Ability, the idea of a one size fits all solution is probably illusory.

Senator CARR—The report's recommendation on rapid response mechanisms says:

Within granting schemes, there is a need to provide for new international cooperation activities as and when they arise. As this report has shown, other OECD countries are establishing such arrangements, and Australia needs to do so too.

It goes on to say:

Commonwealth Government funding for international S&T activities needs to provide rapid response mechanisms in order to ensure that Australian researchers are able to engage in new international projects from the earliest stages.

What is the department's response to that?

Mr Walters—I think we agree. You are looking at the rapid response mechanism, namely, us, and we try to respond to these proposals as they come up. Certainly we are very active players in the OECD. As you might know, Minister McGauran chaired a meeting of science ministers earlier this year and we try to keep very abreast of those proposals.

Senator CARR—Minister McGauran is your 'rapid response mechanism'!

Mr Walters—We try to take a very active part in the proceedings of the OECD and any other international science fora.

Senator CARR—Thank you, Mr Walters. That concludes my questions.

[10.11 p.m.]

CHAIR—We welcome back the Schools Group.

Senator CARR—Mr Evans, I formally ask: have you had an opportunity to assess matters raised with regard to Reddam House School that I mentioned to you the other night?

Mr Evans—Since we met, I have not had a chance to get a response on Reddam.

Senator CARR—I raised some issues concerning Sunshine Coast Grammar School and the ‘fit and proper person’ test. Have you had an opportunity to examine those questions?

Mr Evans—I have had some detail on Sunshine Coast Grammar. The chairperson of the Non-State Schools Accreditation Board for Queensland advised the department on 12 December 2003 that it had issued a show cause notice to the school proposing cancellation of the school’s accreditation because the governing body of the school was considered to be unsuitable. Australian government funding was withheld until the change in ownership of the governing body was resolved.

Senator CARR—What date was that?

Mr Evans—We were advised of the difficulty that the Queensland department had with the school on 12 December 2003.

Senator CARR—Are you telling me that the Commonwealth then stopped funding the school last December?

Mr Evans—Until there was a change of ownership.

Senator CARR—But you did stop funding it last December?

Mr Evans—Correct.

Senator CARR—Are you now satisfied that the change of ownership has now rendered it suitable for Commonwealth funding?

Mr Evans—That is correct. State governments are responsible for the welfare and safety of children within their own jurisdictions. It is appropriate that monitoring of whether a person is fit and proper remains within the scope of state and territory legislation. In essence, the fit and proper provisions are maintained by the Queensland agency, the Non-States Schools Accreditation Board, conducted by the Queensland government.

Senator CARR—I asked the other night whether it was your intention to consider the issue of the fit and proper person test in light of the new state grants bill. Is that still your intention?

Mr Evans—I indicated that it was not within the premise of the current drafting instructions. I understand from advice I have received about the CRICOS Act that the reason for the provisions there is if we are advised that there is a difficulty. It is not a standard provision to apply a fit and proper person test across all staff in all CRICOS situations. What I am saying here essentially is that probably the best fit and most logical positioning of fit and

proper person legislation is with state registration boards, as they are responsible for the registration of non-government schools in each state.

Senator CARR—In regard to the CRISCOS Act, the fact that there is this fit and proper person test is a response to a Senate amendment, is it not?

Mr Evans—I would accept that. What I am saying here though is that you would also be familiar with the registration of non-government schools. That most properly sits with the states.

Senator CARR—We can have an argument about that, but the question is whether or not a fit and proper person test could be inserted into a state grants bill by the Commonwealth as a condition of funding?

Mr Evans—That is one position.

Senator CARR—There is no legal or constitutional reason why that could not happen?

Mr Evans—No, it could happen.

Senator CARR—That is a matter for the parliament.

Mr Evans—Yes.

Senator CARR—Could you indicate to me, Mr Evans, where in the PBS or the budget papers I might find projections for schools capital funding?

Mr Evans—I do not have all the budget papers here with me, so it might take a minute or two before we locate it.

Senator CARR—While you are doing that, can you tell me how the capital expenditure is actually treated for budget purposes? Is it regarded as a recurrent expense or is it a matter that is subject to the application of the public debt interest arrangements?

