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Official Committee Hansard

SENATE

EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION LEGISLATION COMMITTEE

ESTIMATES

(Budget Estimates)

THURSDAY, 3 JUNE 2004

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SENATE

EMPLOYMENT, WORKPLACE RELATIONS,

AND EDUCATION LEGISLATION COMMITTEE

Thursday, 3 June 2004

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

Senators in attendance: Senators Carr, Crossin, Johnston, Marshall and Tierney

Committee met at 9.04 a.m.

EDUCATION, SCIENCE AND TRAINING PORTFOLIO

Consideration resumed from 2 June

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

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

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 Unit, 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 continue its examination of the Education, Science and Training portfolio. I welcome officers from the Department of Education, Science and Training. The committee has fixed 23 July as the date for submissions by the department 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 relating to cross portfolio, the Indigenous Transitions Group, the Schools Group, science agencies and the Science Group. We now commence with ANTA and the VET Group, followed by the Higher Education Group, Innovation and Research Systems Group and the Australian Education International Group. We move first of all to consideration of matters relating to the Australian National Training Authority and the Vocational Education and Training Group of the department.

[9.05 a.m.]

Department of Education, Science and Training

Australian National Training Authority

Senator MARSHALL—I want to take you to answers to questions on notice E343-04. You indicate in the last paragraph of that answer that total expenditure for employer incentives and personal benefits during 2002-03 was $443.312 million. That amount was comprised of $432.445 million for employer incentives and $10.866 million in personal benefits. Can you explain to me what comprises the personal benefits?

Mr Johnson—Personal benefits effectively comprise what is known as the LAFHA component—the living away from home allowance. It is an element of assistance designed to assist those apprentices who have to relocate from their homes in order to undertake training and employment in another location.

Senator MARSHALL—Was any of that $10.866 million applied to Certificate III Information Technology (Software Applications)?

Mr Johnson—To clarify, the LAFHA component of the personal benefits is a payment that goes directly to an individual new apprentice. It is quite distinct from the incentives for employers that are available under the New Apprenticeships incentives program. There were no payments that I am aware of that would have been made to any of the employers. I would have to take on notice whether any of the trainees who undertook that particular package, Certificate III in IT software application support, received living away from home allowance. It may well be the case that some of those individual apprentices received such assistance. But, in respect to the discussions we had with you on this matter last year, the payments related to employees particularly flow from the New Apprenticeships incentives program. They are quite distinct elements.

Senator MARSHALL—As things have unfolded, it would be appear that there have been around 10,000 rorts in this particular area—and we will get to that as we go through the questioning. I am concerned that there have been rorts of not only the employer incentives but also the living away from home expenses in the personal benefits area. I want to know how much of that $10-odd million has been applied to information technology software application.

Mr Johnson—Certainly. I will take that detail on notice. If I could expand on my earlier response, it might assist you in clarifying some further questioning. The living away from home allowance specifically is a payment that provides assistance to new apprentices when they relocate to a location—I do not have the detail of the distances in front of me—that is obviously a substantial distance from their home base. Effectively it applies where they are seeking to re-establish new living arrangements when they are travelling, for example, to secure employment in Melbourne and have to move from Shepparton or somewhere else in regional Victoria. I am not aware from our initial analysis, following the review of the particular qualification with Victoria last year, of any instances of unusual or inappropriate claims against that allowance.

Senator MARSHALL—So it is not used for expenses when travelling to do the schooling component?

Mr Johnson—No. The payment is made to the individual apprentice based on an assessed claim of eligibility. There are no restrictions on how that individual may choose to then apply or use those funds; but, as I said, they are particularly to provide assistance with establishing and maintaining accommodation and a place of residence to assist them to undertake a new apprenticeship.

Senator MARSHALL—Can I take you to answer E346. In the last paragraph you say:

In total, incentive claims were made against 698 qualifications amounting to $385,595,669.69.

Why is that figure different from the $432.445 million figure in the answer to question on notice E343?

Mr Johnson—The total figure reported in the answer to the early question refers to support for New Apprenticeships, which includes employer incentives and personal benefits. The difference is that the answer to your subsequent question, E346, references only those payments made against the employer incentives element of the support for New Apprenticeships component.

Senator MARSHALL—No, not quite.

Dr Harmer—We will reconcile those two figures for you. We may be able to do that while we go on to other questions, but we will try and do it as quickly as we can.

Senator MARSHALL—The answer to the first question we were talking about breaks out the personal benefits to leave a total, and that total does seem to be significantly different.

Ms Paul—I think the difference is that the reason the second amount is smaller in E346 is to do with the incentives paid to employers for national training packages. Did you see that part of the question? E343 is the total incentives—full stop.

Senator MARSHALL—Could you just explain to me what the difference is?

Mr Johnson—A new apprentice can be undertaking an apprenticeship pathway against a qualification which is not identified under a national training package. There are some incentives paid to employers where there has not been a qualification identified under that national training framework. That is the distinction between the $432 million cited in E343 and the $385 million identified.

Senator MARSHALL—Can you check on that? If that is the explanation, that is okay.

Dr Harmer—We will confirm that.

Ms Paul—I am positive that is the explanation. What we can do is offer you a couple of examples on notice.

Senator MARSHALL—Yes. It is roughly $50 million difference. If there is $50 million going into non-national—

Ms Paul—I would not expect any more than that, given that most qualifications are covered by packages these days.

Senator MARSHALL—Can I take you to E347. The *Hansard* shows that when we talked about that you indicated that you would be able to provide details of all employers that had over 20 employees and that you would be able to capture that information. You were fairly certain of that, from the *Hansard*. After the question was taken on notice you indicated that there was some difficulty in the amount of information and you did not give us that. Being very cooperative and in a good mood when you asked about that, I agreed that, yes, we could broaden that question out. But I then missed out on the information that I was actually seeking to obtain, which was this. To put it simply, so you know exactly where I am coming from, I want to know what employers were in on the rort, effectively. It has been put to me clearly that, for instance, some call centres signed up their entire work force to these programs and effectively had three weeks of wages subsidised by the Commonwealth and only had to provide up to two days training. I want to know which employers were in on it. If there was the odd employer that only picked up one or two people as trainees, that is okay, but I am trying to identify people who put a significant proportion of their work force into this training program. Given your concerns about trying to capture all the information, I am willing to accept some advice from you on how you might best give me the information I am seeking.

Ms Paul—It sounds like it is the employers that you are most interested in. Perhaps we could narrow it by qualification—if you are interested in the particular qualification that you named before.

Senator MARSHALL—It is only that particular qualification.

Ms Paul—We thought it was every qualification, so that helps us.

Senator MARSHALL—That is the Certificate III Information Technology (Software Applications) qualification.

Ms Paul—Yes. That is what I assumed from what you said before. I am happy to look into that. I have just been told that we do not normally give out the names of employers that we give incentives to, but I think I need to look into that. I do not know if there is something we need to say about that.

Mr Johnson—Historically we do not usually provide release of information paid to individual employers. As Ms Paul indicated, we can certainly undertake an analysis against the particular qualification.

Dr Harmer—Senator, you are not necessarily after the amount paid to individuals; you just want a listing of the employers that participated in that scheme. Is that correct? You would like both possibly.

Senator MARSHALL—Yes. I am trying to work out who was involved. No-one can argue seriously to me that companies that effectively signed up their entire work force into this program were doing it for the right reasons. They were doing it simply to obtain a Commonwealth subsidy—to subsidise their wages. Where we draw the line on that can be subjective. If you want to capture the information and have some further discussions with me before you release it formally, I am open to that, because I do not want to embarrass any employers that were doing the right thing.

Dr Harmer—We will give you as much information as we can.

Ms Paul—Absolutely. We will have to get on to OTTE—the Office of Training and Tertiary Education—in Victoria because it was their review that identified the employers. Maybe the way we can do that is to give you the employer and the number of trainees.

Senator MARSHALL—That would be useful. Last time I think you advised me that there were no Commonwealth departments involved in training under this qualification. Is that still the case?

Mr Johnson—As far as I am aware, there were no substantive claims made by Commonwealth agencies, although I think I indicated to you in our last discussion on this matter that we were aware that a number of RTOs, particularly Broadscope Training Services, had made direct approaches to Commonwealth government agencies to provide training support for their staff.

Senator MARSHALL—Do you have a copy of the Victorian review—the OTTE review?

Mr Johnson—I do not at this stage.

Senator MARSHALL—Has it been completed?

Mr Johnson—The review was effectively completed in November last year.

Senator MARSHALL—What communication have you had with OTTE?

Mr Johnson—As I indicated when we covered this issue previously, the New Apprenticeships centres assisted the state department in undertaking a review of all individual employers involved in providing training in this qualification. Their role in the main as part of that review was to provide information based on an assessment that OTTE had provided about the appropriateness of this qualification to that workplace. That information was provided back to the state department for their assessment and approval. Late in November the state department indicated that because a substantial number of employees were still hesitating in making a determination about whether they wanted to amend the qualification, proceed with the qualification or cancel it, they wrote directly to those residual employees indicating a particular date and saying that if they did not make a decision about the continuation of that qualification those training contracts would be cancelled. That information was compiled by the Office of Training and Tertiary Education in Victoria. At this stage we have received progressive spreadsheets on the performance of that assessment process in the course of the review over the last few months of last year. We have not received any formal assessment or outcome from the state as yet.

Senator MARSHALL—How do we know that 3,234 new apprentices registered under Certificate III Information Technology have been cancelled or withdrawn?

Mr Johnson—As I said, the spreadsheets that the state department has provided to us indicated progress reports about the number of employees and new apprentices who—

Senator MARSHALL—You have not derived that information from the report itself or the investigation?

Mr Johnson—No. We have been provided that by working directly with the state department.

Senator MARSHALL—You obtained the fact that 7,233 new apprentices had agreed to transfer to an alternative package qualification?

Mr Johnson—Yes.

Senator MARSHALL—In total, there were over 10,000 people doing this qualification who ought not have been doing it? Do we know whether most of them were done through Broadscope?

Mr Johnson—My understanding is that the number of new apprentices supported directly by Broadscope with a formal registered training contract was in the order, as I indicated to you last time, of only 1,840 trainees, prior to that registered training organisation being suspended by the state department and the review being initiated by OTTE. There were obviously a more substantial number of employers and trainers who that registered training organisation were servicing at the time but who had not yet entered into a formal contract of training. In terms of formally registered apprentices supported by that particular RTO, there were 1,840, so they were not the majority. It is fair to say it is a substantial number, but by no means a majority.

Senator MARSHALL—Where does the other 8,000-odd come from?

Mr Johnson—I understand from advice from OTTE that there are 53 other registered training organisations with this particular qualification within its scope of registration in Victoria. Effectively, those other numbers that you refer to have been generated by the activity of those other registered training organisations in this area.

Senator MARSHALL—Some $19 million was paid out by the Commonwealth in incentives for those people?

Mr Johnson—In response to question E348, I think we indicated that that figure is correct.

Senator MARSHALL—Out of the 3,234 new apprentices that had their new apprenticeship cancelled or withdrawn, has the incentive payment been obtained back from the employer?

Mr Johnson—An objective of the New Apprenticeships centres participating in the state review was to determine the appropriateness of the particular qualification to the workplace. For those that were cancelled or withdrawn, we have reviewed them on a case by case basis and, in the majority of cases, we have not sought to recover payment because there has been no instance of fraud or misrepresentation by the employer.

Senator MARSHALL—In that case you would know the answer to my previous question: how many employers were signing up the bulk of their work force simply to get the incentive payment? Are you now saying there were none?

Mr Johnson—We have not undertaken an analysis of individual employers in particular industry areas you refer to—for example, communication centres. Through the review process our focus has predominantly been on supporting the state and ensuring that employers understood their obligations under the relevant state VET training arrangements, and ensuring that they were aware of their obligations to provide appropriate supervision and training to their apprentices and that their workplaces were suitable for the training and delivery in this qualification. When we talked with you last year, we indicated that the focus of the review has been trying to assist those employers in the main to move into more appropriate qualifications if, in fact, it was identified that the Certificate III in IT (Software Applications) support was an inappropriate qualification.

Senator MARSHALL—I agree with that, and that is a proper course of action. But I am also worried about the incentives that are being paid when they should not have been paid.

Ms Paul—I think Mr Johnson is agreeing with you in short. He is saying that we did look at it on a case by case basis and we could not find instances like you have said, where clearly an employer was acting in a fraudulent manner to acquire an incentive in bad faith for the wrong reason. In fact what we have found was employers were using the incentives correctly—that is, to attract their employees into training—and they had done that in good faith. So we have not found instances—I think is what Mr Johnson is saying—of what you were concerned about. Rather, we have found that they entered into this qualification in good faith, not realising that it perhaps was not the most appropriate qualification for their employees.

Senator MARSHALL—I cannot dispute what you have found, but all the anecdotal evidence that I have been given and some of the literature, including the Broadscope's web page, certainly indicate the opposite. I think you agreed with that last time.

Ms Paul—OTTE was most concerned, as we were, about the marketing approach, and that was certainly part of the investigation, as we said last time. But what I was talking about there was something a bit different, which was: had the employers at the end of the day wilfully defrauded the program? And no, we have not found that.

Senator MARSHALL—It took everyone to be part of the program. Everyone had to agree to do it for it to happen, and it has happened a lot. Will you be seeking a copy of the Victorian report? It was completed last November. I am surprised that, given you have paid out the bulk of the money, you do not have a copy of that report.

Mr Johnson—Yes; we can provide that to you after confirming that with OTTE.

Ms Paul—It is a matter for OTTE, but if you would like us to seek it, I am happy to do so.

Senator MARSHALL—I would. I think you ought to seek it as a department, anyway, and have it. I would certainly like a copy of that. On question 354 in the last paragraph you have said that in the next monitoring round, in January-February 2004, it is the department's intention to monitor and review additional targeted files relating to Victorian commencements in Certificate III IT (Software Applications) with a specific focus on New Apprenticeships centres, compliance with contract obligations and the New Apprenticeships support services operational guideline requirements. Is that review complete?

Mr Johnson—It has been completed. It was undertaken in December-January late last year and earlier this year.

Senator MARSHALL—That is probably available, but I have not been able to find it. Can you point me to where I can get a copy of that?

Mr Johnson—It is one of our ongoing internal monitoring reports. We can provide you with some information on the outcome of the review. We do not as a general matter of course in our program publish releases of specific performance information on NACs. There certainly is some information available on the new apprenticeships web site about NAC performance data, which is in the public domain, but as you correctly indicated, that would not refer to the outcomes of that review. There is no unusual reason for that. As I said, the department, as we indicated last time, undertakes regular monitoring both, on a six-monthly basis and on an exception basis, and on a quarterly or a monthly basis with individual NACs. My recollection of the outcomes of that particular monitoring is that there were no substantive matters of concern found about the performance of NACs in providing support and information to employers. But we will provide that information to you from that particular review.

Senator MARSHALL—But that conclusion does not seem to gel with the evidence before us, either.

Mr Johnson—The issue, as Ms Paul indicated earlier, is really one around the capacity of the New Apprenticeships centres obviously to fully discharge their contractual obligations to the Commonwealth. Obviously, a key part of that is to provide information to employers about relevant training pathways, the appropriateness of a qualification to their workplace. I am confident from the review process that we have undertaken with all of the New Apprenticeships centres in Victoria and the history of this particular event that they have pursued that in all cases with employers. The issue we predominantly explored last time was one where the majority of employers had entered, prior to engagement with a New Apprenticeships centre, into a commercial fee-for-service agreement with a registered training organisation which effectively had already presented to the employer the benefits—albeit perhaps inappropriately—of pursuing training in this particular qualification in their workplace.

I have had extensive discussions with the management of all our New Apprenticeships centres and we have reviewed their individual signups, both through the review you referred to earlier this year and as part of the six-month review undertaken with the state last year. Overwhelmingly the response I have received both from monitoring the file information and from contacting affected employers through this particular qualification was that NACs were confronted with the situation where either employers were already commercially locked into an arrangement with a registered training organisation and therefore had a fixed view about wanting to proceed with the training or they had already been told very clearly by what they understood to be an accredited registered organisation by the state that this training was relevant, appropriate and legitimate for their organisation.

Senator MARSHALL—So you are satisfied they will check on that; is that what you are saying?

Mr Johnson—Yes.

Senator MARSHALL—They get $500 for every bum they put on a seat, don’t they?

Mr Johnson—They do get a fee-for-service payment; that is correct.

Senator MARSHALL—And it is pretty easy. Where is the disincentive? I accept what you have said about the cancelling and the contractual obligations, but when an RTO comes to them and says, ‘We have already found the employer. All we need the New Apprenticeships centre to do is fill out the appropriate paperwork, make the application to the Commonwealth to release the money and you get $500,’ that is pretty enticing, isn’t it? Have the 3,234 apprenticeships that were cancelled as a result of this had to pay back that $500 bum-on-seat fee?

Mr Johnson—We have reviewed the cancellation. A particularly intention of the monitoring round was the cancellation and transfer of contracts by individual New Apprenticeships centres. I would have to take on notice whether we have actually recovered any fee-for-service from those New Apprenticeships centres.

Senator MARSHALL—Do you think it is appropriate that those fees would be recovered?

Mr Johnson—Certainly. The program provides scope for the department to recover both fee-for-service and incentives from a New Apprenticeships centre if it is determined that those were paid inappropriately for any reason.

Senator MARSHALL—It occurs to me that that is the only way to stop it happening. Otherwise if they get cancelled and still put 3,234 times $500 into their organisation, the balance of incentive to disincentive is out of whack.

Mr Johnson—If I could just expand on that. I certainly appreciate your comments in respect of needing to provide a more rigorous framework for performance. We certainly do provide specific monitoring of the services that NACs provide at commencement. It is a key element of their current performance framework under the contract and impacts on both our assessment about the viability of their ongoing contract with the department and the broader performance across the three years of this current contract round. In addition to that the department has initiated, in large part in response to the review and this qualification last year, specific target monitoring of individual employers and new apprentices to try to ascertain the level of support and information provided. That is supplemented obviously by the administrative audit of NACs performance records. It certainly extends well beyond a counselling or mediation discussion.

Senator MARSHALL—There is one question on notice that has not been answered and that is E376. Do you have an answer to that today?

Mr Johnson—I am not aware of that. The questions tabled on notice only go up to 367 from Senator Carr. The last question on notice I have from you, Senator, is 366.

Senator MARSHALL—It is from the supplementary hearings in November. If you have not got it, that is okay. I will get the secretary to provide you again with that question. If you could answer that as quickly as you can—

Ms Paul—We will do it as soon as possible.

Senator MARSHALL—I appreciate that.

Dr Harmer—I do not have that question on my list.

Senator MARSHALL—I understand. Sometimes they fall off. That is okay. Broadscope is in liquidation. I have been told—they have been writing to me and I am sure they have been writing to you—that the directors of Broadscope have set up an equivalent organisation and that they are again applying for funding under the New Apprenticeships system, in a different qualification this time and being quite successful. Would you know whether these directors are involved in another company applying for Commonwealth incentives? Would that concern you? Are you able to check?

Mr Johnson—That certainly would be of concern to us. These are private individuals and obviously the state department's capacity to restrict their ability to seek further employment is limited under their VET legislation. We worked closely with the state department of training last year to monitor the performance of all of those 53 RTOs. In respect of the principals of Broadscope, we were made aware by OTTE of where those individuals relocated some of their business activity last year. I think it is fair to say that the state department has focused strongly on the performance of the organisations with which they were previously affiliated. I understand that, under the current arrangements, if they were to seek to recommence activity independently as a registered organisation they would obviously have to seek to apply to the state for formal scope for the provision of training within that qualification.

Ms Paul—We do not think they have applied.

Mr Johnson—We are not aware that they have applied.

Senator MARSHALL—From your answer I deduce that you simply rely on the states to do the probity checks. What level of checking do you do? You are providing the bulk of the money in terms of incentives, aren't you?

Mr Johnson—Certainly the New Apprenticeships incentives program is administered entirely by the Australian government and through the New Apprenticeships centres. However, the individuals involved with Broadscope Training Services were registered as a registered training organisation.

Senator MARSHALL—Generally, then, what sort of probity checks do you do on RTOs to whom you are providing incentive payments?

Ms Paul—That is the legal responsibility of the state training authorities, so the legislation to do with those probity checks rests with the training authority in each state. Because they hold that legislation and we do not duplicate it we must liaise very closely with them to understand where organisations or individuals are up to. We also look to our NACs for intelligence, which we may be able to offer the state training authorities to exercise their legal responsibilities correctly.

Senator MARSHALL—Does ANTA have any discretionary decision making power about whom to give money to?

Ms Gawler—No.

Ms Paul—I suppose it is the split of responsibilities between the levels of government as to who holds that legal responsibility.

Senator MARSHALL—That does not quite fit, really, because we saw under the last system that there were over 10,000—maybe some of them were mistakes but even if we allow for a margin or error—rorts of the system, managed by OTTE in this case. We do not really know what might have been happening. It would appear that it is probably not to the same extent. So there is a history of failure there. You provide all of the money but do not have any discretionary power or do any independent probity checks of RTOs. It just seems a little nonsensical.

Dr Harmer—It is quite similar to a range of other areas where the Commonwealth provides the bulk of the funds and the states are responsible for the registration and probity checks. In cases where we have evidence or information we work quite closely with the states, as Mr Johnson said. There are areas such as schools and universities where the Commonwealth provides a lot of money and we rely on state legislation and state regulation to control the organisations. There are two options for us in those situations: (1) the Commonwealth can set up its own legislation, which is duplicated administration and not usually the desired way to go or (2) we can work very closely with the state registering bodies and regulatory authorities, which is the way we are operating here.

Ms Paul—Perhaps I was giving too narrow an answer as well by just answering on the absolute legality of it. It is probably worth us painting the picture of what our role is. I would hate to paint a picture that we do not closely monitor or care, so I will ask Mr Johnson to describe the role.

Mr Johnson—We certainly play, through our New Apprenticeship centres, a very active role in monitoring the behaviour of particular registered training organisations. Our national training and youth Internet management system, which is our electronic information system for managing registration of training contracts and qualifications works jointly with the states to map any changes in commencement activity by RTO with particular qualification. I can refer quite specifically to the fact that it was the basis of information brought to the attention of the department by the New Apprenticeships centres in Victoria that the department contacted the state department formally to instigate reviews around this particular qualification and around the individual registered training organisation. Not to paint a picture of separation as Ms Paul said, although states play a role in registering training organisations under the Australian quality training framework and regularly auditing their performance against a set of national standards, we rely on the support and information provided by NACs about the range of servicing and information and standards that RTOs are providing—we have both informal and formal ways of communicating that to the state departments.

Senator MARSHALL—The secretary advises me that we have found an answer to E376.

Dr Harmer—That is my information too. I think it went up to you on 23 February.

Ms Paul—We are glad we have done that. Sorry we could not find it.

Senator JOHNSTON—I want to keep going along the lines of what Senator Marshall has been asking about. In November I asked some questions with respect to the CFMEU's training centre at Welshpool in Perth. I am still waiting on a response to those. Can somebody give me a report about the $1 million that we paid in 1998? How are we going? We were waiting on the state to tell us what is happening. I have got questions E340 and E341 from November and from February I have got E932, E933, E944 and E935. Are there any updates on them?

Ms Gawler—I believe we have tabled those, but if we have not I will follow it up.

Senator JOHNSTON—You have tabled the answers?

Ms Gawler—I believe we have responded but, if the material has not been received by you, we will follow it up. However, I can step through the response I have as I understand the question. ANTA approved $996,000 on 6 July in 1998 to enable the WA Builders Labourers, Painters and Plasterers Union—now known as CFMEU—to purchase equipment as part of expanding the construction skills training centre in Welshpool.

Senator JOHNSTON—Who was the applicant for the money?

Ms Gawler—The applicant was the WA state as required under the MINCO in accordance with section 14 of the ANTA Act. It states:

> All contractual matters relating to the establishment of approved Skill Centres and the appropriate use of public funds will be the responsibility of the State or Territory.

ANTA executed the funding schedule for this project with Ian Hill, the then chief executive of the WA department of training, and subsequently with the then WA Minister for Employment and Training, the Hon. Graham Kierath, a Liberal member of parliament, who executed the funding agreement with the then secretary of the union, Kevin Reynolds. That is the situation as I understand it. Following that, we undertook audited financial statements and the annual reports of the CSTC. It showed that the equipment was purchased and the additional training has taken place as a result of the ANTA grant.

Senator JOHNSTON—What equipment was purchased and how much was spent on it?

Ms Gawler—The purchased equipment is outlined in the schedule: there were two cranes, a forklift, an elevating work platform with boom, an elevating work platform scissors type, hoist, van body, mobile scaffold, scaffolding, fall/arrest safety equipment, building fit out, printer, projector, TV and video, office/classroom furniture, 10 rigger sets, 10 scaffolding sets, rigging, workshop tools, and computers and peripherals. The grant was to purchase training equipment specifically and that, as we understand it, was so acquitted.

Senator JOHNSTON—How much was expended on that equipment?

Ms Gawler—According to our knowledge, $996,551 was allocated and expended against that equipment.

Senator JOHNSTON—Is there a detailed break up of what each of the items cost and where the money came from?

Ms Gawler—I do not have that material with me but I am sure that we can provide it.

Senator JOHNSTON—Who was the grant to and who actually acquired the proprietary rights and the equipment?

Ms Gawler—The grant was provided directly to the WA state department and it undertook the executed agreement between the department and the secretary of the union.

Senator JOHNSTON—Do you have a copy of that agreement?

Ms Gawler—I have sighted an unexecuted copy.