Mr Evans—I will need to understand your question a bit more. If I refer you to page 53 of Budget Paper No. 3, *Federal financial relations 2004-05*. On the bottom of page 53 there is the heading 'Specific purpose payments—capital purposes', 'Education', 'Government schools'. I will read the figures starting in the 2003-04 year going out to 2007-08: \$249.417 million, \$265.146 million, \$275.366 million, \$274.798 million and \$280.294 million. Similarly for 'Non-government schools' on page 54: \$98.052 million, \$108.251 million, \$112.621 million, \$112.391 million. Those two pages in the budget papers show the amounts for capital for government and non-government schools.

Senator CARR—Thank you. Given that the Commonwealth does not actually purchase any assets, is this regarded as a recurrent expense or a capital expense in the Commonwealth budget?

Mr Evans—It is regarded as a capital expense. As you can see from the listing in that budget paper, it separates it. Towards the top of page 53 it has 'specific purpose payments, current purposes'. Down the bottom it shows 'capital expenditures, specific purpose payments, capital purposes'. So under the Australian government classification system, the capital outlays are regarded as of a capital nature.

Mr Storen—The schools grants are divided, as Mr Evans has said, between recurrent and capital purposes, but in terms of accrual budgeting and the fact that, as you have said, they are not an asset of the Commonwealth, they are expensed as we incur them.

Senator CARR—So they are treated as an expense.

Mr Storen—They are treated as an expense, the same way as operating expenses—that is correct—but they are of a capital nature.

Senator CARR—I understand that they are an expense of a capital nature, but the Commonwealth is not purchasing an asset.

Mr Storen—That is right. The asset or the building, or whatever is being built with the capital money is not an asset of the Commonwealth.

Senator CARR—So in regard to public debt interest ratios, it has no effect.

Mr Evans—Are you talking about whether or not the Commonwealth uses the capital cost—

Senator CARR—Obviously there is no asset there to measure against the expense, so it must be just treated as a current expense.

Mr Storen—That is correct.

Senator CARR—That is effectively what you are doing, isn't it?

Mr Storen—Yes.

Senator CARR—And that is a change from the previous arrangements?

Mr Storen—That has been the arrangement since 1999-2000, with the introduction of accruals.

Senator CARR—Yes—that is what I meant.

Mr Storen—Prior to that it was cash, so it has always been an expense—schools capital.

Senator CARR—Thank you. That is helpful. In regard to the National Institute for the Quality of Teaching in Schools Leadership Program, I understand the minister is making an announcement tomorrow. Ms Paul, is that right?

Ms Paul—Yes.

Senator CARR—The minister announced the initial funding of \$10 million in July 2003. Is that correct?

Ms Paul—Yes.

Senator CARR—This funding was diverted from the quality of teaching programs. Is that right?

Mr Evans—It was not diverted; it was an allocation of money from within that program.

Senator CARR—A re-allocation.

Mr Evans—An allocation.

Senator CARR—So how much of the \$10 million has been spent since July 2003? Has any of that money been spent?

Ms Mercer—In terms of expenditure for 2003-04 our estimate is that we will expend just over a half a million dollars—\$550,000. This is for the cost of the consortium that has been taken on to do the early work leading to the establishment of the institute.

Senator CARR—So half a million dollars has been sent to the consortium. So how much went to Allen Consulting?

Ms Mercer—As I said, the sum of this money is for the consortium.

Senator CARR—So the \$10 million was announced in July, of which you have only spent half a million.

Ms Mercer—Yes.

Senator CARR—So there is \$9.5 million left.

Ms Mercer—Yes—\$9.5 million left, which can be spent in the period leading up to the end of June 2005.

Senator CARR—To date, what have you spent the half a million on?

Ms Mercer—We have spent that money on that consultancy which was let to the consortium, and which consists of the Allen Consulting Group, Gregor Ramsey and Deloitte.

Senator CARR—How much was given to each of those parties?

Ms Mercer—They tendered as a consortium. The Allen Group is the principal partner. We have that contract with them and the money is provided there and then distributed to the three.

Senator CARR—So you are not aware of the relationship between those partners?

Ms Mercer—The relationship is set out in the context of who will provide which part of the consultancy.

Senator CARR—So the first part of the consultancy has been provided by Allen Consulting.

Ms Mercer—The consortium have acted together to provide the extent of the services. In particular, the Allen Consulting Group and Gregor Ramsey have conducted the consultations leading up to the establishment of the institute. They have prepared a number of reports, including a final implementation strategy. Deloitte in particular have taken on the role of developing an establishment plan, which is effectively an internal business plan to guide the institute when it comes into being.

Senator CARR—What is the daily rate being paid to the consultants?

Ms Mercer—They actually tendered on a full price. I would have to take that on notice to give you the daily rate.

Senator CARR—If you could, please—and the number of days worked. That will give me an indication of how much they cost.

Mr Evans—I am not sure whether the report to us specifies the actual number of days. As Dr Mercer said, it was a fixed price contract to undertake a number of activities; it was not on a per diem basis that they were undertaking that work.

Senator CARR—What was the nature of the services that were provided by the consultancies for the fixed term contract?

Mr Evans—There are aspects relating to consultations with various interest groups and stakeholders; making recommendations as to the activities that the institute should be engaged in and on the location of the institute; there was some work on a draft business plan; advice on what may form the institute's governance arrangements—quite detailed and complex work that they were well prepared, with the experience across the consortium, to undertake.

Senator CARR—Was it an open tender?

Ms Mercer—Yes.

Mr Evans—It was.

Senator CARR—What was the funding to be provided for the institute for each of the years 2005 through to 2008?

Ms Mercer—There is no funding currently provided for the institute. At the moment the funding is provided under the quality of teaching program. That is a lapsing program that comes to an end in June 2005.

Senator CARR—So there is no money after that?

Ms Mercer—Not at this stage, but the quality of teaching program has been going for a number of years and is currently in the forward estimates.

Mr Evans—I believe there is a requirement for us to evaluate the program, as is often the case with lapsing programs. There is not a need for a government to make a decision until the 2005 budget. If we are successful quality of teaching moneys in 2005 to 2008 will provide ongoing funding for the institute.

Senator CARR—So that money up until 2005 is in fact part of the previous announcement of the \$10 million. Is that right?

Ms Mercer—Yes, that is right.

Senator CARR—So it is not new money that is being talked about here; it is the money that was previously announced.

Ms Mercer—The \$10 million is the money previously announced by the minister in July 2003.

Senator CARR—Will the institute depend on fees from teachers and principals?

Ms Mercer—The implementation strategy report, which covers the areas that Mr Evans has mentioned, does go in some detail into what may be funding sources; but, as I understand it, they believe that that would not be an appropriate source. They would certainly not expect the institute to fund itself from fees.

Senator CARR—Will fees be charged?

Ms Mercer—That would be a question for the interim board to consider when the institute is established.

Senator CARR—No decision has been taken that you are aware of?

Ms Mercer—No.

Senator CARR—No directions have been issued?

Ms Mercer—No.

Senator CARR—No requirements have been set?

Ms Mercer—No.

Senator CARR—What are the core functions of the institute that you are expecting to be developed?

Ms Paul—The core functions will revolve around professional standards for teaching and school leadership, professional learning, research and communication and the promotion of the profession. Those are the core functions as set out and recommended in the report by the consortium. Presumably, one of the first functions of the interim board will also be to work out their work plan around those functions.

Senator CARR—But none of those details have been determined as yet?

Mr Evans—Not to a final position. The consortium has given some advice on what draft directions may be but, as Ms Paul said, it is very much leaving that to the interim board to make some of those detailed and final decisions.

Ms Paul—Those four areas seemed to be the ones that came up consistently in all of the consultations in terms of a good role for a national body like this.

Senator CARR—Will the institute accredit teachers directly?

Mr Evans—Probably not for registration, I would imagine. Most registration occurs in each state. There would be issues about whether there would be better recognition across states, but—

Senator CARR—Why could it not register teachers?

Ms Paul—At the moment the principles around the consultation paper and so on have been about not duplicating, so if a function is already done in a state—

Senator CARR—So you are not considering registration at all?