Senator JOHNSTON—Do we require an executed, stamped copy before we grant the money?

Ms Gawler—My understanding is no. We executed a funding schedule with the chief executive and allocated the funds on the basis of the funding schedule that we provided to WA as against our requirements at that time.

Senator JOHNSTON—So the act simply empowers you to pay the money to the state as long as you are satisfied that the state is happy?

Ms Gawler—That is correct. All matters are the responsibility of the state or territory.

Senator JOHNSTON—Do you see a problem in that?

Ms Gawler—We have subsequently identified some concerns arising out of that particular matter and we have taken some action to address those concerns.

Senator JOHNSTON—What actions have you taken?

Ms Gawler—Specifically, we commissioned a skills centre program report from Ernst and Young, which is currently being finalised. We expect that to be with MINCO in November 2004. In addition, our internal processes in managing the skills centre program have required detailed, front-end review of applicants' eligibility; financial status; corporate governance arrangements, including analysis of constitution, articles of association and previously audited financial statements. We have also introduced evidence requirements for certain sources of recurrent funding, that being one of the issues that has been addressed; and industry contributions towards skills centres. We also require greater involvement in acquitting skills centre projects, which involves the receipt of audited financial statements. We are currently working with the states and territories to develop a revised funding mechanism for skills centre grants, which will be trialled as of August 2004.

Senator JOHNSTON—Are you suggesting amendments to the legislation?

Ms Gawler—We believe that at the moment the legislation will stand; the procedures that we would follow should cover the requirements in relation to the issue we have confronted.

Senator JOHNSTON—Is the objective to have greater surveillance of the capacity of the applicant to provide the services and training that they advertise in their application?

Mr Jamison—The objective will be to ensure that the states conduct as rigorous as possible scrutiny in relation to this.

Senator JOHNSTON—What is the enforcement mechanism, though?

Ms Gawler—The requirement for allocation of the funding must step through the procedures being outlined. In terms of accountability of public funds it is still the state's requirement to ensure that they are fully executed according to the requirements as outlined under both the legislation and the contractual obligations we have set out.

Senator JOHNSTON—So it is a Commonwealth template contract?

Ms Gawler—The Commonwealth contracts a funding schedule with the state; the state then contracts with the skills centre for the delivery as against the application that has been provided and that we have investigated prior to agreeing to the funding schedule.

Senator JOHNSTON—The comfort I am looking for is that the Commonwealth has a remedy. Tell me how we are going to get a foot in the door—some privity between the state and the training authority.

Mr Jamison—We would require at the front end greater scrutiny in terms of the procedures to establish that. As I understand it, we also require appropriate acquittals in terms of the money that we have granted being expended in the manner to which we suggested that that would be done.

Senator JOHNSTON—Let's look at the dark side: you do all that, you are happy and then they just rip the money off—as has been the case here, as I understand it. Then the state does not tell you anything about it and you have no contractual involvement at all between the state and the training centre. How do we get into the deal?

Ms Gawler—The advice we have received from the WA state government in relation to the expenditure and the skills training outcomes for the CSTC is that it is meeting the requirements for the delivery of skills training.

Senator JOHNSTON—How do we know that though?

Ms Gawler—We have investigated and have been assured by the WA state government which carries the responsibility for the expenditure of the funds. Our legal advice indicates that there is no recourse to action if the expenditure of the funds is being directed towards skills training. My understanding is that this is the outcome that WA has assured us of.

Senator JOHNSTON—They are always going to tell you that, aren't they? They are never going to tell you that they have been ripped off and that they have no remedy. How are we going to benchmark in a clear and transparent way that the objective and outcome we seek are being attained? The state government—indeed, the minister in this case is a strong supporter of the particular union that is the beneficiary—is not going to tell you anything other than a positive. How do we double-check, check and balance and scrutinise what is actually happening on the ground?

Senator MARSHALL—This committee actually went to have a look.

Mr Jamison—In the case of this particular matter, our investigations were that the grant was applied for the purpose it was approved for, that the outcomes of the project had been met, that the training equipment was purchased and that training was conducted as a result of the grant.

Senator CARR—All the acquittal procedures have been met. Can we say the same about the MBA grant?

Senator JOHNSTON—Hang on; I have not finished with this. When you say all the acquittal procedures have been met, how do you know? What exactly did you do?

Mr Jamison—As I understand it, the state government has advised us that the contractual period was for five years, that the grant was for the purchase of equipment and that that equipment was purchased, as outlined by Janina Gawler a moment ago.

Senator JOHNSTON—We have no powers of audit, do we? Our Auditor-General cannot go in, have a look and see the paper trail of the money going to the state and then to the organisation that is doing the training, and then seeing that the purchases have been carried out in a proper and a legitimate fashion. We cannot do that, can we?

Ms Gawler—Our staff have investigated the information that was provided. We have both been assured and have seen the outcomes from the expenditure. We understand that this process meets the requirements as outlined under our procedures. Indeed, the contract that we expended with the state has been fulfilled.

Senator JOHNSTON—I know you believe that, but tell me on what basis you believe it, because what the state has told you is not good enough—the state is always going to tell you that.

Mr Jamison—We can seek additional advice from the state in relation to these matters.

Senator JOHNSTON—You did seek additional advice. They were supposed to write to you and tell you about the allegation of a loan. The money came in and it went straight out to the CFMEU. They are the ones who raised the issue of a loan. Then Kevin Reynolds says to this committee, ‘No, that didn’t happen.’ Why is the state telling us one thing and the alleged proprietor of the training centre is telling us another thing? How do we get to the bottom of this?

Ms Gawler—We have both requested information from the WA state government and we received a letter, which I believe we tabled previously, that outlined the process that they undertook for investigation. We have also investigated it and concluded that the outcomes of the skills centre grant were achieved. It was to purchase the equipment, and the centre continues to operate and deliver the training that it was required to do under the ANTA grant.

Senator JOHNSTON—Did you table that letter here?

Ms Gawler—I believe the letter was tabled as part of a response to a question, but I will make sure that it was included.

Senator JOHNSTON—I do not think I have seen that letter. Let us say that you are right—and I am not sure that you are, but we will leave that in abeyance—how do we then benchmark whether the people undergoing the training are actually reaching a suitable standard?

Ms Gawler—As with all skills training, it is expected that people meet a competency to achieve a certificate outcome.

Senator JOHNSTON—I know we expect it, but what benchmarking do we have to determine that we are getting some value for this money?

Ms Gawler—The requirements under the expenditure for this particular project are the skills centre training outcomes. We have a full national training quality framework for ensuring that the competencies being provided by training centres meet the national standards. That is undertaken as part of the registered training organisations requirements for operation, which is also carried out through the states. On that basis they meet the requirements for achieving certificates to be competent in that trade.

Senator JOHNSTON—Is it the case that because the state tells you those standards are being achieved you accept that?

Ms Gawler—We undertake a national position in terms of the requirements for standards and recognition of qualifications according to industry requirements. The training packages that people use for training meet the standards as outlined by industry and, on that basis, organisations that deliver those qualifications meet those standards.

Senator JOHNSTON—That is what we anticipate happens in best practice. How do we determine that that is in fact occurring with a skills training centre such as this one?

Ms Gawler—The state training authority audits the performance of its providers.

Senator JOHNSTON—That is what we want to hear. Have we seen the result of that audit and are we satisfied with the methodology underlying that audit?

Ms Gawler—I can take that question on notice.

Senator JOHNSTON—Thank you. So we have not to this point in time understood what methodology is being employed to surveil and to benchmark this particular training organisation—or any training organisation, for that matter?

Ms Gawler—We have that detail. The material is part of our National Training Quality Council. However, I do not have it here with me. I will make sure that you receive the material.

Senator JOHNSTON—We want to see the audit reports for this training centre. I daresay this applies to all of the matters that Senator Marshall was talking about, too, to some extent. We want to see what comfort and confidence we get in knowing that what we seek to achieve through these training centres is in fact being achieved. We want to know what the benchmarks are, who established those benchmarks and whether it was in consultation with the union movement and industry. I want to know exactly how we measure what sort of value we are getting from these training centres—and I hope it is not just because the state tells us it is going well.

Ms Gawler—We require a national framework and commitment to meet national standards. The states are responsible for the registration, delivery and audit processes, and we will be happy to provide the detail to you.

Senator JOHNSTON—We will come back to that. There is a problem in Western Australia with retention of apprentices—fitters and turners and welders in regional and agricultural regions. What are we doing about measuring and monitoring that problem? I am sure it is a national problem.

Ms Gawler—In relation to skills shortages in states we rely specifically on state information and also on aggregated advice from industry skills councils. I can provide that information to you.

Senator JOHNSTON—So industry skills councils tell us about the retention in regional areas of apprentices after they graduate?

Ms Gawler—I could identify where we might be able to resource specific detail of that nature, but it is part of their contractual requirements to provide advice on skills shortages, and it may be disaggregated into apprenticeships specifically. I can provide that advice.

Senator JOHNSTON—Do we contract a private organisation to provide that?

Ms Gawler—ANTA has established 10 industry skills councils, seven of which have been declared. Part of their responsibility is to provide a national picture of skills shortages and skills needs.

Senator JOHNSTON—How often do they report?

Ms Gawler—I can give you details on that under the contract that we provided to them.

Senator JOHNSTON—How many are there in Western Australia?

Ms Gawler—I am unable to provide that information at this time.

Senator JOHNSTON—I would like a clear picture on what monitoring and data gathering process we have with respect to the distribution and training of apprentices in regional areas—particularly regional Western Australia—if that is not too difficult. Thank you very much for your answers to my questions.

Senator CARR—When was the contract for the skills centres in Western Australia signed?

Mr Jamison—Our understanding is that it was in 1998.

Senator CARR—Who was the minister at the time these contracts were signed?

Ms Gawler—The Hon. Graham Kierath was the Minister for Employment and Training.

Senator CARR—Is that the same Mr Graham Kierath who is a candidate against the current minister in Western Australia in the forthcoming state elections?

Senator JOHNSTON—He is not a candidate.

Senator CARR—He is not intending to run?

Senator JOHNSTON—No. He is the Independent in the state seat of Alfred Cove. You should get your facts right, Senator.

Senator CARR—He is still active in the state branch of the Liberal Party.

Senator JOHNSTON—He is definitely active.

Senator CARR—He is the one who signed off on these contracts and now he is the one who presumably is providing you with this nonsense. He would know all about it, wouldn't he? He actually signed the contracts.

Senator JOHNSTON—Is that a question?

Senator CARR—It is a question. He should know all about this, the former minister.

Senator Vanstone—With respect, Senator, you are pushing your luck. It is too early in the day to start getting crabby.

Senator CARR—There were actually two skill centres, were there not?

Senator Vanstone—Senator, you can make your points against other senators; I do not think it is fair in relation to the public servants.

Senator CARR—And a very reasonable intervention too, Minister. The second skill centre was run by the MBA, was it not?

Ms Gawler—I would need specific details in relation to the—

Senator CARR—To all intents and purposes, it was run by the master builders in Western Australia, was it not?

Ms Gawler—I can take that question on notice.

Senator CARR—Were the same acquittal arrangements entered into in regard to the MBA skills centre as were entered into in regard to the CFMEU skills centre?

Ms Gawler—At the time that contract with the state government was signed, it would have been required to meet the same contractual obligations.

Senator CARR—Have you found that the MBA centre has also met all the acquittal arrangements? You have already indicated that the CFMEU skills centre has met all the acquittal arrangements?

Ms Gawler—To my knowledge it has provided the acquittals.

Senator CARR—Surely you would have the same level of interest in that skills centre. Your brief would surely give you advice to that information, would it not?

Ms Gawler—We have that information available and I can table it with a detailed response. However, the request was not a question on notice. The requirement for all skill centres at that time was to address the expenditure outline, equip funds and meet the contractual obligations as required under the ANTA schedule in relation to our contract with the state at the time.

Senator CARR—As you would expect. If there were a breach of the acquittal arrangements presumably you would take action, would you?

Ms Gawler—We would take an action.

Senator CARR—So you would know whether or not any action has been required?

Ms Gawler—To my knowledge there has been no action required.

Senator CARR—In regard to quality assurance mechanisms, do they apply the same to the CFMEU centre as to the MBA centre?

Mr Jamison—All the standards should and would comply.

Senator CARR—You have a fraud committee still operating, do you?

Mr Jamison—I am not aware of that, although I am relatively new so that is not to say that there is not one.

Senator CARR—We have been down this track once or twice before. I would have thought that if there was a problem, it would be identified relatively easily.

Ms Gawler—That would be the case, Senator. In relation to this, we would still rely on the WA state government to provide us with advice on the acquittals associated with expenditure of the funding.

Senator CARR—How is that different from every other RTO?

Ms Gawler—Skill centre applications and funding are provided through ATNA and the state takes responsibility for the engagement of the contract with the registered training organisation. But not all RTOs apply for skill centre funding.

Senator CARR—Yes, but the quality assurance mechanism applies universally across the country, does it not?

Ms Gawler—It does indeed.

Senator CARR—On pages 74 and 75, the budget measures affecting outcome 2—there are two pages of them, five budget measures. Is that right?

Ms Paul—Yes.

Senator CARR—That is the whole lot?

Ms Johnston—There is another measure at page 80 under ‘Investing in Australia’s Aged Care—Better Skills for Better Care’. There is some funding for the WEL program—the Workplace English and Literacy program.

Senator CARR—What is the size of the Commonwealth budget now for vocational education?

Ms Paul—It is over $1 billion each year. I will see if I can get the correct figure for you. It looks like it is $1.2 billion for vocational education and training and $0.7 billion for output 2.2, which is all vocational education and training. It is $72 million for output 2.3.

Senator CARR—What is the total?

Ms Paul—We are looking at page 132. I do not have a subtotal because outcome 2 includes some higher education funding.

Senator CARR—You are not giving me an aggregate then.

Ms Paul—It would be just over $2 billion by the look of it.

Senator CARR—The budget papers are not very clear, are they, in that regard?

Ms Paul—They are probably more clear than we are being and I apologise for that. We are looking at the second column. If you add up the $1.2 billion, $0.725,498 billion—

Senator CARR—It is a shade under $2 billion.

Ms Paul—That is right.

Senator CARR—If we were to take it from the previous year, what would be the percentage growth in funding? Would it be any more than indexation?

Ms Paul—Yes, because there was new funding for the priority places which were part of the ANTA agreement. When that was rejected by the states and territories it became the tender for priority places, which is one of the measures at page 74. That was $90 million over four years.

Senator CARR—Hang on; $90.4 million over seven years?

Ms Paul—Over four years.

Senator CARR—When I look at the budget measures I see big dashes beside that line. The net effect on the budget is zero.

Ms Paul—They were in the forward estimates from last year, but it was new money on top of 2003—new funding. The other new funding through this budget is basically growth in New Apprenticeships. Also, there is some new funding through the measure on page 80.

Senator CARR—What is the aggregate then?

Ms Paul—We can quickly work it out for you.

Senator CARR—I am just trying to work it out. On a budget of a shade under $2 billion, how much extra money is there available for vocational education and training in the Commonwealth budget?

Ms Paul—I think the figure was about $120 million over the 2003 dollar amount.

Senator CARR—Is the indexation rate WCI 1?

Ms Paul—There would be two, because there would be the more capital oriented one for the infrastructure component.

Senator CARR—What is that?

Ms Paul—I imagine that it is WCI 1 and WCI 6, but I would have to confirm that.

Senator CARR—For the forthcoming year, I take it WCI 1 is the 2.2 per cent, is it?

Senator CROSSIN—If that is the same indexation that is being used for the Indigenous IESIP money, I was quoted two per cent on Tuesday night.

Ms Paul—Yes, I think that is right.

Senator CARR—So it is two per cent for the forthcoming year.

Ms Paul—Then there was the additional funding that flowed through from the last budget—up to $120 million over three years, on my recollection.

Senator CARR—So in a budget of $6 billion over three years we are looking at an increase in funding of $120 million. If we are going to aggregate it over three years, it is fair to aggregate the annual appropriation.

Ms Paul—I think the increases were basically due to the indexation, the growth in New Apprenticeships numbers, and the extra money that flowed through those initiatives that I mentioned before, plus this year's initiatives, which include that measure on page 80—which is only a few million, by the look of it. I am sorry we are not as tidy as we should be. I would be happy to set it out on paper for you.

Senator CARR—But the point of all of that is that the total amount is $14 million, $26 million, $29 million, and $31 million for aged care, of which the education component only, I take it, is $5.2 million, $8.5 million, $11.3 million and $13.4 million. That is right, isn't it?

Mr Johnson—That is correct.

Senator CARR—That is a four-year out turn, isn't it? So that is $8 billion. That is your appropriation. What I am trying to get to is how much money is available for new initiatives, and it amounts to $120 million, plus a relatively small amount of money on page 8—

Ms Paul—I think we should set it out for you properly, Senator. But the main amount was the $120 million through the new initiatives.

Senator CARR—The point I am trying to get to is that it would appear to be, maybe, $160 million.

Ms Paul—Possibly. But we will have to set it out for you.

Senator CARR—The point I am trying to get to is that, if this parliament is being asked to appropriate $8 billion, the priority given to new measures to be reflected in that $160 million will be new—

Dr Harmer—We will provide the detail of that. I recall the negotiations with the states, which failed, towards the end of last year, or the Commonwealth offer. I am not sure of the exact figures of the new money—but the growth across the period was pretty close to what the Access Economics study determined as the likely growth in demand, which was 1.7 per cent growth in demand estimated for 2005 and 2006. There was quite a lot of discussion between the Commonwealth and the state ministers around the magnitude of the offer. Quite a lot of work had been done on the forecasting of demand for increases in VET. I am pretty confident—although we will confirm it on notice—that the growth in the VET allocations was in line with the expected growth in demand.

Ms Paul—Yes, that is right.

Senator CARR—It strikes me, though, that there is no agreement. So clearly, for all the work you have done, there is no agreement.

Ms Paul—Technically there is.

Senator CARR—It runs out at the end of this year.

Ms Paul—That is right.

Senator CARR—So there is no new agreement.

Dr Harmer—Not yet.

Senator CARR—And the negotiations have now stalled.

Ms Paul—They are on hold. This one goes for a year. So we look forward to restarting them towards, I guess, the middle to the end of the year, basically.

Senator CARR—The middle?

Ms Paul—Around October we think. We did an enormous amount of negotiation last year, of course.

Senator CARR—So has the Commonwealth determined that the negotiations will restart in October?

Ms Paul—That is our view—that that would be appropriate.

Senator CARR—So a political decision has been taken that they restart in October.

Ms Paul—That is our advice, as well. DEST's advice is that it would be appropriate to start in October.

Senator CARR—That is right; but, as far as the Commonwealth is concerned, negotiations will not restart until October.

Ms Paul—We are always happy to talk with our colleagues, and we continue to do so through heads of department meetings and so on.

Senator CARR—Am I right to suggest to you that that is the view of the minister?

Ms Paul—His view would be that it is appropriate to restart in October as well, but of course there is an ANTA-ministerial council meeting just next week, and I am sure the agreement will be on the agenda as usual. So discussion is ongoing.

Senator CARR—You can have all the meetings you like, but if the Commonwealth has decided it is not going to reopen negotiations until October then it is all so much hot air, isn't it?

Dr Harmer—As Ms Paul said, there is not really a need. We have been, as Ms Paul also said, meeting with the heads of state training departments, listening to their views and discussing issues. There is a planned ministerial meeting—I think it is even next week—where on the agenda is a discussion around a new ANTA agreement. There is a planned

ANTA-MINCO meeting in November where it is planned that negotiations on that agreement, hopefully, will be finalised following officers discussions between the ANTA-MINCO meeting next week and the November one. So there is quite a process in place. There is no great anxiety that I am aware of from the states. They recognise the timing and they have accepted the position we have put about the likely timing. They know we got very close to finalising the agreement last year and that there are not very many outstanding issues.

Senator CARR—So in reality the political decision has been taken that effectively there will be no attempt to settle this until October?

Ms Paul—There is not a need to because this current agreement runs for a whole year. Of course we had a full year negotiations last year as it happened—

Senator CARR—Previously a new agreement was signed before the old one expired, wasn't it?

Ms Paul—That would have been the case here too because legally we have to have an agreement in place for payments to be made. Some agreements continue in the absence of a new agreement, but that is not the case with this one.

Senator CARR—That is right. But in the previous round it was settled I thought a year before.

Ms Paul—I do not know, unfortunately.

Senator CARR—My recollection is it was settled considerably before. What has happened is that the failure to reach agreement now in December means that you have been tied up in the election cycle. Really what is happening is people are waiting for the outcome of the election, aren't they?

Dr Harmer—There has been no consideration about election timing in the planning for the negotiations.

Ms Paul—We have been saying from last December that it was probably appropriate to start in October. Because we had done so much work last year, cooperatively with the other jurisdictions, and we are so very close to an agreement that seemed an appropriate course to take. As I said, we do not seem to have had strong representations otherwise.

Senator CARR—What you are saying is that the states have also worked out that there is an election coming.

Dr Harmer—We do not know what the states have worked out.

Senator CARR—It would be a reasonable expectation now that we are in an election cycle that it is not likely there will be a resolution until after the resolution of that election.

Dr Harmer—All we can say is that it is very clear to us and the states the timetable for the renegotiation, and I am not aware of any great anxiety about that timetable.

Senator CARR—The growth funding was the stumbling block last December, was it not?

Ms Paul—There was a question around quantum, but the ultimate stumbling block was the construction code.

Senator CARR—But, invariably, in these agreements the issue of money is the stumbling block.

Ms Paul—Yes.

Dr Harmer—Money was certainly an issue in the lead up to that final meeting, but I think it is fair to say that the general agreement around the officers' table is that it was more the construction code that prevented the agreement being signed.

Senator CARR—The states do not actually agree with the growth forecast that you have put forward, do they?

Dr Harmer—There is quite a robust debate, as there always is in forecasting growth.

Senator CARR—Dr Harmer, that means no, doesn't it?

Ms Paul—Access Economics put down a range of growth possibilities and they came to an average growth I think—and I might need to clarify this—of 2.9 per cent. The high end of their predictions was around 5.2 per cent, but that is not where they ended up. However, some of the states have said at various times that that is the growth that they think is realistic. There is a debate on that. That is not where Access Economics came out. The demand of the states in this agreement was for a 1.5 per cent increase through the proposed agreement. The increase in Commonwealth funding was 2.7 per cent on average over the three years—it is a three-year agreement. I might need to check the numbers but the Commonwealth growth factor over the three years was very close to where Access Economics came out. The demand of the states was a bit less.

Senator CARR—It was put to me that the states take the view that Commonwealth funding in real terms since 1997 has actually declined by 5.4 per cent. Would that be a reasonable claim?

Ms Paul—No. I do not know where they get that from. I would have to look at their workings but I do not know that we could agree with that.

Senator CARR—They say that in real terms the payments have moved from $1.145 billion down to just over $1 billion. Is that true?

Dr Harmer—I do not know what index they would be using to do that calculations but it does not fit with our calculations.

Ms Paul—No. We think there has been steady growth, and we know that there has been steady growth overall in the VET system, particularly in New Apprenticeships, and that the quantum for the whole system has increased quite significantly.

Senator CARR—No, it is the real growth terms. The real growth has been in the employer incentives area, hasn't it? That is where the substantive growth has occurred.

Ms Paul—There has been growth across the board. That is a key area of concern to us, of course, because it our incentive program.

Senator CARR—If no agreement is reached in October, is there a proposition to just roll over the existing agreement?

Ms Paul—As I said before, legally there has to be an agreement or we cannot pay them.

Senator CARR—Yes, that is true. Will that not then lead to a situation where the current agreement is simply rolled over? That has happened before, hasn't it?

Dr Harmer—If no agreement is reached for a new agreement, there is no choice if we are going to pay the funds.

Senator CARR—So that is really the fall back position.

Dr Harmer—Indeed.

Ms Paul—It would have to be. It would be most unfortunate, given the amount of work that has already gone into an agreement.

Senator CARR—What assessment has been done on the growth in the states' funding during that period?

Ms Paul—It has varied. We have done an analysis and we can give that to you, but we will need to take it on notice.

Senator CARR—Thank you. I note that Mr Evans does a good one for the schools, and we have an intense discussion every estimates about his bodgie figures. Can we have a look at yours? Are they of the same quality?

Ms Paul—We would be happy to give you some, Senator.

Dr Harmer—Senator, Mr Evans's figures are very reliable, and so would these be.

Senator CARR—I look forward to receiving them. On pages 74 and 75 of the PBS, I noticed the word 'reallocate' $90 million, budget measure 1. It would seem that in the Department of Education, Science and Training there is a neutral effect on the budget for the sugar industry training package. That is right, isn't it?

Ms Paul—Would you like me to give a brief explanation of each of those?

Senator CARR—I am happy to do that but I just want to be clear about something. When I go through the PBS I see dashes beside outlays in the tables in the forward estimates. I see minuses at the top of page 75 under 'New Apprenticeships Incentives Programme—Employer Incentive for Australian Government Agencies', so they are actually reductions. I see that there are reductions in 'New Apprenticeships Incentives Programme—Targeting Women in Non-Traditional Occupations'. There appears to be an additional amount of $4 million for migrants for one year only, so it is not a continuing program. This leads me to the conclusion that, essentially, vocational education and training as a priority, as far as this government is concerned, no longer has any great standing and, effectively, that the agenda is stalled.

Dr Harmer—We could not agree with that assessment, Senator.

Ms Paul—To explain the measure of direct purchase of places for priority groups, the reallocation on page 74 is simply from being part of an offer of an ANTA agreement to being a direct Australian government tender. So that $90.4 million over four years was reallocated. It was shifted from an ANTA agreement offer, which was rejected, into a Commonwealth-only program of a tender for priority places, which was announced on 17 May and delivers, in the first instance, 7,500 new training places. It is still within the system and that is the largest measure there. But it is a measure, because it had to be taken out of the ANTA agreement when that failed. The Sugar Industry Reform Program merely notes that, with the industry adjustment assistance that the government is offering the sugar industry, we anticipate being able to offer participants in the sugar industry some vocational education and training assistance. But our estimate is that that will be absorbed in our current programs.

Senator CARR—So there is no money for it?

Ms Paul—We have not sought any money for it. That is absolutely right.

Ms Johnston—There would be additional funding, however, for New Apprenticeships incentives because it is demand driven.

Ms Paul—That is important to say. There will be an increase in activity, which will be covered in that way, but for that reason it is not shown here.

Senator CARR—That is for retraining of sugar workers?

Ms Paul—Yes.

Senator CARR—And new apprenticeships?

Ms Paul—Yes.

Senator CARR—So there is a big take-up. What is the average age of a sugar worker?

Ms Paul—That would be the mature age target that the preceding measure is targeting as well, I imagine, although, to be honest, I do not know the demographic profile of the sugar industry.

Senator CARR—You have made a statement, and I expect that you will have all that material to back up the statement.

Ms Paul—Yes.

Senator CARR—What particular areas of skills shortages have you identified in North Queensland for mature age workers which will see them take advantage of this generosity, which amounts to nothing. There is no money here at all.

Ms Paul—It is any retraining and employment assistance through current programs like New Apprenticeships—

Ms Johnston—Other programs, such as language, literacy, numeracy and IT skills for older workers, will all be available to that group. They are a relatively small group.

Senator CARR—We should not double-dip here, should we? If we are going to call it a literacy program, that is under a different initiative. It is certainly not under the initiative announced here as a Sugar Industry Reform Program.

Ms Paul—This merely marks the spot that these people going through a reform process will be accessing, no doubt, our retraining and employment assistance.

Senator CARR—That is exactly my point: we are marking the spot. We are in fact marking time. There is no substantive advance on the reform agenda in vocational education and training as a result of this budget.

Dr Harmer—It is difficult to advance a reform agenda in this area when we have had to simply roll over the agreement. The Commonwealth went to the states with some significant elements of reform and some funding that we believe matched the local growth. It is true that negotiations have stalled because the states found that they could not sign the agreement, and we have rolled it over. But we are progressing towards renegotiating again at the end of the year.

Ms Paul—One of the areas that we consider to be a direction of reform—and it was a key part of the agreement offer—was this shift towards focusing on particular groups of people, such as mature age and older workers, and that is of course a feature of this priority places tender that is the previous measure. I certainly would not paint the picture as there not being reform; it is quite an important direction, I think, for us to be moving in.

Senator CROSSIN—Is it not the fact, though, that ACCI indicated prior to the budget that $250 million extra was needed over the next three years to deal with skills shortages?

Ms Paul—I think there is a range of submissions from different groups in the normal way prior to the budget. There was a national skills shortage strategy announced recently, which has a whole bunch of components that go to experimenting with new flexibilities around shorter apprenticeships, looking at regional pilots—the first one was in Townsville—looking at local demand and so on. Many of those things arise from some of ACCI's policy directions.

Senator CROSSIN—An article in the *Australian Financial Review* on 13 May by Marcus Priest indicated that business groups have reacted with dismay to the failure of the federal government to provide additional funding for training to tackle chronic skills shortages. It said:

> Before the budget, major employer and business groups identified a need to tackle pressing skills shortages ...

What additional funding is in this budget to address skill shortages other than re-announcing the 7,500 additional places for older workers, parents, those returning to work and those with disabilities?

Dr Harmer—I will let the officers give you a specific answer, but it is not at all surprising that industry groups and other interested parties, either just before or just after the budget, make claims for additional funding. Governments have to weigh up the priorities. It happens every year.

Ms Paul—A considerable number of new places would have been possible had the agreement been signed. This measure could have been matched, so that is one loss of places.

Senator CROSSIN—The criticism from ACCI is directed at the federal budget for not providing that extra money. I would have thought that the Australian Chamber of Commerce and Industry was a substantial group that this government might have taken notice of in respect of funding for training and additional places to address skills shortages.

Ms Paul—There is probably not much more we can say on that other than to note that, naturally, these groups are important and have their views, and their views are listened to. I do not know whether they comment on other budgets.

Senator CROSSIN—Of the $12.1 million that has been allocated to improve work force participation by mature workers, how much of that is for training programs? How much is for the information campaign?

Ms Johnston—I believe that is a matter for the Department of Employment and Workplace Relations.

Senator CROSSIN—It is not a program that is done in conjunction with DEST?

Ms Johnston—We consult regularly with the department, but that is their funding that was announced in the budget.

Senator CROSSIN—I thought it might have been something you were doing in partnership.

Ms Paul—We work with them very closely, but we do not administer that one at all. They do.

Senator CARR—With respect to the Mitsubishi package that was announced a couple of weeks ago, where do I find the money for training for displaced Mitsubishi workers? There is $10 million for the Labour Market Adjustment Program. Is there no training component to that?

Ms Paul—I am not aware of one, but I am not sure. We might have to take it on notice and talk to the industry department.

Senator CARR—What I would like to know is how many places are proposed and the unit cost of those places.

Ms Paul—We will set out the proposal.

Senator CARR—I want to know how many people you are seeking to assist with that money and the percentage of the $10 million that is devoted to vocational education.

Ms Paul—I am not sure whether it is industry or whether it is DEWR for Job Network, for example. We will take it on notice.

Senator CARR—It must have a VET component. If it has not, I would have thought it pretty primitive.

Ms Paul—I will have to take it on notice.

Senator Vanstone—Senator, you give me the opportunity to draw to your attention remarks by the Labor Premier of my state, Mike Rann, on the cooperative relationship between the state government and the federal government in relation to Mitsubishi. He expressed his gratitude for the work done by the federal government in the lead-up to negotiations and in particular in relation to the package to which you now refer.

Senator CARR—So how many jobs are going to be lost?

Senator Vanstone—I can give you all the details of that. The hope is that, in the end, everybody who has now got a job keeps a job. Some jobs are scheduled to go from one place, but this package is about helping those other people get other work. Another part of the package to which you have not referred is a package to attract capital investment to South Australia and, in particular, hopefully to get the engine factory taken over by someone else.

Senator CARR—So there are over 1,000 direct employment positions being lost from Mitsubishi. I would like to know what the contribution of this portfolio is to retrain them.

Dr Harmer—We will get that information.

Senator CARR—Could I ask you about the proposition we see here of the values for life initiative. Again, there is a reduction. How do you account for the reduction?

Ms Paul—There are two measures here which are being reduced. There are two programs which are going to experience reductions to help fund the measure in the schools area 'values for life', on page 46. I think we talked about that the other night. I might briefly talk about them and perhaps Mr Johnson will want to go into more detail. In regard to the employer incentive for Australian government agencies, we have had a look at our policies and it seemed perhaps not the best policy to be funding ourselves for new apprentices. Then we discovered that DEST, which has had new apprentices for a long time each year, has never claimed the incentive. We looked at the small amount of money spread across a number of agencies in the Commonwealth and thought that it was a better policy to be able to use that money for something other than basically paying ourselves an incentive for training which Commonwealth agencies should be committing to do, anyway.

On the reductions in targeting women in non-traditional occupations, when we looked at this a couple of years ago in a review we found that there were incentives being paid for qualifications—a huge number of qualifications were being covered under this program—and many of them were not non-traditional at all. In fact, they were heavily female dominated. So when we had a look at that we thought that there were a number of qualifications, as we say here, in retail, hospitality, cleaning et cetera where it really did not make much sense, given that employers could claim the normal incentive anyway, to offer the additional incentive. However, there are a remaining number of qualifications which are non-traditional for women, including—at the bottom you can see them—the higher level qualifications such as certificates IIIs and IVs in areas like cooking, which are female dominated, but not at the top levels. So we have been quite careful. We have worked with the Office for the Status of Women and sifted through all of these qualifications to see which ones are well targeted and which ones are simply not well targeted in a policy sense. The result is a reduction in those areas which were simply not well targeted. This relates to a review that we did some time ago.

Senator CARR—Is it not a fact that historically the public sector agencies have been the mainstay of apprenticeship training in this country?

Ms Paul—This is only going to Commonwealth government agencies. This has absolutely no impact on participation by state government employers or local government employers. This is simply us. We were funding ourselves for incentives, and we thought that was not a desirable policy and we should be supporting training, anyway.

Senator CARR—But would it not also be the case that the Commonwealth agencies, as you say, ought to be undertaking training but are not? Given the way the management of the Public Service is organised these days, is it not reasonable to expect that there would be greater take-up for agencies other than the training portfolio, particularly for traditional trades?

Ms Paul—We have been in contact with the key agencies affected by this and we do not believe that there will be a drop-off in effort, because the employees for whom they would have received this incentive are still with them, will still be with them and will still be encouraged—or, indeed, will need—to gain certain qualifications.

Senator CARR—The whole point of incentives is to change behaviour.

Ms Paul—We believe that it has been changed properly, that there is such a strong policy in the Commonwealth—and this is only Commonwealth agencies—of appropriate training and that we can reinforce that through a variety of mechanisms.

Senator CARR—You have made a statement. I have no doubt you can now help me out here and explain to me what, over the last four years, has been the employment in traditional trades by Commonwealth agencies.

Mr Johnson—I do not have information before me going back quite that far. But, as Ms Paul touched on, the two major agencies which constitute well in excess of 80 per cent of the claims for Commonwealth incentives to support training under New Apprenticeships pathways were, not surprisingly, the Department of Defence and Centrelink. In reference to your question, the substantial level of the training provided by the Australian defence department relates to training in trades related areas. Some of those areas include automotive mechanical areas, engineering, aeroskills mechanical and those sorts of fields.

Senator CARR—The fact is, is it not, that the defence department is one of the few agencies with direct employment for blue collar workers?

Ms Paul—It is probably worth mentioning—and I should have done this before—that this is not affecting Telstra and Australia Post, which are two areas that you might have been concerned about in terms of traditional trades. As well, I should say that it is not affecting state and local agencies.

Senator CARR—What about scientific agencies and other agencies which employ labour directly?

Ms Johnston—Any agencies under the Commonwealth Authorities and Companies Act are not affected.

Senator CARR—What about, for instance, the marine division in CSIRO?

Ms Johnston—That is not affected.

Senator CARR—They will no longer be able to employ—

Ms Paul—No, they are not affected.

Ms Johnston—They will still receive incentives.

Dr Harmer—It is only Commonwealth government departments.

Ms Paul—It is only departments.

Dr Harmer—Therefore, Defence and Centrelink are the two major—

Ms Paul—They were. As you can see, it is a tiny amount of money. If you just look at the departments of state set up under the APS Act, not under the FMA Act, it was mainly Centrelink and Defence and both of those agencies have given us assurances.

Senator CARR—Can you show me the budget measure that addresses the skills shortage issues in traditional trades?

Ms Paul—Are you talking about the national skills shortages strategy announcement?

Senator CARR—Yes. Where is that? Is there a budget measure?

Ms Paul—It is not a budget measure. It is being funded annually from an existing appropriation that I think was targeting national projects.

Ms Johnston—No—it is the new apprenticeship work force skills development appropriation.

Senator CARR—But that is it?

Ms Paul—Yes.

Senator CARR—That is it apart from purchasing or seeking to secure a ute for the minister to duck about on. What measures are you taking in addition to that?

Ms Paul—In the national skills shortages strategy?

Senator CARR—Have you responded to the Senate committee report on skills shortages yet?

Ms Paul—Not yet, no.

Senator CARR—When are you intending to do that?

Ms Paul—I think this month.

Mr Johnson—In addition to what Ms Johnston touched on, we obviously have available a range of standard and special incentives to target training in skill shortage areas—and those will remain.

Senator CARR—What is the take-up rate of those? Have you seen an increase? Are they working?

Mr Johnson—There has been a continual maintenance of the level of participation. They have not increased dramatically.

Senator CARR—So we have no clear evidence that that is working. What other measures can we point to that the Commonwealth has proposed?

Dr Harmer—I do not think it is quite right to say that there is no clear evidence that it is working. Mr Johnson said there have been steady numbers.

Mr Johnson—That is right.

Senator CARR—So it is stable, but it is pretty much a flat line, isn’t it?

Ms Paul—I suspect not. New Apprenticeships are growing.

Dr Harmer—I think it is probably increasing.

Mr Johnson—I think we have covered this previously in our discussions. I think you are aware that we have record numbers of over 406,000 apprentices in training, and more one-third of those are undertaking training in trades and related occupations.

Senator CARR—That is a very broad categorisation—one-third in blue collar trades. How many are there in areas of skill shortage?

Ms Johnston—I do not have the numbers but there has been a 15 per cent growth in new apprentices in the trades areas since 1995.

Senator CARR—But that includes areas where there are no skills shortages.

Ms Johnston—The majority of the trades have a skills shortage.

Senator CARR—What is ANTA doing to address the issue of skills shortages?

Ms Gawler—The reorganisation of the industry training advisory boards into 10 skills councils is specifically designed to provide a much clearer view about emerging needs and better advice on skills shortages nationally to feed into the ministers in council and to provide advice on specific training responses. Clearly, some of the skills shortages that we see may not necessarily have a training response; but, where there is a training response, that is part of the work that will be undertaken by the organisation.

Senator CARR—What was the level of consultation with the states with regard to the development of the national skills shortage program that the officers have just referred to?

Ms Paul—We have been dealing with the states on skills shortages for some time.

Senator CARR—Does ‘dealing with them’ mean that you told them what you were going to do?

Ms Paul—We have been having regular discussions about skills shortages through our CEO meetings. I might run briefly through the elements of skills shortages with which the states we support.

Senator CARR—I understand that officers are very keen to tell me about the program, and I have some familiarity with the area, but my question was: what was the level of consultation with the states before the program was introduced?

Ms Paul—I do not think we needed much consultation beyond the considerable amount of discussion we have had through the MINCO processes, through the various working groups, through CEOs and so on. Indeed, some of the initiatives in the skills shortages strategy actually involve state governments immediately—for example, the Townsville pilot has involved the Queensland government from day one.

Proceedings suspended from 10.47 a.m. to 11.01 a.m.

CHAIR—We continue the examination of matters relating to the Australian National Training Authority and the Vocational Education and Training Group.

Senator CARR—Ms Paul, I notice the minister’s media release of 6 April announced the national skills shortage strategy. Is that the first time this matter was announced?

Ms Paul—Yes, I think so.

Senator CARR—Given the importance of this issue to our national productivity and given how widely it is understood to be a serious problem across government, why was there not further consultation with the states before an announcement of this type?

Ms Paul—There has been a considerable amount of work on skills shortages, as we were saying before, over a long period of time. The marketing campaign we talked about yesterday has been all about skills shortages, and that has been going on for over a year. Ms Johnston might have more detail on this, but I was saying before that some of the initiatives in the skills shortage strategy actually involve state governments. For example, the Townsville pilot, which is a regional pilot bringing employers and governments together to meet regional skills shortages in an area of key skill shortages, has involved the state government from day one. I do not think there are many elements in there which would surprise the states because most of them have been discussed in the various forums that we participate in. For example, the notion of doing better labour market projections has been something which we have talked about together. The idea of flexible apprenticeships is one of the elements of the initiative that we have talked about with each other for quite some time, and so on. But this brought it all together. Some of the elements, such as the rural focus for example, would be something which the states would be familiar with from industry as well.

Ms Johnston—I can add a specific project as an example: we are working with the Victorian Automobile Chamber of Commerce on automotive shortages with a pilot project in that state.

Senator CARR—I started asking the ANTA officials a question before about the nature of their work in addressing skill shortages. It seems to me that one of the largest groups of people that we could draw upon to assist the country to meet the skills deficit is young people. It strikes me that, given the work I do in the industry area, a number of people have talked to me about improving people's attitudes towards manufacturing and skills acquisition in those areas. I am wondering what we are doing with regard to the VET in Schools program? Have you been able to undertake any mechanisms of late to improve the VET in Schools program?

Ms Gawler—In relation to the VET in Schools program, currently an allocation of $20 million of the ANTA agreement for states and territories and Commonwealth—

Senator CARR—That has been capped for some time now though, hasn't it?

Ms Gawler—My understanding is that it has been part of the agreement for a period of time. I could provide a response in terms of the process to achieve that $20 million. That has been the current agreement, and this will be its fourth year.

Senator CARR—That is right. So irrespective of the growth—and the growth has been substantial in the number of students undertaking VET in Schools subjects—the amount of Commonwealth support has remained the same for four years.

Ms Gawler—Under the specific components of the VET in Schools allocation under the ANTA agreement that has been the case for the triennial period. Yes, that is under four years.

Ms Paul—The bulk of VET in Schools funding, as it happens, is out of states and systems schools funding, and then this is added to it.

Senator CARR—That is my point. I am asking what the Commonwealth is doing.

Ms Paul—The Commonwealth funding of schools, and its indexation arrangements and all the rest of it, go to VET in Schools. We are doing a whole range of initiatives through MCEETYA and through ANTA.

Dr Harmer—It is about a 6.4 per cent increase per year in the AGSRC.

Senator CARR—I think it has gone up to 7.3 per cent.

Ms Paul—We had a discussion with Mr Evans that went to 6.4 per cent.

Dr Harmer—I think it is about 6.4 per cent.

Senator CARR—I have here your answer from April. It says that the AGSRC for primary schools is 7.1 per cent and for secondary schools is 7.4 per cent. I would agree that is an extraordinary amount of money. That is why we are spending more—

Dr Harmer—It is extraordinary. It was difficult to keep, Senator, as you can imagine.

Senator CARR—That is why we are spending more now on private schools than we are on universities. I understand the argument.

Dr Harmer—It is a very good index. The discrepancy, which I think Mr Evans went to, is that, at the time we gave you that answer, our estimates for those two were over seven per cent—

Senator CARR—I accept that. I also accept that last year private schools could get funding at 7.4 per cent for secondary schools, and for the same period vocational educational programs were funded at 2.3 per cent indexation. It seems to me a remarkable discrepancy.

Dr Harmer—We got to this when you asked about the availability of funding for VET in Schools, and Ms Paul was making the point that the majority of the VET in Schools funding comes out of the schools bucket, where there is very good indexation.

Senator CARR—In terms of your research, how many year 10 students are not going on to either work or school?

Ms Gawler—I would have to take that question on notice to give you a detailed response.

Ms Paul—It may be a question for us. We will have to work it out between us.

Senator CARR—I am hearing that it might be as many as 35,000 students per annum. Would that be right?

Ms Paul—I do not know.

Senator CARR—You have no figures at all on that?

Ms Paul—Not with me, no. We can find out for you.

Senator CARR—What is your latest figures on the drop-out rates?

Ms Gawler—I do not have the detailed information with me.

Senator CARR—Is 35,000 an unreasonable estimate.

Ms Gawler—I could not comment, unless I had the figures with me.

Senator CARR—On the question of ANTA's research, it strikes me that one of the problems that we have at the moment with the stalling of the VET agenda—the marking time—in this country is that the level of public debate on—

Dr Harmer—Are you referring to the stalling of the ANTA agreement negotiations?

Senator CARR—I am putting my view.

Dr Harmer—It is your assessment.

Senator CARR—I am putting my view and I have put it several times now. Dr Harmer, I am sure it has not been lost on you—

Dr Harmer—I am afraid we cannot agree with you, Senator; but I understand it is your point of view.

Senator CARR—You have said that a couple of times, and it is your job to say that. I do not begrudge your saying that. I simply make the point that, given this budget and what I have seen with the vocational education agenda in the last two or three years, since this minister, Dr Nelson, has come in, there has been a substantial reduction in priority to vocational education. I have very strong objections to what Dr Kemp did, but one thing I have always given him credit for is that he actually pursued this area of public policy.

Ms Paul—This is the period in which we have seen the greatest growth in new apprenticeships in particular, finally topping the 400,000, and that is before the initiatives around skills shortages or anything else.

Senator CARR—I agree with you that there has been an increase in the number of people undertaking qualifications in new apprenticeships, but the agenda itself has stalled.

Ms Paul—I think that is a key part of the agenda.

Senator CARR—The programs have been put in place and there have been long arguments about the quality, the range, the location and whether or not they actually meet skill shortages or whether this is an advanced form of wage subsidy. All of those arguments remain—whether or not they are addressing particular areas of skill shortage.

Ms Paul—But I would not want to say that happens automatically. For example, we know that each time we run the marketing campaign the number of new apprenticeships increases. It does not necessarily happen automatically, although it is great to see a national momentum on it.

Senator CARR—My point is this: what is the research effort that is being undertaken by ANTA? I notice in your annual report there is a reference to a spend of $3.2 million for commissioning of research. That is last year's annual report. Is that the most current one—2002-03?

Mr Jamison—Yes.

Senator CARR—So ANTA is commissioning $3.2 million worth of research?

Ms Gawler—That is correct.

Senator CARR—Why aren't you doing that in-house? What has happened to your own research capacity?

Ms Gawler—We have staff able to undertake research. However, in relation to the allocation of the funds that you have identified, that is done in consultation between CEO and board and it identifies a number of areas of emerging need, such as funds required for underpinning information on the ANTA agreement or resourcing VET. I can provide you with details of the range of research that has been undertaken.

Senator CARR—There is a list in the annual report. My point is: why can't you do that in-house? Why have you not got the capacity to do it? Surely it would be cheaper. Surely it would be better to have the corporate knowledge, the expertise, on tap for the Commonwealth and the states so that you are able to argue a case effectively in the public arena about these critical issues.

Ms Gawler—We do have staff who have the capability to undertake some of the research but, clearly, we want to get the very best advice nationally and in an international setting. On that basis we have undertaken some consultancies specifically on items that we needed to address.

Senator CARR—It strikes me that the NCVR is a very good research unit, but there is no reason why you should not have an independent research capacity.

Mr Jamison—We do.

Senator CARR—Is it not the case that in recent years it has declined?

Ms Gawler—For many of the new members of the organisation, probably the best thing would be to identify the research capability that we have had as an organisation. At this stage I would not necessarily accede to that view.

Senator CARR—You do not accept that view?

Ms Gawler—No.

Senator CARR—My observation over the years seems to be that you are spending more on consultancies. You have fewer people interested in being employed directly in these areas. There was a time when the Commonwealth could attract the very best people to our research units. I cannot see why that cannot be maintained. There is no shortage of talent. It is a question of whether or not it is more expensive to purchase it through this mechanism. Has there been any evaluation of whether or not it is cheaper to do this work in-house and maintain the quality?

Ms Gawler—To my knowledge, there has not been work undertaken recently. I would be happy to come forward with a response as a question on notice.

Senator CARR—I would appreciate your advice on that.

Dr Harmer—Senator, earlier you mentioned the priority for vocational education and training. The growth in the number of people undertaking vocational education and training has doubled since 1995. It has more than doubled for Indigenous students. There has been a 33 per cent increase for non-Indigenous students, such that nearly 1.7 million people were in vocational education and training by 2002. There has been a substantial increase.

Senator CARR—I am familiar with those figures. I turn to the recently announced program—Direct Purchase of Places for Priority Groups. This was announced in a medial release put out on 17 May. Does ANTA have any involvement with this initiative?

Ms Paul—We administer this issue.

Senator CARR—So it is entirely a matter for the department?

Ms Paul—Yes.

Senator CARR—What is the source of this funding?

Ms Paul—It is the measure on page 74, which was in the offer of the ANTA agreement.

Senator CARR—I see, so it is the same thing.

Ms Paul—It is the new money component which was rejected by the states and was then transferred into a Commonwealth-only appropriation and tendered out to offer the same number of places that would have been offered under the ANTA agreement.

Senator CARR—So I can confirm that the funding on an annual basis is as listed page 74 of the PBS?

Ms Johnston—That is the financial year allocation.

Senator CARR—So that is correct?

Ms Johnston—Yes.

Senator CARR—The minister has announced that there will be 7,500 places to be decided by way of contract. Will they be 7,500 new places or additional places? How will that be determined?

Ms Paul—Yes, these are additional places. While they would have gone to the states and territories under the ANTA agreement, we have now had to tender them out. We have done that and the successful tenderers are in the announcement and those are the brokers who will manage the places, including a department and a state authority in a couple of instances. Those are new places and they go to these particular target groups that we talked about before—mature age, disability et cetera.

Senator CARR—So they have gone to TAFE in the most part?

Ms Paul—You can see the table on the second page of the media release—attachment A. All of the New South Wales places have gone to the New South Wales Department of Education and Training, as the broker. Where those places will be delivered is a matter for the broker. Then you can see the other successful tenderers below.

Senator CARR—Was it the intention to contract from TAFE?

Ms Paul—There was no particular intention. It was an absolutely open tender.

Senator CARR—These are directed at people on income support programs. Is that right?

Ms Johnston—They are not necessarily on an income support program but they will have to meet an age requirement or demonstrate that they are parents returning to work or people with a disability.

Senator CARR—What is the role of the family and community affairs department in this?

Ms Paul—You mean the Commonwealth Department of Family and Community Services. I am not quite sure what you are referring to, but the funding initiative came out of the welfare reform package and they are the lead agency there, so that might be what you are thinking of.

Senator CARR—I am just wondering, if it is essentially an anti-poverty measure—it is not?

Ms Paul—It is a targeted training measure and it links to welfare reform, that is right.

Senator CARR—That would have to be one of its great selling points. Is that what it is?

Ms Paul—It is a welfare reform measure to try to assist groups of people who find it particularly difficult to engage in the work force to help them participate through training, that is absolutely right.