Ms Paul—No, we are not. Setting quality standards and so on may well come within the ambit, but duplicating existing functions at the state level will not come—

Senator CARR—You mean to say that this government does not want to duplicate state functions.

Ms Paul—Yes.

Senator CARR—Is this a new policy being announced tonight?

Ms Paul—That was certainly one of the principles in the consultation paper for this institute.

Senator CARR—Do you think this new institute will be accrediting teacher education courses?

Ms Mercer—Certainly, one of the areas that has been flagged is the capacity to do an analysis and discover to what extent there is quality assurance of teacher education courses.

Senator CARR—You are going to check on the existing programs, are you?

Ms Mercer—Yes. Certainly, there would appear to be very valuable work that could be done there.

Senator CARR—Do you think that you will be able to tie your accreditation and your quality assurance work to funding?

Ms Mercer—At the moment the institute is not established in that category, no. It is established as a body that will be able to work with the higher education sector and the schools sector on these sorts of issues.

Senator CARR—But how would you enforce any accreditation or quality assurance audits that you undertook?

Ms Paul—The principles behind the institute are that it is run by the profession for the profession. So the interim board and its various structures and so on will need to consider what the profession wants. I imagine that they will move down a more voluntary path if it is representing the desires of the profession.

Senator CARR—So it is a toothless sort of operation, is it?

Ms Paul—I would not have thought so if the profession is driving it. That is the point, of course.

Senator CARR—What happens if the profession wants to have a different set of accreditation arrangements from that that they have in the state area? What are you going to do then?

Ms Paul—That would certainly be worth listening to if that were the case. It would be very interesting if that came up at a national level in this sort of forum. I imagine that they will start with the notions of professional standards, professional learning and so on. I think that promoting the status of the profession will be a key focus as well.

Senator CARR—So there will be a national framework for professional standards of teaching?

Ms Mercer—There is already a national framework for these standards. That was developed and has gone through MCEETYA.

Senator CARR—So you would be implementing that.

Ms Mercer—It exists already and certainly the role of the institute could be to assist taking that forward.

Senator CARR—I am aware that that is the case, but I am interested to know whether this body will now be implementing that.

Ms Mercer—What is flagged in the implementation strategy is that the institute could play a valuable role in promoting that within the higher education sector and working with the college of deans and other appropriate partners to look at how that far that has been taken forward and the extent to which further work can be done.

Senator CARR—So it is just a talkfest, by the sounds of it.

Mr Evans—Far from it.

Senator CARR—It is not?

Mr Evans—No.

Ms Paul—No. I imagine that they will be working on developing professional standards and possibly standards for things like professional learning as well.

Senator CARR—The trouble is that you tell me that this already exists—and you are right: there is a national framework for professional standards. But I am just wondering how it is going to be implemented. I will not be looking to this body to do it. Is that right?

Ms Paul—Yes, I think that this body would be a key driver in this area.

Senator CARR—So it will be implementing national standards.

Ms Paul—There really has not been any body to offer a national focus in these areas before this institute.

Senator CARR—How will it implement these national standards?

Mr Evans—I imagine that it will work like the Australian government works at present—through MCEETYA processes it will work with the states and with the other employing agencies.

Ms Paul—The key is that it should be driven by the professions. If we sound a bit undetermined about it, it is because we look forward to the institute and its work being driven by the professions.

Mr Evans—At the next hearing, after the announcement has come out and some of the broader direction has been set down, it might be a bit clearer.

Senator CARR—It certainly is not very clear at the moment. I am wondering what the minister will be able to announce, given that you are claiming this will have a vital role in enhancing the quality and status of the teaching profession. How will that happen?

Ms Paul—The consultations were quite extensive and drew together a consensus around there being a legitimate role for a national body and that there is a gap at present.

Senator CARR—So you are not looking at national registration at all?

Ms Paul—I would not have thought it was the first cab off the rank if it duplicates what already exists elsewhere.

Senator CARR—A lot of teachers move from state to state.

Ms Paul—Yes, that is a fair point.

Senator CARR—That was one of the key recommendations of the *Status of teaching* report to this committee. I would have thought you would have looked at that by now.

Ms Paul—They may well want to look at the mobility and consistency issues. I think that would be absolutely legitimate.