Senator CARR—So it is a fair description to call it an anti-poverty measure?

Ms Paul—I doubt it has been described like that.

Senator CARR—Certainly it has not been by this government, but if that is what it could be used for, I can see why you would want to support it.

Ms Paul—It is certainly about helping people who find it hard to get into jobs.

Senator CARR—It is not designed for skill shortage issues?

Ms Paul—No.

Senator CARR—What are the contractual obligations? Are they those that are normal for provision of vocational education?

Ms Johnston—That is correct.

Senator CARR—There is no difference in that regard?

Ms Johnston—No. They will effectively be subcontracting or arranging for registered training organisations to deliver the training. It will be to at least a certificate II level.

Senator CARR—Has there been an evaluation of the New Apprenticeships access program?

Ms Johnston—I think it was around 1999-2000.

Senator CARR—So it is quite an old evaluation. I thought that was the case.

Ms Johnston—There have only been two years under the contracts for that program, and those first contracts are just about to end.

Senator CARR—How many people do you expect to go through that program?

Ms Johnston—Around 4,250 a year.

Senator CARR—And do we have an age breakdown? What is the spread of that?

Ms Johnston—I do not believe I would have that with me.

Senator CARR—Can you take that on notice. There is a series of questions I will ask you about the Access program. Presumably it would be more efficient if we put them on notice. They are straightforward, technical responses. Thank you very much.

Dr Harmer, I would be interested to know whether the Chief Scientist is intending to appear at the hearings for the inquiry next Tuesday. It would be of interest to me to establish that.

Dr Harmer—I have had discussions with Mr Carter, the secretary to this committee, and I have made a phone call to Mr Cook, my deputy secretary, who has been in contact with the minister. I understood yesterday that the decision, which is not ours or his—it is the minister's decision—was imminent. But I have not heard the answer and I am trying to chase it up.

Senator CARR—If he is not able to appear, or is not directed to appear, then we will have to go back into the chamber and there will be no point in holding the hearings next week. I would have thought it would be extraordinarily inconvenient to bring witnesses in and have to cancel the hearings. So we need maximum notice to do that.

Dr Harmer—I understand what you are saying, Senator.

Senator CARR—Thank you.

Dr Harmer—I will make a clarifying statement at the very beginning. Dr Arthur is here but the rest of his people, whom he may need for some of the answers, are on their way. We were of the understanding that it was going to be higher education.

Senator CARR—I am sure Dr Arthur will be able to answer the questions. We have many years of experience together. This could be the last time though, at least from this side of the table. In terms of the Backing Australia's Ability program for higher education, what is the net growth in real terms for the program across the 10-year table?

Dr Arthur—Can you clarify the question? There is no such thing as a BAA program for higher education. There are a number of elements of BAA spending that will occur principally in higher education institutions, and I can identify those if you would like me to go down the table.

Senator CARR—I can see those. I am trying to establish the net position of program funds administered by the DEST portfolio from this package in real terms across the period. On the tables that have been released you are able to give an initial five-year total, an additional seven-year total and a 10-year total. Are you able to tell me what the net effect is in constant dollars?

Dr Arthur—No. I am not sure what you mean by 'net'. I am not quite sure what you regard as above and below the line in the net calculation. In terms of constant dollars the figures in the table are, in accordance with normal budget convention, produced in out turn prices. While I think it is possible that we have already given you information in a previous question on notice about the deflators used in the majority of programs, it is not normal convention to produce figures for the forward estimates period in constant prices. That is not how the department of finance expects us to provide advice to it and it is not how the department of finance, which prepared this table, has presented the table.

Dr Harmer—That is quite an important fact. This table was produced by the Department of Finance and Administration, not DEST.

Senator CARR—Yes, I understand what they have done.

Dr Arthur—I am certainly able to provide a fair degree of detail about the table, since we provided and coordinated the provision of the input to that table, but I am certainly in no position to manipulate the figures in the table and turn them into a different basis. I just do not have the ability to do that.

Senator CARR—What we have here is some work undertaken with the statisticians on this floor in parliament. By applying the normal indexation arrangements, as per your answer to question on notice No. E470 from April, the calculations that we are led to is that in the out years the overall funding is actually a 15 per cent reduction for the package as a whole.

Dr Arthur—I am not in a position to comment on that calculation, since I have no basis to make a comment.

Senator CARR—I guess it will be a matter of claim and counterclaim, won't it?

Dr Arthur—It may well be.

Senator CARR—The AVCC has suggested that to reach the two per cent of GDP by 2010-11 we will need an additional $4.5 billion. Are you familiar with that calculation?

Dr Arthur—Yes.

Senator CARR—What do you say about that calculation?

Senator CARR—What do you say about that calculation?

Dr Arthur—The government has not set any particular target for the level of percentage of GDP which research spending—both governments and private—should reach, taking the view that it is not appropriate to set such a target. With regard to the details of the ABCC calculation, where they take their targets and make some projections about the spending that is required to meet the target they suggest, there are some technical deficiencies.

Senator CARR—What is the nature of the technical deficiencies with their calculation?

Dr Arthur—According to the information on their web sites—and we can only go on that information—one of the parameters they have assumed for their calculation is that non-Commonwealth support for R&D was estimated at five per cent per annum. In fact the growth rate over a number of recent years for that particular figure has been 9.6 per cent, and we have no reason to assume that that would not continue. We have no particular knowledge as to why the ABCC chose an assumption which is contrary to current trend data. The table also assumes that over the entire period there will be no new government spending measures on science and innovation. It is not clear to us on what basis they made that assumption.

Senator CARR—That is reasonable because there will be several elections between now and then and there may well be all sorts of different combinations that emerge.

Dr Harmer—And all the budgets.

Senator CARR—That is what I mean over that period.

Dr Arthur—Absolutely. They also point out that the table makes assumptions about GDP projections out to 2010-11, and there are no artificial statistics which provide GDP estimations out to anything like that period.

Senator CARR—However there are projections being widely used. I noticed in the *Financial Review* there are other references apart than the ABBC. Are you aware of any unofficial projections on GDP growth out to that period?

Dr Arthur—I am personally not. I am not an expert on GDP projections.

Dr Harmer—I think Dr Arthur is saying that not only is the numerator problematic but the denominator is also When you are trying to develop a measure when you have both—

Senator CARR—That is a pretty serious criticism you are putting forward there of the ABCC, Dr Harmer.

Dr Harmer—I am stating a fact that when you have got a questionable numerator and an estimate for a denominator it is not a terribly reliable figure.

Dr Arthur—I would not interpret our remarks in any way as a criticism of the ABCC. They have attempted to do projections out to a period well beyond the forward estimates. In doing such a thing you inevitably have to make certain heroic assumptions.

Senator CARR—And you disagree with their assumptions.

Dr Arthur—I am saying that I do not know the basis on which those assumption have been made and therefore I am not in a position to comment.

Senator CARR—Let us be more precise because I agree with you that projections out that far from lobby groups are not always reliable. I think we would have to share common ground there. However we can say that the current situation of our GERD is quite definable—and what is it?

Dr Arthur—At the moment it is two separate figures: it is spending in universities and—

Senator CARR—No, that is a HERD figure. I want the GERD figure.

Dr Arthur—It is 0.8 per cent of GDP which, as you well know, is well above the OECD average of 0.61 per cent.

Senator CARR—Sorry, I was looking for the GERD figure.

Dr Arthur—That is essentially it; that is our figure for spending in universities and government research agencies.

Senator CARR—No, it isn’t. The GERD is gross expenditure.

Dr Arthur—Government expenditure on research—

Senator CARR—No. What is gross expenditure on R&D in Australia? Not government expenditure—that is a different concept entirely.

Dr Arthur—I will add the two figures together and see if I can get it for you.

Senator CARR—I think you will find it is 1.53 per cent.

Dr Arthur—Yes, 1.53 per cent or 1.55 per cent are the figures I have.

Senator CARR—There are two figures because there is a later estimate from the OECD which has not been filtered through their normal systems. Is it not the case that the one you have actually put to the government in advice is 1.53 per cent?

Dr Arthur—That sounds correct.

Senator CARR—What is the OECD average?

Dr Arthur—It is certainly below the OECD average overall.

Senator CARR—Could you confirm that 2.1 is the OECD average?

Dr Arthur—I do not have the figure in front of me but it does sound about right.

Dr Harmer—I think it is just above two, but we would need to check it.

Senator CARR—The GERD figures for our major competitors—Japan, the United States, North Korea—are above the international average, aren’t they?

Dr Arthur—The matter has been traversed extensively. Whereas the Australian expenditure in the government sector is well above the OECD average, the expenditure in the private sector is currently below the OECD average. It has been increasing in recent years at a rate of 9.6 per cent, which is well above the OECD average growth rate of 4.5 per cent; nevertheless, it remains true that overall the business investment expenditure on research is below the OECD average, which has the effect that the overall Australian expenditure is below the OECD average. I assumed that you canvassed the issues, particularly business expenditure on research, with the department of industry, which has the primary policy responsibility on that issue.

Senator CARR—They had very little to say about policy response. I am interested to know whether our GERD figures are of that dimension—1.53 to 2.1 by international average. What is your projection of where we will be over the estimates period?

Dr Arthur—I do not have before me a projection of the business expenditure trends over the period. The basis of assumption for government expenditure is that we now have a high degree of certainty about Commonwealth expenditure on major elements of research. It is clear that, over the forward estimates period, expenditure on research is likely to maintain its level within overall government outlays—that is, the position whereby Australia spends well above the OECD average from government sources on research and development is likely to continue.

Senator CARR—I would not say it is well above, but it is the only thing that makes our figures looks respectable. I agree with that.

Dr Harmer—It is 33 per cent above.

Dr Arthur—And it is the area which departments such as DEST principally have involvement in.

Senator CARR—You say you do not have any forward projections on our GERD figures.

Dr Arthur—I am saying I do not have them before me at the moment.

Senator CARR—Please take on notice the forward projections on Australia's GERD as a percentage of GDP and the forward projections on OECD average GERD.

Dr Arthur—I will take it on notice.

Senator CARR—European countries relatively recently established what they call the Lisbon declaration. Are you familiar with that?

Dr Arthur—Yes.

Senator CARR—What was it?

Dr Arthur—The EU countries have set a target for their share of GDP that will be expended on research and development.

Senator CARR—It is three per cent, isn't it?

Dr Arthur—That is correct.

Senator CARR—By 2010.

Dr Arthur—Correct.

Senator CARR—How far below that target will Australia be?

Dr Arthur—As I have already indicated, I do not have a projection on that. I would comment that it is not clear how the European countries intend to take practical steps themselves to reach that point. For example, R&D intensity for the OECD as a whole is about 2.25 per cent of GDP and it has remained stable at that level for about the last 15 years. To give an idea of the magnitude of the issues we are talking about, to reach the European Union target across the OECD would require expenditure increases of around 50 per cent of current levels or around $US100 billion.

Senator CARR—That is an ambitious target, but Northern Europe has already reached that target.

Dr Arthur—I do not have those particular figures in front of me.

Senator CARR—For instance, the Scandinavian countries are in excess of three per cent.

Dr Arthur—It is certainly true that there are countries that have very high GERD ratios.

Senator CARR—Yes, that are in excess of three per cent. Clearly there would be regional differences within the OECD; the question is whether Australia wants to be part of the bottom feeders. At 1.53 we are way behind the OECD average of 2.25.

Dr Arthur—I think the object of the exercise in terms of overall government policy is to have a rapidly growing GDP. In any calculations that work out percentages of government expenditure, or indeed any other form of outlay over GDP, there are various ways in which that potential calculation is effected, obviously via the grosses and an upgrowth in the numerator or the denominator. Clearly Australia has been successful in recent years in having a rapidly growing GDP. In spite of significant increases in government funds, that has inevitably placed pressure, if you want to call it that, on the percentage of research and development expenditure within GDP. I do not necessarily think anyone would agree that that is a bad thing.

Senator CARR—I see the logic of the point you have just made and I ask: if in the current year Australia were to move its GERD figure of 1.53 to the OECD average of 2.25, how much money would have to be spent on R&D in both the public and private sectors?

Dr Arthur—Over which time periods?

Senator CARR—Over one year. If we were to use this year's figure of 1.53 and compare it with the overage OECD figure, what would be the financial difference that Australia would be required to find in terms of its R&D spend?

Dr Arthur—We will take that on notice, but clearly it would be a large number.

Senator CARR—Yes. It would be in excess of $5 billion.

Dr Arthur—It would not surprise me were that to be correct.

Senator CARR—Will you confirm this or otherwise for me that it is in excess of $5 billion? The reason I raised the figure with you, Dr Arthur, is to highlight the dimension of the problem. You said it would not surprise you if the figure were to be in excess of $5 billion.

Dr Arthur—It would not, Senator, but I do not think we have yet established the nature or the existence of a problem. As I said earlier on, the object of the exercise in terms of all government outlays is to pitch those outlays at a level as part of an overall economic policy to produce, among other things, a high GDP growth rate. It does not seem to me that the issues we have been canvassing so far establish that there is a problem. There is certainly a statistical fact, but whether that statistical fact consitututes a problem is not something we have established.

Senator CARR—I am surprised by that answer, Dr Arthur. I am not certain that the attitude that we do not have a problem would be widely shared. Certainly all the businesses I deal with, and even in the labour movement on both sides of the industrial argument in this country, are telling me that we have a problem in terms of our R&D spend. How important do you think R&D spending is to productivity?

Dr Arthur—Our view is that R&D spending does make a positive contribution to overall economic growth.

Senator CARR—What percentage would you say?

Dr Arthur—I am not aware of any conclusive studies that have been able to reduce the very complex issues of the influence of R&D spending on GDP growth to a mathematical result as a percentage.

Senator CARR—Dr Arthur, I recall seeing a recent OECD study that suggested that up to half of growth can be attributed to R&D.

Dr Arthur—There is certainly a range of studies on this issue.

Senator CARR—Would you think that is an unreasonable figure?

Dr Arthur—I myself do not have an opinion on that particular figure. I have not conducted an analysis of that particular study to have an opinion on its validity.

Senator CARR—That is you, Dr Arthur. You are probably the foremost adviser in the department on this matter. Is there an official position at all, Mr Cook, on the question of the importance of R&D to economic growth?

Mr Cook—There have been quite a few studies carried out. Indeed, we asked Professor Steve Dowrick from the ANU last year to review the literature for us, which he has done. That is publicly available.

Senator CARR—Could I have a copy of that? I will be very interested to see that.

Mr Cook—We could certainly give you a copy, Senator. It is also up on our web site.

Senator CARR—I have not noticed that but, if I can get a hard copy, I would appreciate it.

Mr Cook—There has been quite a number of international studies done. They certainly show quite high rates of return to R&D, particularly to private sector R&D, as you would expect, in the order—if my memory is correct—of 40 per cent or more in the private sector. On public sector R&D, it is very much a mixed picture on the studies that have been done, but they still do show a positive correlation to considerable rates of return if you lag the impact by a considerable period which is, again, probably something you would expect because public sector R&D tends to be focused more at the basic end of the continuum, so therefore you would expect it to take longer to show up in rates of return. In terms of the actual correlation between spend on R&D and productivity growth, I think you would probably find that there are differences between business expenditure on R&D and public sector R&D.

Senator CARR—Do you have a figure, from this literature review that has been undertaken, on the contribution of R&D to economic growth?

Mr Cook—I would have to check my memory to give you the conclusion of that study, Senator.

Senator CARR—Could you take that on notice?

Mr Cook—Certainly.

Dr Arthur—Senator, you asked two questions. One is the figure that relates to spend on R&D and growth. That is an entirely different issue from the proportion of spend to GDP. That is a situation where that particular calculation is affected by a wide range of things, including movements in GDP that have nothing to do—

Senator CARR—Of course it is, Dr Arthur. My question went to the level of spend that would be required from both public and private sources in the current year to move us from our current GERD figure of 1.53 per cent to the OECD average of 2.1 per cent.

Dr Arthur—Indeed, and we can provide that figure.

Senator CARR—It is a pretty straightforward proposition, because you could calculate out what we spend to make a figure of 1.53 per cent of GDP, calculate the GDP, calculate 2.1 per cent and, presumably, subtract the two figures.

Dr Arthur—I indicated we will take that on notice, and I foresee no difficulty in making that calculation.

Senator CARR—Thank you. What I was looking for, with regard to the propositions we see before us in the BAA 2 package, is: what is the target figure that you are seeking to achieve in terms of our gross expenditure on research and development in Australia? This is a package which goes not just to the question of public sector but to private sector. You are coordinating this program. Surely you have a target. Surely you have some expectations, some measure, some capacity to evaluate progress. What is it?

Dr Arthur—We certainly have—it is in the table—a target figure, according to the measures which have been approved in this and previous budgets, of Commonwealth government expenditure on research and development across the period of the table.

Senator CARR—And what is the figure as a percentage of GDP?

Dr Arthur—I would need to take that on notice. In any case, there are two calculations one could make: the effects of the measures in the table compared to GDP or the measures plus the ongoing spending in research and development in the Commonwealth on GDP—which is roughly $5.3 billion in the current financial year. Which of those two calculations were you looking for, Senator?

Senator CARR—Thank you. I notice that the chairman of the Group of Eight universities gave a response to the government’s announcements. He said:

> If we don’t care that we fall behind—

and he is talking here about the slippage between our performance in this country and OECD averages—

> then let our policy-makers say so—and come up with alternative approaches to generating future wealth that have so far clearly not been discovered by any of our so-called competitor nations.

Is it the intention of Backing Australia's Ability to produce a situation where we continue to slip behind the OECD with regard to research and development?

Dr Harmer—No.

Dr Arthur—And the package does not have an effect.

Senator CARR—How do we know that is not going to happen?

Dr Arthur—The package maintains the position that Commonwealth expenditure on research and developments on any recent protection will remain ahead of the OECD average.

Senator CARR—That is public expenditure?

Dr Arthur—That is correct.

Senator CARR—My question went to our gross expenditure. Where do I find, in this package, any commitment to maintaining our international competitive position?

Dr Arthur—This package contains statements of Commonwealth government measures in the broad area of research and development. It contains considerable detail, indeed, unprecedented forward commitments of government expenditure in that area.

Dr Harmer—You are getting close to asking us to comment on adequacy or otherwise of government policy decisions and I do not believe that is appropriate.

Senator CARR—Fair enough. I am going to ask you some general questions that go to the administration of the National Competitive Grants Program. I understand you have overall responsibilities for them, so I trust you will be able to assist me—we will try it out and see what happens. The RIBG scheme is said to be maintained at a level of 20 cents in the dollar under the National Competitive Grants Scheme.

Dr Arthur—That is correct.

Senator CARR—Can I see a table that shows me the components of the National Competitive Grants Scheme—the total amount for 2003 and the out years through to 2006-07?

Dr Arthur—Yes, it is in the table.

Senator CARR—Show me that.

Dr Arthur—At the bottom of the table we have a line for ARC National Competitive Grants Program—the non-coloured line, if you like—which, for completeness, has put together the measures in BAA 1 and BAA 2 with the underlying base funding for the ARC National Competitive Grants Program and it provides the figure—

Senator CARR—We are talking about this table?

Dr Arthur—Yes, I am talking about that figure.

Dr Harmer—It is at the very bottom. It is under the final orange horizontal line.

Senator CARR—The total funding for the ARC and CRC. Is that the one?

Dr Arthur—Yes. That line is a combination of the measures in BAA 1 and BAA 2 which increased the base funding, so that line is the National Competitive Grants Scheme funding across the period.

Senator CARR—I see. If I add those figures up—

Dr Arthur—They are already added up in the right hand column for you.

Senator CARR—Is it the case that, if we take 2003-04 as the base year, they increase every year?

Dr Arthur—They increase until 2005-06 in accordance with the increase in BAA 1, and then in accordance with what the government has said the level of funding at the BAA 1 peak is maintained across the period. The dollar figures you see there are essentially the upturning of the prices across the period, which is exactly what the government said it had done.

Senator CARR—The total figures I see on the line above the total funding line suggest to me a reduction. Is that true or not?

Dr Arthur—I am not sure where you are looking.

Senator CARR—The bottom line, the big orange line with the word 'Total' on the left-hand side, which has $1.367 billion—

Dr Arthur—True.

Senator CARR—and then $1.47 billion, $1.27 billion, $1.64 billion, $1.28 billion. They are all reductions below the peak year of 2005-6. Is that true?

Dr Arthur—It is certainly true on its face. The table states that, under the measures contained in Backing Australia's Ability 1 and 2 across that period, the year on year expenditures change from $1,076.6 million in 2005-06 to $1,028.3 million. There are a number of components of this table, to say the least, and the government has made commitments within certain major elements that the funding would be maintained at BAA peak levels. There are particular programs, which have different funding profiles—we discussed in detail yesterday with the CRC the issue of its lumpy funding profile—and those funding profiles, when added all together, produce those totals.

Senator CARR—What I see is not a lumpy funding profile but a decline.

Dr Arthur—The figures, as I think Mr Manns indicated to you yesterday, are very straightforward and clear.

Senator CARR—I see that in 2005-06—that is, the peak year—a decline for the next year and off that base year of $76 million, a decline the second year and off that base year again a decline in the third year and off the base year a decline in the fourth and fifth years. That seems to me to be hardly lumpy but a continued decline.

Dr Arthur—Within the very large amounts that we are talking about, the amounts do indeed go down in the last two numbers across those billion dollar figures.

Senator CARR—I thought I had misunderstood something. It always struck me that $1.76 billion was more than $1.3 billion.

Dr Arthur—I think the position is that funding is maintained in broad levels at $1 billion a year—a not inconsiderable sum—is a fair statement of what the table shows.

Senator CARR—When I calculate them in constant prices, what I see is that off the base year of 2005-06 it declines to $955 million, $973 million, $931 million, $942 million and $888 million. So there is a substantial decline in constant prices over that five-year period.

Dr Arthur—As I have said, I have no basis on which to comment on the accuracy or otherwise of your information.

Senator CARR—We will go back to where we started. I see in out turn prices is a decline of 6.5 per cent, 2.2 per cent, 3.3 per cent, 1.2 per cent and 3.8 per cent, a cumulative decline of $211 million.

Dr Arthur—As I said, I am in no position to comment on the accuracy of that statement.

Senator CARR—In out-turn prices on the basis of the tables themselves, which I have in front of me, I say that the figures decline. From 2005-06 to 2006-07 there is a 6.5 per cent drop of $72.9 million; in 2007-08, a further decline of 2.8 per cent, a $29 million drop; a 3.9 per cent decline in the next year of $49 million. In 2009-2010, a 1.2 per cent drop, which is $12 million, and across 2010-2011 there is a 3.8 per cent drop, $48 million—and the aggregate there is $211 million less money.

Dr Arthur—I have never been an expert in mental arithmetic, but I have no reason to contest the accuracy of your calculations.

Senator CARR—The 20 cents in the dollar for that RIBG funding is right, isn't it? We have confirmed that, haven't we? You have done today?

Dr Arthur—That is correct. The table does contain a complete figure for ARC. It does not contain the complete figure for RIBG. It does not contain the base.

Senator CARR—It is 20 cents in the dollar?

Dr Arthur—Yes.

Senator CARR—Can you tell me what it would have cost to take it to 40 cents in the dollar?

Dr Arthur—We can certainly provide that.

Senator CARR—Have a look at the national collaborative research infrastructure strategy. What does the funding for that program involve?

Dr Arthur—It involves some $540 million over the period.

Senator CARR—What is the purpose of the funding?

Dr Arthur—To provide support for infrastructure in Australia's universities and publicly funded research agencies within the DEST portfolio.

Senator CARR—How will it be divided?

Dr Arthur—The mechanism by which the money will be expended will be guided by the recommendations of the national research infrastructure task force, chaired by Dr Mike Sargent, whose report has been published on the DEST web site. The government's response to that report has been published on the DEST web site. The report contains a number of detailed recommendations for developing a strategy for expenditure on research infrastructure.

Senator CARR—A more coordinated strategy?

Dr Arthur—The government has indicated that that report will be the major document guiding the implementation of this program.

Dr Harmer—We are in the early stages of the process of developing that strategy. It has not been developed yet.

Dr Arthur—The major funding for that strategy kicks off in 2006-07.

Senator CARR—What percentage of the funding will go directly to research infrastructure? Do you have any idea of that?

Dr Arthur—At this stage I would not have any idea. It will be the majority, obviously, but in terms of percentages it is impossible to say at this stage.

Senator CARR—That is over and above the money for the RIBG program?

Dr Arthur—Indeed, as existing programs. The systemic infrastructure initiative and major national research facilities are both in addition to the RIBG funding.

Senator CARR—There was some talk of creating a new body with an overarching role in relation to the ARC and the NHMRC. What has happened to that?

Dr Arthur—The government responses to the three reports, which guided much of our thinking in the lead-up to the package, make clear that the government has decided not to adopt that recommendation of the infrastructure task force and the review of closer collaborations between universities and the publicly funded research agencies, chaired by Mr McGeckie.

Senator CARR—How will there be higher levels of cooperation between the NHMRC and the ARC?

Dr Arthur—The government has taken the view that existing structures will be adequate to deal with the need for coordination, and it is particularly looking at the role that PMSEC could play in this regard.

Senator CARR—What has PMSEC got to do with the allocation of grants?

Dr Arthur—I spoke in terms of coordination. I do not know that there is any proposition to deal with the allocation of grants.

Dr Harmer—The decision not to proceed with the overarching body has had the government thinking about what mechanisms there are available. One is PMSEC, but there are other committees of cabinet which look at expenditure that may be used. I am not able to mention those specific committees.

Senator CARR—You are not seriously suggesting that a committee of cabinet would distribute grants funding, are you?

Dr Harmer—No, but in using mechanisms to consider priorities I think there is a committee of cabinet which has the membership that could input into priorities across those areas.

Senator CARR—Surely a committee of cabinet is not able to determine how you would allocate specific grants to researchers?

Mr Cook—I think we are making the distinction between mechanisms in play to develop a strategy and the priorities that that strategy should focus on as opposed to the day-to-day administration of the program. The strategy that will be developed will provide guidelines for the way in which this program should be administered. We will do that in consultation with the key stakeholders in the business, including the universities and the public sector research agencies.

Dr Arthur—I will give you an example of how that can work. In the existing program of systemic infrastructure initiative, there are already in existence committees in two areas which contain a number of expert bodies, including in both cases the ARC and CSIRO. That provides a strategic framework, in one case for communications bandwidth—to use a technical term—and in the other case for information infrastructure and coordinated advice on those issues. However, in formal terms the decision-making authority is the minister and the minister on the advice of, in this case, DEST, makes decisions but does so having had the benefit of expert advice from a coordinating group.

Senator CARR—The job of the cabinet, I would have thought, was to set priorities and the policy framework; it was not to allocate moneys.

Dr Arthur—I do not think anything we have said is in conflict with that in any way.

Senator CARR—I am pleased to hear it. Who is responsible for managing the national biotechnology strategy? I understand it is a joint project but how will that fit with this general strategy?

Dr Arthur—The answer to the first question is that I understand overall it is the Department of Industry, Tourism and Resources, which in formal terms is the lead agency for the biotechnology strategy. In more general terms, one needs to make a distinction between providing coordination on the issue of infrastructure and a whole range of initiatives which may be providing coordination and insight on particular subject matter areas. It is always the case that particular discipline groupings will have views about what their research priorities are. For example, at the moment there is activity within the astronomy sector to provide a clearer view of some paths forward on that particular subject matter area. One of the challenges you face is to get good linkages between people who are in one context trying to work out what are particular priorities for subject matter research and the structures which will ensure that overall you have an effective infrastructure base which will allow those various initiatives to go forward effectively.

Senator CARR—Will you be maintaining your own evaluation of programs within the department?

Dr Harmer—Yes.

Senator CARR—The research evaluation role?

Dr Harmer—Yes.

Senator CARR—A research division?

Dr Harmer—Yes.

Senator CARR—It will take independent research; it will not just be used as a consulting—

Dr Harmer—I have no plans to change the structure or the priority of allocation of resources within the department. As I said before, I am quite a strong supporter of maintaining capacity in a policy department like Department of Education, Science and Training to do research in house.

Senator CARR—I think it is critical. You have said here that for the strategic infrastructure initiative for 2003 'only partial information on the partners associated projects' is available now. Is that still the case?

Dr Arthur—I am not sure which document you are referring to.

Senator CARR—It is E892/04, the answer under item (b).

Dr Arthur—The statement that we have 'only partial information on the partners associated' certainly continues to be true. Perhaps I can give an example of the complexity of that. If I can go to the second page to the third item down, the ISI Web of Science where the receiving institution is described as the University of Sydney with a grant of $3,500,000. The ISI Web of Science is a database providing citation references to a mass, if I can use an untechnical term, of journals particularly in the science area, that particular funding made available that resource to a large number of Australian universities and other institutions. I do not have in front of me all of the institutions that have benefited from that. A number of these projects similarly benefit a whole range of players within the sector.

Senator CARR—I take it that it is still the case that the current guidelines for the program that the department will not be seeking to maintain confidentiality of the financial assistance provided by the department?

Dr Arthur—I am not sure I understand the question.

Senator CARR—It is with respect to E862.

Dr Arthur—I do not have E862 in my folder.

Senator CARR—I am just making a general point. In the past it has been claimed that people in the department entered agreements and cannot provide information to the parliament. That is no longer the case, is it?

Dr Arthur—I cannot answer such a general question.

Senator CARR—You can for this program, can't you?

Dr Arthur—Dr Harmer will answer this question if I get it wrong. The department always provides answers in accordance with the appropriate rules.

Dr Harmer—Indeed. I think we have demonstrated our preparedness to be helpful to this and other committees.

Senator CARR—I must commend you. There has been a considerable change in outlook after the previous secretary—since your time in the job, Dr Harmer.

Mr Cook—We have also amended our procedures somewhat to indicate to people receiving grants and so forth that information may need to be provided to the parliament.

Senator CARR—It is a requirement. I would have thought it would be extremely difficult to do anything else.

Dr Arthur—Obviously there will always be particular issues. For example, I recall a time you asked me a question about telecommunications bandwidth. At the time you asked the question there was a commercial negotiation with a price issue. Those situations arise.

Senator CARR—I have always maintained that it was a legitimate issue of commercial-in-confidence. There are occasions. We acknowledge the resolution of continuing effect under the standing orders. Where that occurs, we expect the relevant minister to make a statement to that effect and to give reasons, as you have just done on the bandwidth negotiations. That struck me as a perfectly reasonable proposition to advance. My concern has always been that that has been overextended to the point where it is used to prevent proper disclosure. I am pleased to see that it is quite clearly stated that this program cannot be used in that way. I think it is a significant advantage. I will turn to the issue of the indexation arrangements for the various programs under Backing Australia’s Ability. Can you advise me why some programs are allocated indexation support at one level and not others? Who makes that decision as to which program will attract which level of indexation.

Dr Arthur—In the end it is a government decision. As part of the budget process, each program has established an indexation arrangement. Ultimately it is the Department of Finance and Administration that makes the rule on that.

Dr Harmer—I suspect it is the department of finance in conjunction with the Treasury department.

Senator CARR—I know that is who determines the indexation rates, but I am interested in why some programs are not indexed at all. For instance, the education textbook subsidy scheme is not indexed at all.

Dr Arthur—I am not familiar with that program. I cannot make any comment.

Senator CARR—Postgraduate awards in higher education are indexed at the CAF rate. Grants in aid are at the CAF rate. Research training schemes are at the CAF rate. Innovation access program, on the other hand, is at WCI 6. Overseas trained professionals are at WCI 1. The department’s funding, on the other hand, is at WCI 3. What is the process by which one program is allocated a particular indexation rate and not another? Who makes that decision?

Dr Arthur—I am able to give the background on the indexation rates of some of the programs I am familiar with. I am not in a position to make any comment on such a general question as you have asked.

Mr Cook—My understanding of the general proposition is that when new NPPs are proposed by departments, part of that process involves going through a costing process with the department of finance. That involves a negotiation around things such as the indexation that should apply—what the appropriate index should be. That is the way in which these things are derived. The department of finance negotiation takes into account the nature of the program, its capital or labour intensity and so forth and comes up with an appropriate indexation mechanism.

Dr Harmer—They would recommend that the department of finance, following those negotiations, recommend an appropriate index to the government.

Senator CARR—So you think the particular emphasis is on the quantum of labour.

Mr Cook—That is my broad understanding. Many of those index rates are historical now in terms of when the programs were originally endorsed by government.

Dr Arthur—For example, you mentioned the research training scheme, which is indexed at the same rate as higher education student payments. Since that provides resources to universities to train research students, which is a similar activity to educating undergraduates, it is quite reasonably indexed at the same rate.

Senator CARR—But the schools rate, which is at 7.3 or 7.2—whatever the average is between primary and secondary—seems to be out of kilter with every other indexation rate that you have within the department.

Dr Arthur—Mr Cook mentioned history. From my previous experience in the schools group that is a particular indexation factor which in DEET has a long history.

Senator CARR—So in essence it is a political decision.

Dr Arthur—I could not make a comment on that.

Dr Harmer—It is a very valuable index if you are interested in funding schools.

Senator CARR—Absolutely, and if you are a recipient.

Proceedings suspended from 12.19 p.m. to 1.33 p.m.

Senator CARR—Dr Arthur, is there any chance of getting those basic calculations I called for this morning by this afternoon?

Dr Arthur—Is that the calculation of what it would take in one year to move from the current percentage level to the target that you mentioned?

Senator CARR—Yes, the OECD average.

Dr Arthur—Yes, that is a relatively easy calculation. I think we will be able to do that.

Senator CARR—Thank you. That concludes my questions.

Dr Arthur—Earlier in the hearing with AIMS you asked some questions about bandwidth. I am happy to provide you with some detail, if that would be of use to you.

Senator CARR—Thank you.

Dr Arthur—You asked about the extent to which Australian communications, particularly in relation to James Cook University but then more generally, would be below world's best practice following the investment of significant funds currently being provided by government. The answer to that question is that they would not be in any way behind world's best practice. The network that is currently being rolled out is world's best practice. When that network is in place, which in almost all centres will be from later this year, Australia will have a network which, in pure capacity terms, will be undoubtedly in the top five in the world. In terms of the relationship between the capacity and the size of the research sector, it could be argued to be at the top of networks in the world. For example, the connection that will exist when AARNET finishes deploying its trans-Pacific capacity will mean Australia will have, in pure capacity terms, more connections to the US than Japan has.

Senator CARR—And the connections to Europe?

Dr Arthur—The connections to Europe are on a peered basis—that is to say, between research traffic at a shared cost basis with the American Abilene network and the Canadian CA*net 4 network, we have exactly the same connections to Europe on a peered basis as the Canadian and American research networks.

Senator CARR—So you do not think there is any need for there to be further connections through Singapore?

Dr Arthur—Certainly there would be advantages in there being connections through Singapore. AARNet and the university sector more generally are actively exploring the options for connections through there. The European Community is exploring connections through to Singapore via India, and Australia is actively involved in those discussions. There is a particular technical issue of access from Western Australia to Singapore in that the current cable that exists between Singapore and Australia is an older generation cable and there are limitations on the extent to which it can provide a really high-speed connection. AARNet at the moment does have capacity on that cable and a deal of traffic does go by that route. However, as I say, there are technical limitations on that cable—I think it is called SEA-ME-WEA 4.

I am aware that SingTel Optus have for some time now been considering whether it would make an investment in a new cable. Obviously, that is a matter which will be determined by them. Were it to be the case that the telecommunications industry provided an enhanced physical connection between Australia and Singapore then obviously the higher education community would be in a position to approach the government as to whether it would be advantageous.

Senator CARR—What is the current status? How far below world's best practice is the connection to Singapore at the moment?

Dr Arthur—I would need to have information on the speed at which other comparable countries connect to Singapore and I do not have that information in front of me. In terms of the speed of connection for the services that currently need that connection, again, I would need to look at that in detail. The point I would make, however, is that in terms of Australia's connections generally to the world and to Asia—and in this case via the United States or via Hawaii—we are in a position of having extremely capable connections.

Senator CARR—But our connections are essentially routed through the United States, aren't they?

Dr Arthur—At the moment, that is true. That is a function of the overall telecommunications infrastructure in place.

Senator CARR—If we measure our capacity through the United States it is world's best practice but through the rest of the world outside of that connection it is somewhat more limited.

Dr Arthur—That is true but it is not an unusual circumstance to be in, given the position of the United States in terms of world telecommunications.

Senator CARR—That was my point. Let us call it a day and thank you very much. I look forward to your answers this afternoon.

[1.40 p.m.]

CHAIR—We move to questions relevant to the Higher Education Group.

Senator CARR—When did your division—is it still called a division?

Dr Harmer—It is a group.

Senator CARR—You have changed the terminology, have you? A division is still a group by another name?

Dr Harmer—In a number of organisations what used to be called divisions are called groups. They happen to be called groups in DEST. I have not changed that.

Senator CARR—That was one of Shergold's innovations, wasn't it?

Dr Harmer—I do not know if it was Peter Shergold or before.

Senator CARR—There is no reason for that other than that it is the latest fad?

Dr Harmer—I do not know the reason.

Senator CARR—To all intents and purposes, we are talking about the same thing, aren't we?

Dr Harmer—It is a physical structure above a branch level. They are called groups in some departments and divisions in some departments.

Senator CARR—In terms of your group, the Higher Education Group, was there a proposition ever put to the minister by way of draft advice?

Mr Burmester—I am not sure what you are talking about. You raised this earlier the other day. Not knowing the specifics of what you are talking about, I do not really know how to answer other than to say that briefing ministers is often an iterative affair in that you would provide some advice and, given the minister's consideration of that advice, you may need to provide supplementary additional material.

Senator CARR—I can understand that it would be a separate piece of advice, but you would never present draft advice for correction and vetting, would you?

Mr Burmester—No.

Dr Harmer—I can answer that. Mr Burmester would not do that, because it would not be acceptable to me to provide draft advice.

Senator CARR—When it came to the issue of the distribution of university places, that did not happen?

Mr Burmester—Are you talking about the current rounds?

Senator CARR—Let us take the last two rounds. Let us make sure we get the right ones. Has that happened in the last two rounds?

Mr Burmester—We have currently got a round on at the moment to distribute the 9,100 places that were announced as part of BAF. The minister has not yet been provided with advice on that. He will be very soon. We have finished our processing of the bids and we are preparing advice on that matter. With regard to the last one, I am not sure. The last one would have been the regional nursing places that commenced this year, 2004. In that case—or speaking generally—we would provide advice to the minister. Having considered that advice, he may determine a particular course of action—consider it, accept it, change it, alter it, accept in part some of our advice and not accept other bits.

Senator CARR—That is perfectly reasonable. What I would like to know is whether a piece of paper went across to the minister's office which was then subsequently corrected by you by way of advice.

Mr Burmester—Not that I can recall. Certainly with regard to places I have no recollection of that. As I said, there are various stages in getting a decision and approval from a minister. Of course, there would be instances where there had been a number of briefs on the same matter to resolve the matter—adding new information, further information, seeking approval rather than consideration. As I said, it is an iterative process.

Senator CARR—So you are telling me that it did not happen?

Mr Burmester—With regard to places, I have no recollection of a draft brief going anywhere. There would have been formal advice signed off by me to the minister.

Senator CARR—If it did not happen it did not happen. In the last round, I asked some questions regarding a range of subjects. Can I draw your attention to E898 and E460?

Mr Burmester—I do not have 460 with me, but I know that 898 refers to it.

Senator CARR—It is the same topic. On this occasion I sought some information regarding postgraduate qualifications in order to enter a profession, and you informed me that the department does not collect information of that type. As a result of discussion, the request was modified so that we could have information on areas such as psychiatry, physiotherapy and teaching. Those three areas were not answered either. I am just wondering why that was.

Dr Nicoll—We do not collect information per se about professional associations in the country. The issue of postgraduate qualifications and their relationships to professional registration is an issue for the universities themselves and for the course accreditation processes that universities run internally.

Senator CARR—So you have no capacity to collect that information?

Dr Nicoll—That is not something that we would consider at the moment, no.

Mr Burmester—Might I add something to that? In the postgraduate area, as you know, there are a very limited number of funded places. It is really an area for the universities to determine and to respond to the professional associations themselves—to arrange courses and establish courses to meet the professional needs of the work force.

Senator CARR—However, some programs do have a list of prerequisites for postgraduate qualifications and for initial professional registration, don't they?

Dr Nicoll—Indeed they do.

Senator CARR—So why do you not have information about those?

Dr Nicoll—I am not quite sure how it would relate to the purpose of the funds that we are responsible for in relation to the universities. As Mr Burmester indicated, the primary areas of postgraduate coursework programs, which is the sort of thing that these would relate to, are matters that the universities operate. We expect them, as autonomous institutions, to run those issues in terms of the course accreditation programs that they run and processes that they run internally.

Senator CARR—How do you know where postgraduate qualifications are going to be required? What sort of planning mechanism do you have in place to be able to determine what the level of demand is likely to be in particular disciplines?

Mr Burmester—I think we are at cross-purposes to some extent. Since 1996, the postgraduate area has been largely deregulated, with very few supported places remaining at the postgraduate level apart from the initial qualifications for teaching and nursing, which were quarantined in the 1996 changes. Since that time, it has been between the professions and the universities to establish arrangements for entry to the profession and the appropriate training to be provided. The Commonwealth is not allocating funds with regard to those professional postgraduate qualifications, so there is nothing for us to plan. It may be of some interest to do and it may be worth doing some research on that matter, but at this stage it is not the basis of funding decisions of government.

Senator CARR—So how do you allocate your places for the RTS?

Mr Burmester—The RTS is research based training rather than professional qualifications, which is largely course based.

Senator CARR—They are not unrelated, are they?

Mr Burmester—They are not unrelated, but the essence of the previous question was about professional qualifications which, in large part, are through postgraduate coursework. RTS is distributed, as you know, through the formulas based on performance of the institution as a whole, based on their research.

Senator CARR—E915-04 went to the issue of the triennial report and the extra HECS debt as a result of the Higher Education Act. Have you included in that table the changes in the HECS debt arrangements as a result of the package of the bill last year? How will the interim report be affected?

Mr Burmester—I have actually got a printed copy that I am prepared to hand over on this occasion.

Senator CARR—Thank you. That is very nice. They are as rare as hen's teeth, are they?

Mr Burmester—I am advised—because I checked this before I came over—that there is a box of these somewhere in this building, probably on a loading dock, waiting for distribution to senators, and I thought—

Senator CARR—I would be delighted for your assistance. Thank you very much.

Mr Burmester—you might appreciate that particular copy.

Senator CARR—That is right. It is a particular privilege!

Mr Burmester—But, before I hand it over, I had better answer the question, I suppose.

Senator CARR—You are very helpful.

Mr Burmester—The basis of this report was that it reflected the decisions and appropriations of government at the end of the year, at the beginning of the period. The interim version did not include all the decisions that the government made prior to and during the passage of the legislation, so the print copy has been updated for those variations. In it, as in previous years, there is information on the doubtful debt provision, which we would have got from the actuary—as we always do—and it is included in here. I do not know whether it is exactly the same as what was on the web version—the preliminary version—of this or whether we have updated it, because I do not know whether we have received a subsequent report from the actuary.

Senator CARR—I will have to have a look at that. Are you aware of much of a discrepancy between the two reports?

Mr Burmester—There certainly is some updating of material to reflect the final decisions and the content of the act as it was eventually passed. What we have done in the print version is include boxes in a shade of pink to reflect the changes that we have made to this document compared to the interim version, so you should be able to find that. Flipping through it here, I cannot quickly identify the doubtful debt part of the report, but it will be in there.

To add to that answer, the figure of doubtful debt needs to be carefully understood. The provision that we have is for budgetary purposes, and we report that for budgetary purposes. However, it does reflect a number of effects. First of all, it is a measure of the actuary's estimate of the amount of debt that is unlikely to be repaid over the lifetime of the people who have that debt, but it is expressed as a proportion of the remaining outstanding debt, not of all debt ever written. For example, we have already had over $4 billion of HECS debt repaid, which has come out of the denominator, if you like, of that calculation. This has what the actuary calls a 'debt-creep effect' on that percentage. So the percentage tends to rise even though the propensity of repayment has in fact not changed. On average the propensity to repay the debt is about 85 per cent but, because you are dividing doubtful debt—the remaining 15 per cent—by a denominator that only includes unpaid debt, you get a bigger proportion that we use for financial purposes.

Senator CARR—Have the University of the Sunshine Coast, the University of Notre Dame and Macquarie University had their second round workplace relations program applications approved?

Mr Burmester—No. I think there are still three outstanding that have not had final approval, although I think at least one of them is close to final approval, in that our administrative processes have been completed and it is on its way to the minister.

Senator CARR—Which one is that?

Mr Burmester—I think that is the Sunshine Coast. With the other two the administrative arrangements are pretty to close to finalisation as well, as I understand it.

Senator CARR—Within the month, do you think?

Mr Burmester—I do not know exactly. As I understand it, they have gone through the three processes that are required—our assessment, DEWR's assessment and the probity advisers assessment—and it is just a matter of finalising the matter to be submitted to government.

Senator CARR—Can you provide me with a state by state breakdown of HECS debts? Can you do it on a state by state basis?

Mr Burmester—I think there are statistics that reflect the address of the current debt holder from the tax record. Whether we have that or whether we would have to seek it from the tax office I do not know. We do not have, as far as I know, a regularly produced statistic, but I think the data is there to be examined and we could produce a table.

Senator CARR—I will ask a few questions in regard to the distribution of the HECS debt on a national basis. Equally, you will be able to help me with regard to a state breakdown of overenrolments?

Dr Nicoll—We can certainly do that.

Senator CARR—I will put some questions on notice in regard to those state breakdowns, or do you have them with you now?

Dr Nicoll—I do have them here. I can tell you what they are. The percentage overenrolled in New South Wales in 2003 was 10.7 per cent. In Victoria it was 5.05 per cent; Queensland, 5.48 per cent; Western Australia, 6.69 per cent; South Australia, 6.71 per cent; Tasmania, two per cent; Northern Territory, 4.42 per cent; ACT, 4.24 per cent; and ACU, 6.99 per cent. As a sector average that was an overenrolment of 7.06 for the 2003 data.

Senator CARR—Thank you. Do you have a similar figure by EFTSU?

Dr Nicoll—I do. I will read those out to you. In New South Wales, it was 12,762; Victoria, 4,986; Queensland, 4,284; Western Australia, 2,608; South Australia, 2,008; Tasmania, 183; Northern Territory, 136; ACT, 478; ACU, 447—a total of 27,892 EFTSU for the 2003 data.

Senator CARR—What is the total student enrolment this year?

Dr Nicoll—That would be 2004. We do not know at this stage.

Senator CARR—What is it seven per cent of?

Dr Nicoll—That will be on the 2003 projections and I do not have those off the top of my head. I can certainly get the information for you.

Senator CARR—In question on notice E798, I asked what number of new enrolments would 'result from changed government policy'. You indicated to me that the number was 9,100 fully funded commencing places, which would replace existing overenrolments. To what extent are these new, fully funded places? Are they not the result of an increase in the number of Australians commencing in a course because the places have already been filled each year? Have they in fact met the increases?

Dr Nicoll—There are 9,100 new commencers, and that is only out of the allocation of the 25,000 places. There will actually be more than that in each year because of the other initiatives that the government has announced in relation to places. In 2005 there will be 10,620 new commencers in the fully Commonwealth supported places. If your question is in relation to the difference between the overenrolment and the impact of the new places then, based on the 2003 data, there needs to be a phase-out of approximately 7,700 places in the sector by 2008—for those places which are over five per cent of total external enrolment for each institution. But there is a net increase by 2008, and I am not sure whether this figure takes into account the new nursing places. I think it does but I could be corrected on that. The net impact in the sector by 2008, taking out the overenrolment of five per cent, is an increase of 25,900 EFTSU.

Senator CARR—Let us just go through that. Did you say 28,000?

Dr Nicoll—The net gain across the sector is 25,900 EFTSU by 2008.

Senator CARR—What is it next year? How many more Australians will be able to start university next year?

Dr Nicoll—I might not have that total figure here because of the impact of the aged care places. I will take that on notice and provide you with that information.

Senator CARR—Thank you. Is it possible to get that this afternoon? That should be pretty straightforward.

Dr Nicoll—Yes, I can do that.

Senator CARR—I would like to know the number of new places—that is, new people in the system, not double counting them; I mean new opportunities for people to go to university—for every year up until 2008.

Dr Nicoll—Certainly. We will get that to you shortly.

Senator CARR—Is that figure assuming an overenrolment of five per cent?

Dr Nicoll—That assumes that there is a capacity in each institution to overenrol to five per cent, but the data itself will be based on what we have from 2003. This does not take into account whatever position the universities may have taken this year in the management of their overenrolment. All we can go on are the data that we have that are verified through the uni stats area and that the universities have provided us. The most recent data is from 2003.

Senator CARR—The figure you have on overenrolments that you gave me before, an average figure of seven per cent—

Dr Nicoll—Yes.

Senator CARR—Have you got that by institution?

Dr Nicoll—Yes, I have.

Senator CARR—Can I have that? Are you able to give me a table? I do not want to try and write out 40 names. Do you have a table you can give me?

Dr Nicoll—I can give you that.

Senator CARR—Could I ask that that be tabled?

Dr Nicoll—I have that for 2003. The data provides the actual enrolments, the overenrolment and the percentage.

Senator CARR—Thank you. That would be very helpful.

Mr Burmester—I have been advised that in fact two applications for the Workplace Reform Program have been sent to the minister. That leaves Macquarie still to finish the process.

Senator CARR—Thank you. There are a number of other technical data questions that I will put on notice, which I trust you will be able to assist me with. Why wasn't the Institutional Grants Scheme included in the BAA 2 package?

Dr Nicoll—You would have to direct that question to Dr Arthur. The Institutional Grants Scheme and RTS are managed within the research division and no longer by the higher education division.

Senator CARR—There is no-one here who can tell me why?

Mr Burmester—Basically, there was no decision by government to increase IGS. There is no reference to it, because there was no decision made to increase it beyond its current allocation.

Senator CARR—What is the situation with regard to PELS and the undergraduate university places? Are they not included as well?

Mr Burmester—No. I am not sure about PELS. PELS has been established in legislation and the requirements of it would have been reflected in the base ongoing funding, so it would not have got any mention. It is certainly part of the framework of higher education until next year when it is replaced, as you know, by FEE-HELP. The places that were originally announced in BAA were announced initially for the four years of BAA. In this process government have confirmed that they are now in the base of the number of funded places available to the higher education sector and so the measures reflected with regard to that in the BAA 2 package just confirm that they are now back in the base and that it is no longer a terminating program. There is no change to the other parts of Backing Australia's Future as a consequence of that. They were treated as two separate things. For Backing Australia's Future purposes, it was always assumed they were continuing places and the government have confirmed that they are continuing places.

Senator CARR—The IGS program is a research based program. Where does that fit in the new scheme of things?