Senator CARR—So the issue of national registration might be on the agenda.

Ms Paul—It might be. It has not been determined yet. A principle would be national function and another principle would be not to duplicate. It would depend on how that played out, I guess.

Ms Mercer—I think that would occur more in the area of mutual recognition, because more states and territories have moved to establish their own teacher registration bodies. This now becomes a greater possibility.

Senator CARR—The minister put out a press release today on the \$700 voucher we discussed the other night. Are any of the officers aware of that?

Ms Weddell—Yes.

Senator CARR—Good. It now says the voucher will be up to \$700. Is that a new policy initiative?

Ms Weddell—The tutorial credit is to the value of \$700.

Senator CARR—It says ‘up to’.

Mr Evans—I think I covered this the other night. In common with our experience on labour market programs, I pointed out to you that it is a voucher up to \$700 and the \$700 would be provided if someone undertook the full period of tutorial assistance. If someone did not undertake the full period of tutorial assistance, \$700 would not be spent in respect of that person.

Senator CARR—What is the total cost of the program now?

Mr Evans—Exactly the same amount that we told you the other night.

Senator CARR—It has not changed?

Mr Evans—No.

Senator CARR—What is the relationship between this program and the Aboriginal Tutorial Assistance Scheme?

Mr Evans—The Aboriginal Tutorial Assistance Scheme is a program that has been around for a number of years. It provides a higher level of assistance to Indigenous students, particularly Indigenous students in rural and remote areas.

Dr Harmer—It provides tutorial assistance in years 3, 5 and 7, not just 3, which is the pilot.

Senator CARR—Will the Aboriginal Tutorial Assistance Scheme continue?

Dr Harmer—Yes.

Senator CARR—Have any other programs for assistance to students been abolished, rephased or whatever the language is these days?

Dr Harmer—Let me clarify: I said yes. The tutorial assistance for Indigenous students in years 3, 5 and 7 will continue but, under the proposals the Australian government has put to the states for the new Indigenous education quadrennium funding agreement, and in our new arrangements associated with that, we are changing the nature of that program. We spent quite some time on it last night with Senator Crossin.

Mr Evans—Senator, you referred the other night to the discussion paper *Learning together: achievement through choice and opportunity*. We also alerted you to a similar discussion paper entitled *Indigenous education: achievement through choice and opportunity*, which was on Indigenous specific funding for 2005-08. Dr Harmer said there was a detailed discussion with Senator Crossin the other night. I appreciate that you were not available for that dialogue between Mr Greer and the Indigenous and Transitions Group.

Dr Harmer—We can provide you with a copy.

Senator CARR—Thank you. Senator Crossin has asked me to follow up another matter. She draws to my attention that the IESIP funding money will go to the Aboriginal Tutorial Assistance Scheme—that is, \$179 million over four years, based on \$30 by 2.5 hours for 35 weeks per child. Is that right?

Dr Harmer—That sounds right. I think it is \$2,100 or \$2,400 per student.

Senator CARR—Senator Crossin is anxious to establish whether Indigenous children who become eligible for ATAS money, which will be paid to state governments, will also be eligible for a \$700 voucher.

Mr Evans—They would not get both. If they receive the Indigenous tuition assistance, they would not also receive the \$700 through this more recent announcement.

Ms Weddell—If an Indigenous child was part of an individual tuition program out of school, we would not see that they would also be eligible for concurrent use of the \$700 tutorial credit. It may well be that some Indigenous children are participating in ATAS, or have participated in ATAS this year. Towards the end of the year, if their parents felt that they would like to take an opportunity to participate in the tutorial program with the \$700 credit, we think that would be an appropriate thing for them to do.

Senator CARR—The other night I asked what happens to children in remote areas, particularly Aboriginal children. I got the impression that you were not able to tell me very much about that, but it now becomes clear to me that there will not be too many Aboriginal kids in remote areas who will not qualify.

Mr Evans—It is not that they will not qualify; it is just that the level of assistance they get through the existing Indigenous program is greater and already in place, and they would be eligible for it.

Senator CARR—Yes. That means that they will not qualify for the \$700 voucher.