Mr Burmester—It just continues with the current level of funding and current supplementation arrangements. There is no change to it as a result of BAA 2.

Senator CARR—Who is administering that now?

Mr Burmester—Dr Arthur.

Senator CARR—You cannot answer questions on the IGS?

Mr Burmester—Not really—only the general questions.

Senator CARR—The five per cent cap on increases under the IGS is still being maintained, isn't it?

Mr Burmester—That is too specific for me, so I cannot answer that.

Dr Harmer—If you have some fairly straightforward, factual questions, it is possible we could get you answers to them.

Senator CARR—They are written questions.

Dr Harmer—We can see whether we can get them to you.

Senator CARR—They are to do with Deakin University's loss of funds under the arrangement. Would it be possible to answer those now?

Dr Harmer—I am not sure.

Senator CARR—Otherwise they will go on notice. I accept that. If that is the case, then we have made some miscalculations and there may well be some other questions. We will see how we go. Has the department undertaken any analysis or know of any analysis into the trends of Australian research degree enrolments over the past two decades? Has any historical work been done with regard to that?

Dr Nicoll—I am sure there has been, but I think it would be best to put that on notice for Dr Arthur.

Senator CARR—You have taken me a bit by surprise with this new administrative arrangement. I am interested to know in particular why the masters enrolment levels have fallen from 43 per cent in 1989 to 24 per cent in 2001. Can you help me with that?

Dr Nicoll—No.

Senator CARR—Dr Harmer, if it is possible, an answer tomorrow might be easier.

Dr Harmer—We will do our best.

Senator CARR—Yes, I know. If it cannot be done I will have to wait with the rest of them. Is the James Cook University's systemic infrastructure initiative funding one of yours as well?

Mr Burmester—No.

Senator CARR—What do you do now, if I might be so unkind?

Mr Burmester—It would be easier if I explain what Dr Arthur does. The programs that fund research and systemic infrastructure, and the Backing Australia's Ability package, are basically Dr Arthur's responsibility. I take all the other parts of higher education.

Senator CARR—So you basically now have a divide between research and teaching?

Mr Burmester—Between research and other, yes. As you will understand, last year there was the Backing Australia's Future package, which created a great deal of work in implementation. This year the development and subsequent implementation of the research package meant that the amount of work in the division was sufficient to warrant a division.

Dr Harmer—The responsibility for Mr Burmester was becoming of an unmanageable size. It also provided the opportunity to link some of the science functions that come to the department with the research functions.

Senator CARR—Believe me, it could be very useful. I was just not aware of how extensive the nature of the division was now. Effectively, you are saying that there are different funding models for the teaching functions and research functions of universities, and therefore different administrative arrangements. Is that right?

Mr Burmester—Yes.

Senator CARR—They are quite discrete divisions within the department.

Dr Harmer—Yes.

Senator CARR—So who handles issues such as higher education superannuation, which cuts across both—

Mr Burmester—That largely remains with me.

Senator CARR—Given that universities have two functions, where we have joint administrative arrangements such as for superannuation, do you hold those?

Mr Burmester—Yes, it is only the research programs themselves.

Senator CARR—So the RTS is with Dr Arthur?

Mr Burmester—Yes.

Senator CARR—What about postgraduate courses?

Mr Burmester—Unless it is RTS, the courses are my responsibility.

Senator CARR—Coursework?

Mr Burmester—Yes. It is just the programs we administer for research purposes—IGS, RTS, RIBG and systemic infrastructure.

Senator CARR—That basically means we have an interesting division. I am not unhappy about that; I can see the advantage of it. Is the loans arrangement yours?

Mr Burmester—Yes.

Senator CARR—So you deal with student financing?

Mr Burmester—Yes.

Senator CARR—Undergraduate entrance scores are yours?

Mr Burmester—Yes.

Senator CARR—Is the University of Western Sydney Medical School yours?

Mr Burmester—Yes.

Senator CARR—Let's see if we can deal with that. The budget has allocated a figure of $6 million. Is that right?

Mr Burmester—It is $6 million over three years—$18 million in total. It is on the basis that the New South Wales government and the university itself match that funding, so it is contingent funding.

Senator CARR—Is it $18 million from the state government and another $18 million from the university?

Mr Burmester—That is correct.

Senator CARR—What are the other parts of this arrangement? For instance, what has the New South Wales government said it is going to do?

Mr Burmester—As I understand it, the Premier has made some comment with regard to this. I am not exactly sure what he said but it was not that he would immediately provide the funds. He was saying that that may not necessarily be the case from the point of view of New South Wales. That university funding was a Commonwealth responsibility was his starting position. That is as far as I know of his stated public position.

Dr Nicoll—That is right. The minister wrote to Premier Carr after the budget announcement informing him of the Commonwealth's commitment and the minister is yet to receive a reply from Premier Carr.

Senator CARR—In fact, there is a reply in the *Sydney Morning Herald* where it said that the Premier is quoted as saying that no state government—either Liberal or coalition—has been asked to sign up for a deal like this in more than 30 years.

Dr Nicoll—That is inaccurate, Senator.

Senator CARR—The Premier is wrong, is he?

Dr Nicoll—Indeed. Five years ago there was a commitment by the Queensland government and the Commonwealth. They each provided $10 million towards the establishment of the James Cook University Medical School. In relation to the letter, we have seen things in the press but my minister has not yet received a reply to his letter.

Senator CARR—Wouldn't it be wise to talk to him before you made the announcement?

Senator Vanstone—With respect, that is not a proper question to an officer. It would be up to the government of the day as to how they handle these matters.

Senator CARR—Minister, what can you tell me about the consultation with the New South Wales government prior to the announcement?

Senator Vanstone—I cannot tell you anything about whether there was consultation and to what degree. From a general perspective of ministers, I can assure you that states make announcements that impact on the Commonwealth without telling us and vice versa. That does occasionally happen. More and more you will find both state and federal governments trying to work together but there are occasions when it is appropriate, either because of budgetary commitments or the need to make an announcement in some clear space, that states are not informed. In some cases, it is not their business. I am not referring to this particular matter, but some cases are purely a decision for the Commonwealth. As to what consultation took place, if you want to put that question on notice, I will pass it to the minister with your advice that it might have been better, in your view, to have some sort of discussion before.

Senator CARR—I am sure he would be delighted with my advice! I am interested to know whether an appropriation which has been sought in this budget is continuing.

Mr Burmester—The budget announcement and the description of the measure in the budget documentation are quite clear on that matter.

Senator CARR—What page is that on—page 78?

Mr Burmester—Yes. The last sentence says:

Funding is subject to the University of Western Sydney and the NSW State Government each providing contributions that match the Australian Government funding.

So it is quite explicit in all announcements and statements that the Commonwealth's position is that it is contingent funding. On the expectation that those funds will be matched, they will be appropriated but they will only be spent and allocated once the matching funds have been forthcoming or agreement for those funds have been ratified.

Senator CARR—Do I assume that the amount of $18 million over three years is an additional item to the budget?

Mr Burmester—Yes, it is in the measures table as an increase.

Senator CARR—So it is additional. There will be no reallocations of money?

Mr Burmester—No, it is new money. All measures reported are new money.

Senator CARR—They are not all new money. Some of the measures recorded do not require any money at all. They are reallocations, are they not?

Mr Burmester—In that case, the offsetting saving would be clearly identified in the budget document.

Senator CARR—So there is no offsetting saving.

Mr Burmester—No, Senator.

Senator CARR—Is it the case that this money will be appropriated irrespective of whether the government of New South Wales agrees to contribute $18 million?

Mr Burmester—The money has been included in the appropriation instruments, whether it is in our bill or the budget bill, depending on the purpose, but it has been included in the budget for appropriation. As I said, the minister cannot allocate those funds until he has assurances that there are matching funds from those two sources. That is the cabinet's decision and he will have to implement that. So the money will be appropriated but not necessarily spent unless guarantees of matching funds are forthcoming.

Senator CARR—Where do I find the additional student places in the budget?

Mr Burmester—Which additional student places?

Dr Nicoll—There are none allocated for UWS.

Senator CARR—So what is the money for?

Dr Nicoll—It is for capital development.

Senator CARR—So there is no money for student places.

Dr Nicoll—There is no money for student places.

Senator CARR—How would that be funded?

Mr Burmester—There are additional places already in the forward estimates for 2007 and 2008. Once the school and matching funding has been achieved, and the school has gone through the medical school approval processes through the Australian Medical Council, the government will need to allocate places. But it has not done so at this point because it is some way down the track and there is some opportunity to do that at a future point.

Senator CARR—We will look forward to it with interest. While we cannot talk about the minister's discussion with the New South Wales government, did you prepare any correspondence for the New South Wales government?

Mr Burmester—The correspondence from our minister to the Premier was sent after the budget.

Senator CARR—Was that the first formal correspondence?

Mr Burmester—Certainly the first formal correspondence, yes.

Senator CARR—You can tell me, however, about the discussions between you and the department of health in relation to the development of the proposal, can't you?

Mr Burmester—With regard to the University of Western Sydney?

Senator CARR—Yes, discussions on the proposed medical school at the University of Western Sydney.

Mr Burmester—There were discussions between the relevant departments.

Senator CARR—Was this the only site considered?

Mr Burmester—It was not the only proposition that was before government, but it was the one that was agreed by the government to fund in this budget.

Senator CARR—Where was the other site?

Mr Burmester—Proposals were put to the government and they did not agree to them.

Senator CARR—Another site was proposed at Wollongong, wasn't it?

Mr Burmester—For some time there has been a proposal for Wollongong to have a particular type of medical school.

Senator CARR—But that was not accepted.

Mr Burmester—No, it was not funded in this budget.

Senator CARR—Did the education department support the establishment of a medical school at the University of Western Sydney?

Mr Burmester—That goes to our advice to the minister.

Senator CARR—No, I am talking about your advice to the department of health.

Dr Harmer—I do not think it is appropriate for us to answer that question. It is getting very close to advice to the minister.

Senator CARR—It is not. I am asking about your discussions with the department of health. It was put to me that you did not support it. That would be right, wouldn't it?

Mr Burmester—Senator, I am not going to tell you the advice I gave my minister.

Senator CARR—I was not actually asking you about the advice you gave your minister.

Mr Burmester—It is based around the same matter that you are trying to ask me questions about.

Senator CARR—No. I am asking you about your discussions with the department of health because, presumably, a proposal like this was initiated by the health department, not by you.

Senator Vanstone—Senator Carr, we will take that on notice. I agree with the officers. I think you are asking more than you are entitled to ask of them and that you are asking for their personal opinion.

Senator CARR—I was not asking for a personal opinion.

Senator Vanstone—With respect, if you are asking for what discussions they have had and you are somehow trying to distinguish them from any advice they have given the minister, you must be asking for what discussions they might have had with department of health officers on the basis of their own views either before or after advising the minister. I think that is inappropriate. It goes to the workings of government and advice to government and it is not an appropriate question.

Senator CARR—Was this proposal initiated by the department of education?

Mr Burmester—I think you could say that it was an education portfolio proposal.

Senator CARR—Not by the department?

Mr Burmester—To go beyond saying 'portfolio' I think is going—

Dr Harmer—Thinking about the way in which proposals are put for a budget, which this one was, I do not believe it is appropriate for us to discuss the nature of our development of that and where it came from. I think it is by way of advising the government, considering options et cetera. I think it is speculating in advance of the budget, and I do not think we should do that.

Senator CARR—Was Dr Nelson able to find funds for this project from resources that otherwise would have gone to another university or group of universities?

Mr Burmester—No, the decision of cabinet reflects budget time considerations of priorities for the government. That is what it reflects: the government's priorities. There were no offsetting savings anywhere else in the portfolio, and certainly not within the higher education area.

Senator CARR—Fair enough, but it is a government priority? That is fair enough, isn't it?

Mr Burmester—All budget decisions are government priorities.

Senator CARR—Was the proposal itself requested by the University of Western Sydney?

Mr Burmester—Yes, there was a proposal, as in the case of Wollongong, for the establishment of a medical school.

Senator CARR—When was that advanced?

Mr Burmester—I do not have that detail with me.

Senator CARR—Was it last year? Was it five years ago? Was it recent?

Mr Burmester—It was recent, but I do not know when the proposal came from the university.

Senator CARR—Was it after the decision to withdraw funding from the university last year as part of the higher education package?

Mr Burmester—There was no withdrawal of funds from the University of Western Sydney. They were funded on the same basis as every other university. Relative to their previous position, that meant a reduction in Commonwealth Grants Scheme funds, which were offset through the transition find so that the university is no worse off as a consequence of the changes announced in Backing Australia’s Future.

Senator CARR—This was simply compensation for the marginal seats in the region, wasn’t it?

Dr Harmer—It is not appropriate for us to comment on anything like that. Mr Burmester is giving you the background. It is a budget measure. We are really not able to talk any more about that.

Senator CARR—It strikes me that you have a pretty half-baked measure here. The state government have not been informed. They are not able to put the money in. So it falls over, doesn’t it?

Dr Harmer—We could not agree that it was half-baked measure.

Senator CARR—But it is essentially a political device to try to get the government off the hook because it hopped into the University of Western Sydney in the package last year.

Dr Harmer—We could not agree with that either.

Senator CARR—So where is the money coming from with regard to the University of Western Sydney itself? Was it able to identify where it would find $18 million?

Dr Nicoll—It has indicated to the department that it intends to borrow its contribution.

Senator CARR—I understand that the government of New South Wales has proposed, to the Commonwealth and the university, to convert a TAFE building next to Liverpool Hospital into a new medical and health school. Are you familiar with that proposal?

Dr Nicoll—The University of Western Sydney have identified with us that the New South Wales government has raised—it had not made commitments or promises—possibilities with them. But they had not secured any promise or commitment from the New South Wales government. That discussion I had with the university was at the stage of the University of Western Sydney putting forward a proposal to the minister before there was any announcement about a budget commitment to that.

Senator CARR—Are you intending to assist with the development of a new medical and health school adjacent to the Liverpool Hospital?

Dr Nicoll—The university has not made any decisions as far as we are aware.

Senator CARR—No, I mean the state government.

Dr Nicoll—We do not know what the state government intend to do. They have made no commitment or announcement.

Mr Burmester—In these cases of establishment of a major new capital item, we would normally work with the contributing parties to make sure there was a sound and viable basis to that investment. It is up to the other parties to propose ways in which they can maximise the benefits from our and their contribution.

Senator CARR—In my discussions with universities I have noticed considerable resentment about this matter. There is a view being put that funding was made available because of political considerations, namely pork-barrelling in marginal seats. Can you assure me that no university or group of universities would not have received funds that they otherwise might have because of the decision to fund this package?

Mr Burmester—The funding allocated was funds sought by the minister through the budget process, and the government accepted a proposal and funded it from budget. There were no offsetting savings, as I have said before. It reflects government priorities, as all budget decisions do.

Dr Harmer—Because it did not come from any already identified or appropriated funds and there were no offsetting savings, by definition it was additional money and therefore no university is disadvantaged by the decision.

Senator CARR—Does the University of New South Wales actually run the Southern Area Health Service at Liverpool?

Mr Burmester—At the moment I think that is the arrangement, yes. I would have to check that.

Senator CARR—Why do you need another medical school if they already have this arrangement with the Liverpool Hospital?

Dr Nicoll—It is our understanding that the New South Wales government is examining the clinical placements in the Sydney region and is looking to make decisions about the distribution of clinical placements throughout that area. The proposal of the University of Western Sydney to the minister suggested that there would be room for reallocation or movement of—

Senator CARR—Which minister?

Dr Nicoll—Our minister.

Senator CARR—So the Commonwealth is running this review of places, yet there is an announcement in the budget to pre-empt that?

Dr Nicoll—No. The New South Wales government is doing a re-evaluation, evaluation and examination of clinical placements with regard to the universities. What I said was that the

University of Western Sydney had raised the issue of this particular evaluation of clinical placements in their proposal for a medical school to our minister.

Senator CARR—Has the University of Sydney approached the department about this proposal?

Dr Nicoll—Not that I am aware of.

Senator CARR—You have had no contact with the University of Sydney about this proposal?

Mr Burmester—Not that I can recall.

Senator CARR—So you are not aware that the government has been approached by the University of Sydney lobbying against this proposal?

Mr Burmester—I cannot recollect any correspondence on that matter. I might be mistaken; I would have to take that on notice and check.

Senator CARR—Thank you. What is your expectation of cost escalations in projects such as this? Have we had any experience of cost escalations in the establishment of other medical schools in marginal seats?

Mr Burmester—In the case of the capital development pool and the $18 million, the normal supplementation arrangements will apply to the year in which the money is appropriated, so it will be adjusted by the standard indexation that the rest of the funds for higher education are indexed by. That would go towards any cost increases. But there are two sides to any capital investment. There is the value you get from the funds you put in. So you might end up spending more on a project overall because it represents better value. The Commonwealth contribution has been identified at this stage as $18 million over three years, indexed, and that is what will be provided by the Commonwealth.

Senator CARR—To refresh my memory, how long ago was the medical school at JCU established?

Dr Nicoll—Five years ago.

Senator CARR—How much money was initially proposed for that?

Dr Nicoll—My recollection is that the Queensland government provided $10 million and the Commonwealth provided $10 million. I do not know off the top of my head how much the university put into it—we could take that on notice.

Senator CARR—I would appreciate it if you would. I am told that the original $10 million actually resulted in a situation where the end proposal was $200 million worth of expenditure and that the university received ongoing support of $1.2 million from Queensland. For health support, the federal government is required to spend some $2 million for 12 places at that centre. Is that right?

Dr Nicoll—One of the budget announcements, as part of the MedicarePlus package, was an additional 12 medical places to James Cook University, but I cannot comment on the rest of your statement.

Senator CARR—How much is the average cost of a medical place at James Cook University?

Dr Nicoll—It is a costing that, for the future, is based on the Commonwealth Grants Scheme, the Commonwealth contribution and a medical student loading. I do not know that off the top of my head, but I can take that on notice.

Mr Burmester—The measure on page 78 of the PBS indicates that the 12 additional places at James Cook will be $2.2 million over four years. That builds up obviously as a pipeline through the process. The 2007-08 figure is $0.9 million. That is a good representation of the ongoing costs.

Senator CARR—These medical schools are very expensive, aren't they? They are extremely expensive.

Mr Burmester—Medical places are the ones that we fund at the highest rate, yes.

Senator CARR—I think it is therefore reasonable to establish whether the University of Western Sydney medical school proposal was part of the initial budget proposals advanced by the department—was it?

Dr Harmer—I do not think it is appropriate for us to discuss when proposals were put into budget measures.

Senator CARR—Can you tell me then whether the minister asked for a cost estimate from the department for such a proposal?

Dr Nicoll—I cannot recall whether the minister specifically asked. If you were talking about any medical places going to the University of Western Sydney, there have been none allocated.

Senator CARR—So there are no costings?

Dr Nicoll—There have been no costings. There was a proposal from the University of Western Sydney for a medical school and that is, in my understanding, the basis for the $18 million contribution from the Commonwealth.

Senator CARR—The point being, though, that there is a cost estimate here in the budget of $18 million. What I am asking you is: did the minister ask you as a department for a cost estimate of that proposal?

Dr Nicoll—Our response is that the University of Western Sydney put in a proposal for a medical school. They had costed it at a certain level and it is on that basis that the Commonwealth and the Australian government, through the cabinet process, made a decision.

Senator CARR—So you verified the New South Wales costing, did you?

Dr Harmer—I am not sure. I expect what we did was accept the proposal from Western Sydney about the likely cost and the Australian government decided that they would put in about a third.

Senator CARR—I am interested to know this, Dr Harmer. I am being quite precise here: did the department verify the costings from the University of Western Sydney?

Mr Burmester—If you are asking us whether we did an alternate cost of a medical school, that was not part of our process. We were asked to look at the proposal that the university had submitted. The government subsequently made a decision about the contribution they were willing to make to that proposition.

Senator CARR—So we have had no independent verification of those cost figures?

Mr Burmester—As I said to you, there are two sides to every capital investment—that is, how much the Commonwealth will contribute but also what you get for the investment. That, in the case of most of these large projects, is somewhat uncertain. You determine the level of investment and the value you get from it from closer planning. Once the planning has been done, you can determine exactly what you can achieve the best value for money for.

Senator CARR—Did DEST prepare a cabinet submission proposing the University of Western Sydney medical school?

Dr Harmer—Again, it is not really appropriate for us to comment on the nature of our advice, particularly around a budget proposal.

Senator CARR—I am not asking you to comment on it. Did you prepare a cabinet submission?

Dr Harmer—We do not normally answer questions about whether we prepare cabinet submissions.

Senator CARR—I do not believe it is outside the standing orders to ask if you prepared a cabinet submission.

Senator Vanstone—The officer has given an answer. If you want to dispute that, do it in another place that is appropriate.

Dr Harmer—I can check that but I do not believe it would be appropriate for us to confirm whether or not we prepared a cabinet submission.

Senator CARR—Did the minister ask the department if the department had the funding to cover such a proposal?

Dr Harmer—Again, I think it is getting very close to policy advice to the minister, and I would prefer not to answer.

Senator CARR—I think we are entitled to know whether the minister asked you for your expert advice on the costings. We have established there have been no independent costings of it. You have said you will pay a third of what the university has asked for. Did you provide advice to the government about the ability of DEST to meet the costs?

Dr Harmer—I think we could say we provided some advice to the minister about the proposal; I do not think we can go any further than that.

Senator CARR—This was after the initiative was presented by the University of New South Wales?

Dr Harmer—Yes, I suspect it was.

Senator CARR—How long will the money remain in the budget? Can it be reallocated?

Mr Burmester—It is contingent funding. Normal cabinet processes would be that, if the funds were not to be used to the purposes for which they have been appropriated and allocated by cabinet, the minister responsible would have to go back and seek a change in the purpose of those funds because they had been given to the portfolio on that specific basis. So at some point, if the school were not to proceed for whatever reason and the minister sought to use those funds in other places, he would have to do so with the approval of government and then subsequently reappropriate those moneys to that purpose.

Senator CARR—But the money is available for reappropriation.

Mr Burmester—All moneys are available for government to alter its budget priorities, and that is what a budget process is about. In this case, they are contingent funds that will be appropriated for use in a particular circumstance. If that does not eventuate then the minister, in seeking to use funds for other priorities, would have to get approval and reappropriate them through the parliament.

Senator CARR—Are you familiar with a study undertaken by Griffith University entitled *Highlights of the 2004-05 Commonwealth budget*?

Dr Nicoll—We are aware that Griffith University have a web site on which they provide a number of resources in relation to higher education. One of them did provide some analysis and summary of budget measures in relation to higher education.

Senator CARR—Have you had an opportunity to examine that web site?

Dr Nicoll—Yes, I have looked at it.

Senator CARR—What is your judgment? Is it an accurate reflection of the distribution—

Senator Vanstone—That is not an appropriate question, Senator. The officers are here to answer questions about the government's programs, not about all and sundry's web sites and whether they are correct. It is not a verification facility for alternative web sites. It is too much to expect the officers to know that. It is not their job.

Senator CARR—I see. The analysis says that, in the higher education spending in the budget, there is a distinct bias towards marginal seats. It lists a number of one-off higher education initiatives that are based in marginal seats, does it not? It lists $10 million for the chair in child protection at the University of South Australia in the marginal seat of Adelaide. Also, there is $18 million for a new medical school at the University of Western Sydney, which, of course, is said to be targeted at a number of seats: Lindsay, Lowe, Banks and Parramatta. There are 12 new medical school places at James Cook University in the seat of Herbert, and there are advances to the Australian Maritime College in the marginal seat of Bass. Are these mere coincidences or was there a policy decision to allocate moneys?

Dr Harmer—We would not want to comment. That is an opinion piece no doubt on a web site. I can speak for the Department of Education, Science and Training: we do not do our analysis or our recommendations to the minister on the basis of marginal seats.

Senator CARR—Let us take the case of the chair in child protection at the University of South Australia. What was the process for the allocation of that money?

Mr Burmester—The minister received a proposal for such a chair at the time the Senate was considering the then Higher Education Support Bill and the minister, and subsequently the government, agreed to the provision of funds for that purpose.

Senator CARR—The minister made the decision with regard to the appointment?

Mr Burmester—Not with regard to the appointment but with regard to the provision of resources for the chair.

Senator Vanstone—Having received a proposal.

Senator CARR—With regard to the medical places at James Cook University, was that a departmental initiative?

Dr Nicoll—No, it was not. It was part of the MedicarePlus package, which was the responsibility of the Department of Health and Ageing.

Dr Harmer—It was a Department of Health and Ageing initiative, one would assume.

Senator CARR—The Maritime College proposal?

Dr Nicoll—That is our proposal; it is our measure.

Senator CARR—That is good; we have found one!

Mr Burmester—Again, just to be clear, that was a proposition and a proposal from the college about their possible involvement in the development at Point Nepean, and they have made several proposals to the government in that regard. The government considered that and subsequently agreed to fund that proposal.

Senator CARR—What concerns me about the allocation of moneys which have such a high correlation with marginal seats is the view that Commonwealth programs begin to lose credibility if it is perceived that moneys are allocated in a partisan way for party political purposes.

Dr Harmer—I can assure you, Senator, that none of our proposals were developed at all on that basis.

Senator Vanstone—It is a plain fact of life, Senator, that there are safe seats and there are marginal seats. You are surely not advocating that any government denies marginal seats new policy initiatives on the basis that they might be accused by a cynic of having provided something to marginal seats. If you are suggesting that all new policy initiatives should go into safe seats, I think you are running an argument that will not be popular. People living in marginal seats are entitled to get services and the benefit of new policy proposals, irrespective of where they live and irrespective of the political nature of the seat in which they happen to live.

Senator CARR—I am worried about the way the programs are allocated, and to make sure that they are appropriately allocated, I suppose, is the job of the Senate. That is why I am asking Mr Burmester whether he could be absolutely clear with regard to the University of Western Sydney: that if the University of Western Sydney proceeds—that is, with New South Wales support—to advance the medical school at that university, no university will lose funds it thought it might otherwise receive. That is the direct advice you are giving to the Senate?

Mr Burmester—Yes.

Senator CARR—With regard to the chair in child protection at the University of South Australia, have the processes advanced to the point where we are able to ask who the proposed chair is?

Dr Nicoll—No. The university is yet to make that appointment.

Senator CARR—It is not Meg Lees, is it? The budget papers for last year, 2002-03, noted that, in relation to the unfunded superannuation liabilities at some universities for employees and former employees under state schemes, the Commonwealth has to make provision in the higher education appropriation for its share of those liabilities. I understand there was a review of the cost sharing arrangements with the states, which commenced in 2002-03, and the result was that the Commonwealth had a liability of $2 billion. Is that right?

Mr Burmester—I think that was the report last year. Over a number of years we have been seeking to apportion the liabilities between the Commonwealth and the states and to resolve them once and for all so that it is not a constant issue that has to be addressed each budget. We each accepted the respective responsibilities for the super schemes when the Commonwealth took over responsibility for funding universities. That is resolved, and we make an adjustment payment to the state or the other way round to acquit those future liabilities.

Senator CARR—Is it fair to say that an outcome of the review is that the Commonwealth government will explicitly recognise this ongoing liability in its own financial statements?

Mr Burmester—That is the intention. It is a liability of the Commonwealth. There is no question about that. There is a question about quantifying it, and the review is trying to do that so that the Commonwealth budget can correctly reflect the Commonwealth liability.

Senator CARR—Where do I find it in this year's budget?

Mr Burmester—I would have to ask Mr Storen where it appears.

Senator CARR—Is he about?

Dr Harmer—Mr Storen has gone to a funeral this afternoon.

Senator CARR—Fair enough. Could someone draw to my attention, please, where I would find it in the budget? Perhaps I could get that later on.

Dr Harmer—Can we get back to you on that during the afternoon?

Senator CARR—Yes. Could I return to the issue of a chair in child protection at the University of South Australia. When did the minister first consider funding the chair?

Mr Burmester—The first I became aware of it was during the passage of the legislation through the parliament. I do not know whether the minister had been involved earlier than that in this proposal.

Senator CARR—That is last year, is it?

Mr Burmester—Yes.

Dr Nicoll—We received a proposal from the University of South Australia for that chair shortly after the passage of the legislation.

Senator CARR—You first became aware of it in December or November of last year?

Dr Nicoll—In December.

Senator CARR—The submission was received in December.

Dr Nicoll—It was.

Senator CARR—When did the department become aware that the minister was considering the funding for the chair?

Dr Nicoll—It was in early December.

Senator CARR—How were you able to establish that the proposal was in fact best value for money?

Mr Burmester—The minister received a proposal, considered the merits of it and subsequently agreed to the funding for it.

Senator CARR—The minister received a proposal from where?

Dr Nicoll—From the University of South Australia.

Senator CARR—What were the costings?

Mr Burmester—I think it is $1 million for a 10-year period.

Senator CARR—How many other chairs has the government agreed to fund for an initial period of 10 years?

Dr Nicoll—None that we are aware of.

Senator CARR—Why this one?

Mr Burmester—You would have to ask the minister and the government about the priorities.

Senator CARR—Take that on notice for me please.

Dr Harmer—You want us to take it on notice for the minister?

Senator CARR—The officer has just said to me that it was a matter for the minister, which is fair enough. He is entitled to say that.

Dr Harmer—Yes. It was a government decision.

Senator CARR—Yes, it was a government decision and we are entitled to know what the government's reasons were. I also ask again: how did the department know that it was best value for money? This is the only occasion on which you have done it. A proposal arose from the university. The minister accepted it and, I take it, he then told the department that he wanted to do it. How did you know that it was best value for money?

Dr Harmer—I do not think we had any competing proposals. I think it was the only proposal we had.

Mr Burmester—Again, this is additional money that is now being appropriated through a budget process whereby the government establishes its priorities for funding.

Senator CARR—The government establishes this priority. How many other chairs have you funded for any length of time? Dr Nicoll, can you tell me how many chairs the government has directly funded?

Dr Nicoll—To my knowledge this would be the only chair.

Senator CARR—For any length of time at all?

Dr Nicoll—To my knowledge, which you could say is limited.

Dr Harmer—We will take it on notice.

Senator CARR—You have been an officer of the department for some years now, Dr Nicoll. You have been in this section for some years now and I am surprised that this is the only occasion you can think of in which the government has had to pork-barrel its way out of a difficult piece of legislation.

Dr Harmer—I think Dr Nicoll has been with the department for about three years.

Dr Nicoll—Five years.

Dr Harmer—It is possible that there are proposals that occurred before Dr Nicoll came to the department.

Dr Nicoll—Indeed, and in areas outside.

Dr Harmer—Therefore, it would be unwise for us to say that this is the only one.

Senator CARR—Mr Burmester has been with the department for a few years. How many occasions can you think of, Mr Burmester, where the government has had to pork-barrel its way out of trouble like this?

Dr Harmer—He would not want to answer that. Mr Burmester has only been in the division for a relatively short period as well; he has been there for two years.

Senator CARR—But he has seen a lot in that time.

Dr Harmer—He has seen a lot, including in this room.

Senator CARR—So it is not a common practice for the government to fund chairs directly?

Dr Harmer—I think it would be the wrong description to say that it is common.

Senator CARR—I said that it is not common; in fact, there are no other occasions on which that has occurred.

Dr Harmer—There are no other occasions of which Dr Nicoll or Mr Burmester are aware.

Senator CARR—That would it make it a rare occasion. Given that the legislation was before the Senate at a difficult period during which the government was concerned whether it would secure sufficient numbers, this became a politically significant event and that is why the minister agreed to support it.

Dr Harmer—No, we could not accept that.

CHAIR—Perhaps it is a pilot, Senator. We might extend it if it is a successful idea.

Senator CARR—I trust you will not have many opportunities to do that, Chair.

CHAIR—You wish.

Senator CARR—Have you had an opportunity to look at the New South Wales Auditor-General's report?

Mr Burmester—We are aware of the New South Wales Auditor-General's comments in relation to some of the universities, but I have not studied the report in detail. We have a process whereby, during the course of this year, we will be doing our institutional assessment. Material such as AUQA audits and state auditors-general reports will be part of our assessment of universities, and if there are matters that are raised in those instances we will take them up with the relevant university. So, while we have not fully assessed that report, there is a process by which we will look at any findings that the state auditors make and reflect on those back to the universities.

Senator CARR—Dr Nicoll, on the proposed chair in child protection at the University of South Australia, were any other universities undertaking work in that field?

Dr Nicoll—The University of South Australia has a long history of research in this area. I am sure there are other universities that touch on research and improving practice in the area, but the University of South Australia has an outstanding reputation in the area of child protection.

Senator CARR—But you did not consider anyone else getting a chair in the same area?

Dr Nicoll—We did not have a proposal from anybody else.

Senator CARR—So I guess that is what you have to do—you have to know that there are proposals being looked at, don't you? Was it advertised that there would be an opportunity for the government to fund chairs at that time? Was it widely known?

Mr Burmester—This was not a procurement process—

Senator CARR—It was for votes.

Mr Burmester—Sorry?

Senator CARR—It was a procurement process for votes.

Mr Burmester—It was not a procurement process. What it reflects is the government responding to propositions put to it and making budget decisions with regard to those propositions.

Senator CARR—The problem is: how do other universities know that the game is on? How do you know that there is an opportunity to bid for a proposal such as this?

Mr Burmester—Universities can put—

CHAIR—Senator Carr, you are asking questions that are outside the range of what you can reasonably expect the officer to answer.

Senator CARR—No, it is a process issue.

CHAIR—That is not the way you phrased your questions.

Mr Burmester—It is open to universities—and in fact most of them do this—to raise propositions and proposals with government from time to time, and from time to time the government will respond to those.

Senator CARR—I think I have made my point.

CHAIR—On that point, I approached a former minister to establish a chair in a particular university in a particular field in New South Wales, and we did not discuss and debate that. It was on the agenda for some time.

Senator CARR—But they did not fund it.

CHAIR—Not on that occasion, but it is not a new proposition.

Senator CARR—It was not in a marginal seat? Was that the problem?

CHAIR—Actually, the seat has tended to change hands, so that was not the reason.

Mr Burmester—Senator Carr, the circumstances around the AMC that you mentioned, for example, were that at a particular point in time an opportunity became available for an education partner to be part of a new development in redeveloping the Point Nepean site, so in that case it is perfectly reasonable for the institution that had an interest in marine science and marine matters to put a proposition to government and for the government to respond to it.

Senator CARR—There is quite clearly a distinction between that proposal and arrangements whereby there is a deal done behind the President’s chair, effectively, in the Senate at the time at which legislation is being debated.

CHAIR—As you know, that is all supposition. It is outside the purview of the officers of this department.

Senator CARR—The New South Wales Auditor-General’s report says that three of the eight New South Wales universities recorded negative operating results and that the University of Newcastle also had a shortfall in its liquidity. Are you monitoring the situation?

Dr Nicoll—We are. We welcomed the New South Wales Auditor-General’s report and, as Mr Burmester said, we will feed the findings of that—as we will other documentation and data—into the institution assessment framework which we will be conducting in the second half of this year. So with the identification of the three institutions with deficits in 2003 we will be looking at those institutions based on the financial statements provided by each of the institutions and informed by the Auditor-General’s report.

Senator CARR—So this report is helpful?

Dr Nicoll—Indeed.

Senator CARR—Do you think the other auditors-general around the country could take some benefit from these reports?

Dr Nicoll—It is up to each state and territory to make—

Senator CARR—They are more rigorous, aren’t they? The New South Wales Auditor-General’s office appears to be producing more rigorous reports than most of the states.

Dr Nicoll—That is up to state auditors-general.

Mr Burmester—All universities are subject to audit by their respective state auditors. In this case, the New South Wales auditor has drawn the findings for the university sector together. I believe the Western Australian auditor is doing a similar thing and over time we would expect that to happen. Independent of that, we are getting audited statements from each university which we assess, as you know.

Senator CARR—He does make some other observations. He says:

Universities are at differing stages in the implementation of risk management policies and procedures. At some universities ... there is an absence of formal risk assessment processes.

Is this an observation that the department has been able to replicate?

Mr Burmester—We are aware of that finding. In fact, you may well know that the new governance protocols that were introduced as part of the BAF package require governing councils to adopt a risk management strategy and report on that to us as part of their governance arrangements. So the issue that the auditor has picked up on is the same issue that we have been concerned with and we will be assessing universities' risk management practices under the governance protocols as part of our normal work.

Senator CARR—It also says that there are a number of universities in New South Wales where there were:

... significant unreconciled items in the bank reconciliation and deficiencies in systems and controls in the bank reconciliation processes of the University.

Are you aware of that?

Mr Burmester—We are now because of the audit report and we will be taking that up with the New South Wales universities. I think, again, the new assessment framework that we are instituting gives us a framework in which to seek greater assurances from universities that they have adequate financial controls in place.

Senator CARR—He also notes that some universities are a long way from being ready for the change that will come about as a result of the move in January 2005 to the Australian accounting standards, which he says of course would reflect international reporting standards. Would you agree with that?

Mr Burmester—I am not sure I would agree with his findings. I would agree that it will be a matter for the universities to come to grips with in that we are moving to and will be required to adopt those international standards. There are some particular issues for higher education institutions on how they are implemented, one of which is the timing of the introduction of them, because they are running their books on a calendar year and not a financial year. So the timing of the introduction may present some problems in the time they have to prepare for it. We are talking to the relevant accounting standards bodies in Australia to establish how we can best implement the new standards in the sector.

Senator CARR—Would you be talking to the New South Wales Auditor-General, given that you have a difference of view with him on those matters, to establish whether or not the two views can be reconciled?

Mr Burmester—I think the difference in view is that he has raised some concerns about, as you stated, their ability to implement change. My concern is about the time that they will have to implement change, depending on when the standards are adopted and the year in which they first need to apply those standards. It may well be valuable as part of our work on this to talk to the auditors as well as the accounting bodies.

CHAIR—Just on the three universities that New South Wales singled out, I cannot make statements on all of them, but I remember when the University of Newcastle was singled out that the vice-chancellor in press reports had quite a reasonable response to that. It was something about the way the money flows were occurring at that time that created a problem which showed up in the books in a particular way and which was going to correct itself. I would not like Senator Carr to be leaving the impression that there is a problem in financial management, certainly in the case of the University of Newcastle, because it is not the case.

Senator CARR—Have you ever met a vice-chancellor who has actually agreed with a negative report about the finances of their university?

CHAIR—I know that university very well. It is managed incredibly well and it has no financial problems.

Senator CARR—Have you ever met one?

CHAIR—There could be, at times, certain situations where things get a little out of balance and they correct themselves with the money flows that occur in the following six months.

Senator CARR—It is called a deficit. That is what happens.

CHAIR—That is the case with the University of Newcastle.

Senator CARR—Mr Burmester, are you confident that your financial assessments are accurate? You have heard what Senator Tierney said. I have read your statements about the surpluses and deficits of universities. Are you confident the department's assessments are accurate?

Mr Burmester—We are assessing their audited financial statements on that basis.

Senator CARR—On an accrual basis?

Mr Burmester—Yes. We test them against the standard accounting ratios and indicators that you would expect and where we have concerns or issues with a particular institution, we take them up with the vice-chancellor to establish their understanding of the situation and our understanding of the circumstances underpinning it and the strategies by which the university will be addressing our concerns. We have reported, and we do so in the triennium report, on the outcomes for the whole of the sector, which remain very healthy. But as you know, there would be one or two institutions where we would want a further explanation.

Senator CARR—On page 77 it says $4 million has been provided to fund an advertising campaign on the changes to HECS. That is right, isn't it?

Mr Burmester—Yes.

Senator CARR—What is involved with that advertising campaign?

Mr Burmester—As you know, the student intake for 2005 will be under a new set of rules and a new set of loan arrangements. It is important that the students who are contemplating enrolment need to be informed of the processes and changes and to be fully aware of the new options and opportunities available to them. The government has decided to allocate $4 million to an information campaign to inform, in the forthcoming period, students who are intending to enrol in 2005.

Senator CARR—When do you expect these ads to go to air? I take it they are electronic ads?

Mr Burmester—The decision to go ahead with this campaign was announced in the budget. The money was forthcoming in the budget. We are now at the tender stage seeking market research to ensure that we have an effective campaign, that the information we need to get across to students gets across to students. We are in that process and I would rather not talk about how we will be going about that campaign while we have got a tender out there for people who are meant to be designing the campaign for us.

Senator CARR—But it is really for election purposes, isn't it?

Mr Burmester—No, I have told you—

Senator CARR—It is for the run-up to the election.

Dr Harmer—This is not an advertising campaign, this is a campaign to inform students about the significant changes to arrangements beginning next year.

Senator CARR—All I want to know is whether or not it is intended to be used to assist the government in the election?

Dr Harmer—No, this is intended to be used to inform students. When you are making such changes as we are to arrangements which impact on students, you do not do these sorts of changes without informing students in advance. There will be a lot of very confused students if they do not get information when they are thinking about enrolment for next year.

Senator CARR—Okay, so you have not decided yet whether or not it will be electronic or print?

Dr Harmer—What Mr Burmester just said is that we are out to tender. We are expecting the tenderers to come in with propositions about what mediums are the best to get the message across.

Senator CARR—What is your expectation of when the campaign will start?

Dr Harmer—Sometime in the second half of this year.

Mr Burmester—Again, that will be part of the—

Senator CARR—So from tomorrow sort of thing?

Dr Harmer—No.

Mr Burmester—That is also part of the design—when will be most effective to communicate to students, when are they forming their views and assessing their opportunities for the end of year 12?

Senator CARR—How much money have you spent so far?

Mr Burmester—As I said, we have issued a tender for the market research so we have not actually spent any money as yet. As you know, there is an ongoing HECS information budget, because each year we need to inform students of the new arrangements that will apply to their enrolments. We have spent that money, but none of the $4 million.

Senator CARR—Does the department have access to research based on a postcode analysis of taxation data? Do you have information particularly showing the level of HECS debts by postcode?

Mr Burmester—I think we have answered several parliamentary questions on that basis where we have had to obtain the information from the tax office about the current address of HECS debtors by postcode. We have provided a number of answers in that regard. Various members of parliament have sought information about their relevant postcodes.

Senator CARR—The problem is that I do not have access to all of these questions by members of parliament. I am certainly not aware that they have asked these questions—and there is no reason why I would be. I am asking for this information for this committee. Could you advise the committee as to what the analysis is on postcodes for low-income areas?

Mr Burmester—That would be quite a bit of work.

Dr Harmer—I expect that would be a very big task.

Mr Burmester—We would have to ask our tax office colleagues to compile that data. We can take it on notice and see what we can obtain.

Senator CARR—Do you have it by electorate? What do you have it by?

Mr Burmester—Mostly these parliamentary questions are asked about a member's electorate—could we give them details about their electorate.

Senator CARR—Their own electorate?

Mr Burmester—The answer is that we do not have their electoral division, that what we have is their postcode and we can report on a postcode basis. The member usually identifies the relevant postcodes that they want us to get statistics on and the tax office produces that information. To ask a question about low-income postcodes would require us to do something which we have not done, which is to break down the HECS debt by a subset of postcodes that have been identified as low-income ones. We would have to go through that whole process. It is quite a considerable amount of work.

Senator CARR—I will think about how we write that up in such a way that it is not a considerable amount of work but might give me an indication of the social distribution of the HECS debt. Can you tell me what work you can provide easily to assist me in identifying the social distribution of the HECS debt?

Dr Harmer—We could probably reasonably easily give you the HECS debt by postcode.

Mr Burmester—For the whole of Australia, it would still be a rather large statistical task for the tax office, and I do not want to—

Senator CROSSIN—Is it kept by income level?

Mr Burmester—No, Senator. The tax office may have statistics that reflect on people who have made repayments by the income which generated a repayment, but I do not think they would have the current income of the person.

Senator CARR—We will come back to you with a specific question. I will check to see whether or not there has already been a question put on notice through another department. There is no point in duplicating it if that is the case. We will come back to you on that.

Dr Harmer—Senator, you asked before about where you could find in the budget some information on superannuation. Dr Jarvie has some information on that.

Senator CARR—Thank you.

Dr Jarvie—On page 121 of the portfolio budget statements, in table 3.7 under ‘Liabilities’, there are provisions and payables under grants. There is a total there of $9.6 billion for—

Senator CARR—This is for superannuation, is it?

Dr Jarvie—Yes. However, that includes a lot more than the higher education superannuation. The best place to find information on that is the annual report—page 205, note 26.

Senator CARR—That is the current annual report?

Dr Jarvie—The current annual report, which estimates the amount at $2.6 billion. It also appears in a table on page 164 of the annual report under ‘Provisions for grants’.

Dr Harmer—During the morning you asked a question about a copy of Steve Dowrick’s report on examining the relationship between R&D and productivity. We have a copy of that report for you.

Senator CARR—Thank you.

Senator CROSSIN—I refer to the Commonwealth Grants Scheme and the 30 per cent regional loading. I understand the 30 per cent was paid to Charles Darwin University. Is that correct? That is the only university that gets the 30 per cent loading.

Dr Nicoll—No. Batchelor also gets the 30 per cent loading. There is a small proportion of James Cook University’s student population located on Thursday Island and that very small EFTSL also gets a 30 per cent loading.

Senator CROSSIN—I understand that the loading is on a per student basis. However, I understand that it is not paid for those students doing a mixed mode study. Is that correct?

Dr Nicoll—That is correct, at this stage.

Senator CROSSIN—What do you mean by ‘at this stage’?

Dr Nicoll—Since the establishment of the regional loading, the universities have raised the issue of mixed mode. That is something that the minister is considering in terms of a possible variation to the regional loading.

Senator CROSSIN—If students are doing that mixed mode, they are obviously doing courses that cost—for want of a better word—the base university money. So why is there no regional loading, even on a pro rata basis, for mixed mode students?

Dr Nicoll—The regional loading was a fixed bucket of money. A decision was made by government that this amount of money would go towards the regional loading. The particular allocation method for that loading is, in many ways, a proxy for an allocation. We could have come up with numerous ways of allocating that regional loading—determining it in relation to EFTSL, the size of the university, the student population, how it was to be established. The initial decision was made to allocate it as it is allocated now. It is possible that it could be varied. Your point is taken. We have been made aware that there are issues in relation to mixed mode approaches. There would be winners and losers in the sector out of that. There would be some regional campuses that perhaps did not have a significant mixed mode that may lose out of an addition of that into the formula. There may be others that—

Senator CROSSIN—But you are not currently funding mixed mode, are you, at all?

Dr Nicoll—Yes, we do. Not in terms of the regional loading, no.

Senator CROSSIN—That is what I am saying.

Dr Nicoll—No, we are not.

Senator CROSSIN—How will they lose then? If you are currently not counting students in a mixed mode format as part of your regional loading, why will any universities lose, because there is nothing to lose, is there?

Dr Nicoll—The way it works is that there is a formula that determines how much the university is allocated. At the moment, the fact is that it—

Senator CROSSIN—Are you saying that the total bucket of funding is not going to change?

Dr Nicoll—That is correct. If the formula changes, that can have a different impact on different institutions, depending on their student mix. So there is a possibility that, if there is a change to the formula, as there would be with any changes, some institutions could either benefit or not benefit from the implications of that formula.

Senator CROSSIN—So all universities receiving a regional loading do not have mixed mode students counted. Is that correct?

Dr Nicoll—That is correct.

Senator CROSSIN—So what is it costing those universities for each mixed mode student?

Dr Nicoll—I am not quite sure what the question means. Every EFTSL, depending on clusters, will receive from 2005 a Commonwealth contribution, so I am not quite sure where the question of costing comes from.

Senator CROSSIN—Let us take Charles Darwin University. How many mixed mode students are there at CDU?

Dr Nicoll—I do not know off the top of my head; I do not have that information here.

Senator CROSSIN—Let us say, if those mixed mode students were included in the figure—let us discard what any university might lose—CDU have estimated that that is around $2,000 per student, and they have to find the cost for that. If all of those mixed mode students were actually full time, they would be getting around $2,000 for each of those students. So have you looked at the cost to regional universities when you do not include mixed mode students?

Mr Burmester—I will approach this in a slightly different manner. What we are trying to do here is to allocate a fixed allocation of funds. To some extent, if you just include further students, all you are doing is making the allocation per included student smaller.

Senator CROSSIN—Would you do that or would you simply give more to the regional universities and less to the metropolitan universities?

Mr Burmester—You could change the loadings that currently apply. Metropolitan universities do not get any regional loading. There is a range of criteria: distance, size of institution and so on. But what we are trying to do is allocate the funds that are available to those universities that are located and service their load largely from a regional base. You do not need to count all the students to divide that up, as long as you are counting the students who represent the proportional load of that university amongst all those other universities in the same circumstances. You cannot just simply say, 'If we included the mixed mode students, we will get an additional amount of regional loading.' There is no additional amount of regional loading. You would only reduce your—

Senator CROSSIN—Because the bucket is not going to get bigger. Is that correct?

Mr Burmester—That is correct. That has always been the case since it was announced in 2003.

Senator CROSSIN—So those universities that are getting a regional loading but not getting a regional loading on the number of mixed mode students just have to wear the cost of that. They are not getting any additional assistance for the mixed mode students they have got. That is right, isn't it?

Mr Burmester—Nobody is getting it specifically for any one student, mixed mode, full time or external.

Senator CROSSIN—But your regional loading is based on the number on campus.

Mr Burmester—As a proxy for the costs of that institution in that location. If you add the mixed mode, all you are doing is dividing the original number by a bigger number to get a smaller contribution per student and then giving it back to the same university.

Senator CROSSIN—That might be the case, but currently mixed mode students are undertaking some of their courses on campus and some off campus by external method. With the way the regional loading is currently calculated there is no additional assistance for those universities that have mixed mode students. Some mixed mode students might be spending 10 per cent of their time at university and some might be spending 90 per cent of their time at university, so a regional loading does not assist the universities with these students.

Mr Burmester—It is not a per student per capita loading. It is an institutional loading, and it represents a proportion of internal load that that university services from its regional campus.

Senator CROSSIN—How is it calculated though? How do you derive the amount of money that regional universities get? I was of the understanding that it is a calculation based on the number of on-campus students.

Dr Nicoll—It is a combination of the internal EFTSL, those students that are the domestic, non-fee paying load, plus a percentage of the external load. Those two elements come into the calculation, but it is a fixed bucket of money. By way of example, if Charles Darwin University was at the moment receiving $1 million in regional loading—

Senator CROSSIN—Or any other regional university getting a load.

Dr Nicoll—based on this particular formula, it is quite likely that, if we included something such as multimodal, Charles Darwin University could still just receive $1 million based on another formula depending on the indicators you choose. It is not necessarily going to generate any additional money because it is a fixed bucket of money. There will not necessarily be any extra money provided to Charles Darwin University.

Senator CROSSIN—You could in that instance take money from the regional universities that are getting a lower percentage amount, raise the high bar, and include mixed mode students for the very remote regional universities.