Dr Harmer—They will get about three times as much through the other program.

Senator CARR—You would regard that as double-dipping.

Mr Evans—Some people might regard that as double dipping.

Senator CARR—The department certainly would.

Ms Paul—If they were trying to do both simultaneously, yes, that would be the case. If they have not been in receipt of the Indigenous specific tutoring, then they are more than welcome.

Senator CARR—So it is not actually additional assistance for Aboriginal kiddies, is it? They do not count for this program, do they?

Ms Paul—Not if they are in receipt of the much more beneficial program—if they are not, of course they would be eligible for the other.

Ms Weddell—Not if they are in receipt of ATAS individual tuition out of school in the same period that the tutorial credit covers.

Senator CARR—I am going to put a number of questions on notice. A number of matters will be dealt with through the schools inquiry—we are having another inquiry into the states grants proposals which I am sure you would be aware we will be looking at with vigour. That will be happening throughout July.

Dr Harmer—We look forward to it.

Senator CARR—What is the intention of the department in regard to bringing forward the legislation?

Mr Evans—It is more an intention of the government, Senator.

Senator CARR—I apologise. I want to know whether someone can tell me when I am going to see the legislation.

Mr Evans—If I were to look backwards as a basis of looking forwards, generally speaking, legislation tends to be introduced before about 30 June. So, looking at the sitting periods, one might expect that the legislation might get introduced in a two-week sitting period before 30 June.

Senator CARR—You certainly would hope that that is the case—is that the way to answer that? It is up to the government as to whether or not it actually happens, but a reasonable expectation is that it would be around that time?

Mr Evans—That is correct.

Senator CARR—What is the title of the legislation? Do you know that yet?

Ms Wall—That has not been decided as yet.

Senator CARR—So we are to see it in a couple of weeks time, and you have not worked out what to call it yet? It is a detailed plan, is it?

Mr Evans—We have to be guided a little by advice from the Office of Legislative Drafting. I expect that it is going to have a fairly close resonance with the title of the discussion paper, which is, as I read out to you before, *Learning together: achievement through choice and opportunity*.

Senator CARR—This gets more Orwellian every time, doesn't it? Under what section of the Constitution are you going to base this now? Is it going to be benefits to students or is it going to be states grants?

Mr Evans—It still would be a states grant form.

Senator CARR—It will say that, will it?

Mr Evans—It may or it may not.

Senator CARR—You do not think it will be open to legal challenge?

Mr Evans—That is why I indicated to you that we are getting legal advice on that.

Senator CARR—Where are you seeking that legal advice from?

Ms Wall—We are working with the Office of Parliamentary Counsel about the drafting of the bill and such matters.

Senator CARR—But that will not cover the legal advice, though, will it?

Ms Wall—They do advise on issues such as titles of bills.

Senator CARR—Are A-G's also being consulted?

Ms Wall—I am not sure whether they have been consulted on that particular issue.

Senator CARR—There may be a constitutional question here.

Dr Harmer—I am not sure but I expect the OPC would consult with A-G's on a matter like that.

Senator CARR—Is it the intention of the bill to reduce funding to those states or territories that do not meet the 10-point plan that the minister has proposed?

Mr Evans—When you say 'reduce funding', the current legislation includes provisions for sanctions to be applied if and when particular things do not happen. I envisage that the next piece of legislation will also include sanctions. I do not want to speculate tonight how far those sanctions will go. If we are only a few weeks away from the legislation being introduced, they would be matters that your committee would wish to have regard to.

Senator CARR—They certainly will. But you can confirm that sanctions will be a component of the bill?

Mr Evans—As they are in the current act and as they were in the previous act.

Senator CARR—The difference was that there was not a 10-point plan. That is right, isn't it?

Mr Evans—There is not a 10-point plan in the current act, but the previous act did not refer to the national goals of schooling either. Each act that we have introduced has been a development one upon the other.

Senator CARR—I will put the rest of my questions on notice.

CHAIR—Thank you. That concludes the evidence by the Schools Group. Tomorrow morning we will start with the training agency ANTA and then go onto vocational education with the department, followed by the Higher Education Group and the Australian International Education Group.

Committee adjourned at 10.49 p.m.