Dr Nicoll—That would be a decision for government because the regional loading is—

Senator CROSSIN—The other decision of the government might be to fund the system properly for a change and include mixed mode students. What is the timeline for the review of looking at whether mixed mode would be included in this or not?

Dr Nicoll—In terms of putting a proposal to the minister for the next year’s regional loading, we will consider the issue of multimodal and it will be something which would go into the creation of the guidelines for the 2005 regional loading. That is where the actual formula for the regional loading is determined—through the guidelines to the legislation.

Senator CROSSIN—What is the timeline for those guidelines then?

Dr Nicoll—There are guidelines in existence, because the guidelines were created to calculate the 2004 calculation. The regional loading calculation is going to part of the Commonwealth grants scheme guidelines, which have yet to be gazetted.

Senator CROSSIN—When will that occur?

Dr Nicoll—We expect that that will occur fairly shortly.

Senator CROSSIN—Will it be by the middle of the year?

Dr Nicoll—We would think in the next couple of months.

Senator CROSSIN—Before August or September?

Dr Nicoll—We would think so, yes.

Senator CROSSIN—On the issue of the Batchelor Institute, Mr Burmester, what is your understanding of the agreement that was struck between Senator Murphy and the minister in the chamber last year?

Mr Burmester—The government agreed to some additional funding of $3 million to enrich Indigenous higher education in the Territory. The government’s preferred way by which that could be achieved is for the two institutions, Charles Darwin and Batchelor, to consider a range of options that build on collaboration between the two institutions to have enriched outcomes for Indigenous students. The government has flagged that it wants the institutions to consider options in those regards and then will assess the propositions that emerge.

Senator CROSSIN—I want to read to you an extract from the letter that the minister gave to Senator Murphy. It says:

> In 2004, $0.5 million will be provided to Batchelor Institute of Tertiary Education once the institute identifies its highest priority needs for such funding. In addition, $3 million will be provided over 2004/05 to enrich Indigenous higher education in the Northern Territory, initially through affiliation of BIITE and Charles Darwin University.

Let me ask you about the half a million dollars. Has that been provided to Batchelor?

Mr Burmester—I believe that has been provided.

Senator CROSSIN—Is that what the Gregor Ramsey study is being used for?

Mr Burmester—In September—I think it was September last year—we asked Batchelor to develop a strategic plan for the institute and said that these funds could be used for that purpose. They have since appointed Gregor to undertake such a review. That was additional to the $3 million that I was talking about where the idea was that the institutions would need to look at collaboration in the provision of services.

Senator CROSSIN—Collaboration or affiliation—what is the difference in your mind between the two, or is there no difference?

Mr Burmester—At this point it is an undefined term. The Commonwealth's position is that it sees the most likely beneficial effects for enriching Indigenous outcomes coming through some formal collaborative arrangements between the institutions so that they can reduce duplication and do things collaboratively to achieve outcomes. It is really up to the universities to identify what options there are, and the degree of affiliation or collaboration is not defined up front in this process. The Commonwealth is seeking the views of the institutions on what can be achieved.

Dr Harmer—It does mean working together—both affiliation and collaboration mean some form of working together.

Senator CROSSIN—I might get to that in a minute, Dr Harmer. I understand that Batchelor Institute have given you a list of projects they believe will achieve that affiliation or collaboration—whatever word you choose. What is your response to the list of seven projects they have provided you with?

Mr Burmester—The institute has provided some proposals. They are not collaborative in nature as to sharing of resources or allocation; they generally go to strengthening the position of Batchelor.

Senator CROSSIN—Where in this initial letter does it say they must share either resources or location? It does not say that; it just says 'through affiliation with CDU'.

Mr Burmester—And what the government is trying to establish is an appropriate form of affiliation or collaboration between the institutions with the intention of enriching the outcomes for Indigenous students.

Senator CROSSIN—That is true, but why wouldn't a project involving the Desert Peoples Centre not be a collaborative project with CDU? They are both at that centre together.

Mr Burmester—It well could be. We have not ruled out any of the proposals that Batchelor have already submitted to government, but this is not a finished process. We have not yet made decisions about the best outcomes that can be achieved or the use of those funds.

Senator CROSSIN—What do you mean by a 'formal and public cooperative arrangement' between the institutions?

Mr Burmester—There is agreement between the institutions as to the priorities and how they will work together to achieve the outcomes that the Commonwealth is seeking.

Senator CROSSIN—Given that Charles Darwin University have just abolished the one and only faculty in this country that was designed specifically to support Indigenous people and have moved to a mainstream operation, what confidence do you have that Batchelor college should still have any collaborative arrangement with CDU?

Mr Burmester—Charles Darwin have changed the way in which they provide student support, courses and so on to Indigenous students. They have not withdrawn from that area at all; they have just changed the process by which they internally manage and provide those courses.

Senator CROSSIN—That is right—which is based on a totally different philosophy and ideological basis to Batchelor's. Why should Batchelor now have to undergo any formal or public arrangement between the two institutions? It is like trying to get apples and pears—if Harry Quick will excuse me—to come to some kind of collaborative arrangement.

Mr Burmester—There may well be room for two distinct approaches to the provision of Indigenous higher education in the Territory, but if that is the case you would want to make sure that it was done collaboratively and that the institutions had agreed to who was taking responsibility for what parts of that and how each would deliver those things. This is not a finished process. As I said earlier, they have come up with some proposals. They go to strengthening Batchelor itself, as they see it, rather than the system in the Territory as a whole. So while we have not said that they are unacceptable, we have said that the Commonwealth believes greater value is to be achieved through some formal, cooperative, collaborative arrangement between the institutions. In a place the size of the Northern Territory with the Indigenous higher education population, we want to maximise the outcomes, not have duplicative arrangements.

Senator CROSSIN—What do you mean by 'revised governance arrangements'?

Mr Burmester—There is a whole range of possible scenarios that the institutions could come up with. That could range from quite close integrated governance arrangements or it could be—

Senator CROSSIN—What do you mean by that, Mr Burmester?

Mr Burmester—At one end of the extreme you could imagine a model in which they are in fact a single entity with some distinct characters within it.

Senator CROSSIN—If you want to imagine that, that would be a total nightmare for most people in the Territory, particularly Indigenous people and people who lead Batchelor Institute. Is this just a wedge to drive an amalgamation with Charles Darwin University? Is that what is really behind this, Mr Burmester?

Dr Harmer—Mr Burmester was painting a range of scenarios to answer your question. He said at one extreme it could involve an amalgamation and he was about to say what the other options would be that might fit the description.

Senator CROSSIN—My understanding is that an affiliation—let us go back to the minister's original letter—and an amalgamation are two totally different things. There was never the intention that this $3 million would drive an amalgamation. Is that now the intention of the department?

Mr Burmester—No, it is not the intention of the department. It is one of the possible scenarios that could emerge through the consideration of this issue by the institutions, the Commonwealth and the Territory government, which has a role in this as it is the owner of both those institutions. The other extreme in my view, as I was going on to point out, would be some joint planning arrangements and perhaps an MOU of how decisions are made by the institutions. Within that total continuum, there is a vast range of possible governance arrangements.

Senator CROSSIN—Perhaps people need you to articulate very clearly what you mean by 'governance arrangements'.

Mr Burmester—We have asked the institutions to consider options in this regard. The Commonwealth has not said it has a fixed position on that outcome. It would be foolish of us to have a fixed position prior to the options being generated by the institutions themselves being thoroughly considered.

Dr Harmer—Basically, the minister has asked them to consider how they can work more effectively together and to come back to us.

Senator CROSSIN—But your letter to the college, Mr Burmester, goes way past that—much further than that. In fact, it could be interpreted as a precursor for an amalgamation between the institutions.

Mr Burmester—I do not have the letter in front of me but I believe the key words that might lead you to that assumption are that I said there needs to be a formal, public, collaborative statement. That is as far as that letter goes. As to the nature of that formal, publicly determined position, there is no indication in my letter of an exact position that the Commonwealth wants to see adopted because we do not have such a position.

Senator CROSSIN—It talks about revised governance arrangements. It outlines a number of dot points. Admittedly some of them go to better articulation between courses and a cooperative approach to improving outcomes for students, but as I said, Charles Darwin University now has a different approach to how it believes achieving outcomes for students will be achieved—that is, mainstreaming. Batchelor college has a two-way approach—two totally different pedagogical outcomes and approaches. My view, and the view of a lot of people up there, is that your letter goes way beyond what was anticipated in the minister's letter. An affiliation with Batchelor has now become quite restrictive controls over what is tied to the $3 million.

Mr Burmester—No, Senator, I do not believe that is the case. My words, which are equivalent to the word 'affiliation' in the original letter, go to a formal, publicly disclosed collaborative arrangement which could be a range of things but should include the consideration of appropriate governance agreements.

Senator CROSSIN—You were saying here:

It should lead to planning for the following:

- An agreed process to achieve the proposed objectives—

your proposed objective, not agreed objectives between the institutions.

Mr Burmester—No. The proposed objective is the enrichment of higher education outcomes for Indigenous Australians in the Northern Territory. That is the objective in this.

Senator CROSSIN—What are the objectives? There are two, aren't there? Isn't it also an affiliation of Batchelor and CDU?

Mr Burmester—We have said the Commonwealth expects this to be achieved through a formal, public collaborative arrangement between the two institutions, the nature of which is uncertain and undetermined at this point.

Dr Harmer—What we are trying to achieve, both in the minister's letter and in Mr Burmester's, is for the two institutions to work together to get better outcomes for Indigenous students. Whatever words you use, that is the intention: working together to get better outcomes for Indigenous students in the Northern Territory.

Senator CROSSIN—I put it to you that Batchelor college's scoping or strategic planning study might show that Charles Darwin University is not the best institution for them to work with now. It may well be the University of Adelaide or James Cook University, given that CDU have now changed the nature and way in which they support Indigenous people. Maybe CDU is not the best institution at all.

Mr Burmester—That could be the case, but that is not yet established, and the institute would have to demonstrate that you would get better outcomes through an alternative process to the one that was envisaged in the letter from the minister saying there should be affiliation between the two institutions.

Senator CROSSIN—Has any of the $3 million been released yet?

Mr Burmester—No, Senator, I do not believe so.

Senator CROSSIN—When it is released, if it is paid in stages or in $1.5 million in each bite, will that actually go to Batchelor, or is it going to be split between the two institutions?

Mr Burmester—That is yet to be determined on the basis of what arrangements are agreed in this process. It is not yet determined.

Senator CROSSIN—I would have thought it has been. Senator Murphy said last year in *Hansard* on 4 December—and nobody in government stood up to correct him at the time—at 11.43 at night:

Further to a matter raised by Senator Crossin about Batchelor Institute, arising from some discussions we have had the minister has agreed to provide an additional $3½ million for Batchelor College and $500,000 in 2004 and then a further $3 million will be provided in 2004-05 to enrich Indigenous higher education in the Northern Territory.

So quite clearly Senator Murphy was under the apprehension that the $3 million would go to Batchelor college.

Mr Burmester—The way you read that sentence, Senator, the connection between point 5, which has been paid to Batchelor, has occurred. Then, following the $3 million in that sentence, he talks about the enrichment of Indigenous outcomes.

Senator CROSSIN—That is true, but he says, ‘agreed to provide an additional $3½ million for Batchelor College’, $500,000 now and the other $3 million in 2004-05.

Mr Burmester—That is how he interpreted it at that time; that is not what the minister’s letter says. There is no arrangement yet set as to how those funds will be distributed.

Senator CROSSIN—So you are saying there is a possibility the $3 million might be given to Charles Darwin University.

Mr Burmester—It is for the purposes which are explained in the budget measures table. It is about the enrichment of Indigenous outcomes in the Northern Territory through collaboration between the two institutes. I will read the budget measure—

Senator CROSSIN—Are you saying that there is now a possibility the $3 million may be paid to Charles Darwin University?

Mr Burmester—That is one of a number of possibilities.

Senator CROSSIN—My understanding, and I am sure Senator Murphy’s understanding, was that the money was to be provided to Batchelor college to compensate—

Mr Burmester—That is also one of the possible outcomes.

Senator CROSSIN—for the lack of funds they were going to get under the new arrangement. Is that right?

Mr Burmester—No. Batchelor college will not get a reduction in funds out of this process. They are provided for first of all through the Commonwealth Grants Scheme for the load that they are allocated and also through the other grants program for national institutes. So there are additional funds there to ensure that Batchelor college gets paid for the non-higher education activities that they undertake and have been undertaking in the past.

Senator CROSSIN—My understanding was that initially Batchelor was to undertake their strategic plan. That was the first part of the process. Then following that, they may or may not choose to work with Charles Darwin University.

Mr Burmester—I will read you the budget measure description in our PBS on page 77. Under the heading ‘Our Universities—Batchelor Institute of Indigenous Tertiary Education and Charles Darwin University’ the PBS states:

The Government will provide $1.5 million in 2003-04 and $1.5 million in 2004-05 to support a cooperative partnership between the Batchelor Institute of Indigenous Tertiary Education and Charles Darwin University. The partnership will result in enhanced courses and support being offered to Indigenous students in the Northern Territory.

That is the description. That is the government's position.

Senator CROSSIN—'Initially through affiliation'—they are the three words in the minister's letter—has now become a 'cooperative partnership', which is something much more formal. Is that correct?

Mr Burmester—I do not think the term 'affiliation' was defined. It is saying that they have to work together.

Senator CROSSIN—So you are defining 'affiliation' rather than letting Batchelor define it.

Mr Burmester—No, Senator. I think the words 'a cooperative partnership' are equally as broad as 'affiliation'.

Senator CROSSIN—But who is defining, though, what that means? You are, not the institutions.

Dr Harmer—The institutions are to come back with a proposal of how they can work together to improve the outcomes for Indigenous students in the Northern Territory and, if they do that to the satisfaction of the government, there will be $3 million paid over two years—$1.5 million in each year—either to Batchelor college or to Charles Darwin University or to a combination of which depending on the nature of their proposal for working together.

Senator CROSSIN—But you have not ruled out giving the $3 million to CDU if that is needed to be the case. Is that right?

Dr Harmer—We have not ruled that in or out. What we will do is consider it when the proposals come back in and we will pay it broadly in the way that they have worked out how they can work better together to improve the outcomes.

Senator CROSSIN—Batchelor college have put some proposals to you, and I have read the proposals. They talk about using the expertise at Charles Darwin University in curriculum development, IT, interactive learning, early childhood, the health intervention project—all of which I believe will improve Indigenous outcomes. Why will they not be funded as part of the $3 million?

Dr Harmer—We have not made a decision yet as far as I am aware. It is not an issue. We have not decided.

Mr Burmester—They have made some proposals, as you have said. They will be part of the total number of proposals that I would expect to examine in this process. They come not only from Batchelor but also from Charles Darwin and perhaps the state government. I would say that, until Batchelor's strategic plan being conducted by Gregor Ramsey is complete, where these sit in regard to the strategic direction of the institution is not clear to us and we would need to establish that before approving funds for those purposes as well as assessing against other proposals that might be forthcoming.

Senator CROSSIN—I put it to you that, if people at Batchelor college believe that Charles Darwin University have now in fact weakened the support they give to Indigenous higher education at the university—through what I think is perceived as a downgrade through the abolition of the faculty of Indigenous education to a school within a faculty; some people believe that cooperative and complimentary Indigenous support services will be much harder to achieve between the two institutions—why is there now a possibility that you are forcing a cooperative arrangement between the two institutions? Why isn't that now being reviewed in the light of the actions of CDU?

Dr Harmer—I do not think it is necessarily the case that a change in the arrangements at Charles Darwin University would preclude the cooperative arrangement. That would not necessarily follow.

Senator CROSSIN—Have you asked Batchelor Institute what their views about that are?

Dr Harmer—I think you have just indicated what some of the views are.

Senator CROSSIN—Have you asked them? Have you spoken to them about how they feel about that?

Mr Burmester—Yes, Senator. Batchelor have given us an indication of their views about the actions of Charles Darwin University. But, equally, Charles Darwin University took those actions because they believed they would achieve better outcomes. So the proposition you put that this precludes some future collaborative arrangements, whatever that dimension actually means, is yet to be tested and considered fully by both institutions and the Commonwealth.

Senator CROSSIN—When is the next formal discussion with Batchelor college about this due to occur? Are you waiting until after the Gregor Ramsey has completed his report?

Mr Burmester—We are actually considering how we could move this process forward. One option is to wait until Gregor Ramsey's report is available. An alternative, depending on timing, would be whether we proceed to have a multilateral meeting about this issue prior to that report being available as a preliminary step along the way to considering this range of issues. We are considering that in the department at the moment—how best to move forward.

Senator CARR—I have a couple of questions on the training report, now that I have it.

Mr Burmester—You have the only copy, Senator.

Dr Harmer—Senator, before you start, can I just clarify something you asked this morning?

Senator CARR—Yes.

Dr Harmer—You asked about Australia's gross expenditure on research and development compared to the OECD. The OECD average in the year 2000 was 2.24 per cent; Australia's in the year 2000 was 1.55 per cent. The cost of lifting Australia's 1.55 per cent to 2.24 per cent in 2000 would have been $4.6 billion.

Senator CARR—Can that piece of paper be tabled?

Dr Harmer—Sure.

Senator CARR—There were two types of scholarships that the government announced last year as part of the higher education bill, weren't there?

Mr Burmester—There are two types of learning scholarships. One is for accommodation costs and the other is for education expenses, I believe.

Senator CARR—What page are they on? I take it the allocations have been made now?

Mr Burmester—Yes, Senator.

Senator CARR—Would that be table 3.1.8 on page 72?

Mr Burmester—That is right. That table defines the distribution of both types of scholarships.

Senator CARR—When was that allocation made?

Mr Burmester—Early this year. I will check on the time. I cannot find it quickly, Senator, but it was early this year so that universities could allocate scholarships during the course of the year.

Senator CARR—Have they been allocated to individuals? They have been allocated to institutions, obviously, because that is what that table tells me.

Mr Burmester—In some institutions they have been. The requirement on institutions is that they make the allocations to students during the course of the year. So by the time we got them out there, some students had been enrolled and universities needed to put arrangements in place to assess students.

Ms McDonald—The most recent information we have as at the end of April is that most universities, apart from about seven, have already closed their applications and many have already provided the scholarships.

Senator CARR—Can I have a list of the universities that have actually provided scholarships and the numbers?

Ms McDonald—Yes, we can get that to you.

Senator CARR—Do you have it there? Is it handy for you to do in a format that will save me a bit of time. I take it that it will include the CECS allocations and the CAS allocations?

Ms McDonald—Yes.

Senator CARR—Thank you. I see the number of universities in deficit has gone up to eight again. Do you have a list of those universities?

Dr Nicoll—Yes, I have.

Senator CARR—Can I have a copy of that?

Dr Nicoll—It is in our *Finance 2002* booklet, which I think you would have a copy of. All of the details are in there.

Senator CARR—What page is that on? That is the financial statistics document?

Dr Nicoll—Yes.

Mr Burmester—It is spread over several pages.

Dr Nicoll—You would have to do the analysis but I can certainly tell you.

Senator CARR—What I would like is a nice simple table that tells me the eight that are in deficit.

Dr Nicoll—I can tell you that. They are the University of Newcastle, the University of Western Sydney, the Royal Melbourne Institute of Technology, Central Queensland University, the University of Western Australia, the Australian Maritime College, the then Northern Territory University, and the Australian National University. I can spell out for you the deficit for the ANU, Senator Carr, if you would like to know.

Senator CARR—Tell me the amounts, will you? This is the standard procedure. We were talking about this before, Senator Tierney, and this is one of the interesting things. The department's accounting systems will, I think, accurately reflect the statistics that are provided to the department, and I do not query that, but each and every one of those universities will no doubt tell you that the situation is different.

CHAIR—I am sure they will have an explanation.

Senator CARR—What is the deficit for the University of Newcastle?

Dr Nicoll—It is $3.8 million.

CHAIR—Which will come into correction very quickly.

Senator CARR—The University of Western Sydney?

Dr Nicoll—The deficit is $1.2 million.

Senator CARR—RMIT?

Dr Nicoll—The figure is $17.7 million. That was because of the write-off of the AMS.

Senator CARR—The Central Queensland University?

Dr Nicoll—It has $5.2 million.

Senator CARR—And the University of Western Australia?

Dr Nicoll—Theirs is $0.5 million; the AMC, $1.4 million; the then Northern Territory University, $3.9 million; and the ANU, $12 million.

Senator CARR—How many advances from the restructuring and rationalisation fund have there been? How many advances on the operating grants fund?

Dr Nicoll—That will be in the triennium.

Mr Burmester—There have been no changes since the interim publication; there have been no further allocations.

Senator CARR—How many of them? The report is getting thinner; I take it that it has not been left out?

Mr Burmester—I doubt it. I just cannot find it at the moment.

CHAIR—Is there any way we can check these university deficits to find out how many are because of special, one-off factors?

Dr Harmer—Some of them are.

CHAIR—You mentioned that for one of the Victorian universities there was just some peculiar timing thing rather than any systemic long-term problem. Could we have a little analysis of that, because there are not many of them?

Dr Nicoll—I could go through each of them, but I would be happier doing that on notice.

CHAIR—Yes, if you could take that on notice, that would be appreciated.

Dr Nicoll—Certainly.

Senator CARR—Some of them have been in deficit for a while. Northern Territory University has had a problem for a while. I understand that this year RMIT has actually turned their situation around—they have stopped all the Cabcharges and no-one is allowed to buy a cup of coffee.

Mr Burmester—The major impact on RMIT was the write-off of their investment in their student computer system.

Senator CARR—That is right, and they have sold some property.

Mr Burmester—I am not sure about this year, but the previous year the ANU ran a deficit, which was right largely due to revaluation of their endowment funding.

Senator CARR—That is right.

Mr Burmester—So there are always certain one-off things that go some extent to explaining the circumstances.

Senator CARR—If you look at their ratio of assets, I would have thought that the ANU was doing extremely well financially.

Mr Burmester—That would be right in terms of cash and investments—the same with the University of Western Australia.

Senator CARR—But in terms of the advances, when you have to get an advance to continue operating that is a measure of a real problem, isn’t it?

Mr Burmester—As I said, there have been no recent advances. I think RMIT’s advance in December 2002—or it might have in January 2003—was the last one that we have advanced. So there has been nothing in the 12 months since that.

Senator CARR—So that is why it is not in here?

Mr Burmester—I am pretty sure I saw it in there. In any case, the last one was the one to RMIT.

Dr Nicoll—We will certainly take that on notice and give you the information.

Senator CARR—What has been left out of this report to make it so much thinner a volume than the previous year’s?

Dr Harmer—There are probably two parts to that. Because 2004 is effectively a transitional year, we have not provided all the allocations on an individual university basis for 2005-06, which would normally be part of the triennium funding, because large parts of those have not yet been determined—such as the allocation of places, new places and so on. We have probably slimmed it down from the point of view that we are not providing the 2005-06 year in fine detail. There is an appendix that explains the sector changes for 2005-06. I think we took the opportunity—again, because this report will be significantly different next year—not to try to rewrite it this year and then have to do the same again next year. We just modified it and made the minimum change from last year ready for the 2005 report.

Senator CARR—Have the same number of tables on a time series been produced—take, for instance, the funding on equity?

Mr Burmester—I believe that most of the tables and the figures were retained. There has been no reduction between the preliminary version that has been on the web for sometime and this version—in fact this version had some additions, as I said, in the pink boxes. The equity tables and the time series are continued. Page 11 goes to enrolments. Equity groups are picked up on page 15. The graphs are continued on page 16 for the equity groups. The one on Indigenous participation is reported on page 19 as a separate graph. So all of those standard measures in that overview chapter have been retained.

Senator CARR—Again, I see a similar pattern to last year: from the base year 1991 the number of students in all equity categories has fallen. Low socioeconomic groups has fallen.

Mr Burmester—In percentage terms there have been some very small changes except for the non-English-speaking background category, which has fallen most significantly, and that is reflecting country sources of immigration over a period of years. Largely it has been maintained. Isolated has reduced, but if you combine rural and isolated as one group they have largely retained the same participation rate. There has, however, been an increase in all of those categories in absolute numbers.

Senator CARR—Yes, but absolute numbers is across the whole system surely. Can I get a table that tells me the percentage breakdown of total research revenue, total teaching revenue, percentage of total operating expenses, total operating surplus—obviously it is a percentage of surplus—and total percentage of debt of the Group of Eight universities? Can that be compared between 2000 and 2004—so it is a comparison of the last figure you have got with 2000's figure?

Mr Burmester—Yes, we could do that.

Senator CARR—I basically want to know the surplus, the percentage of surplus, obviously the share of debt, the share of revenue, the share of income and the share of students.

Mr Burmester—That is the share of the sector debt, sector revenue—

Senator CARR—Yes, I want to know the place of the Group of Eight in the sector and how that has shifted over the last four years if that is possible. You know the standard set of tables that I get on those figures. Obviously you can do it, you have the computers where you can press a button and produce that outcome. That concludes my questions for the division.

Proceedings suspended from 4.12 p.m. to 4.29 p.m.

CHAIR—We move to questions on AEI Group.

Senator CARR—Have we heard anything from the Minister for Science about the Chief Scientist's appearance next Tuesday?

Dr Harmer—I have not.

Senator CARR—We have about an hour left of proceedings.

Dr Harmer—I will let you know immediately I hear.

Senator CARR—We have to make some decisions as to whether we approach the chamber directly to get him to appear.

Dr Harmer—I have been speaking with the secretary; I understand. Unfortunately, it is not in my control.

Senator CARR—I appreciate that very much. Could the officers give me some advice about the projections on demand for Australian educational services? I read a report recently in the *Campus Review* that the vice-chancellors are concerned about a drop-off in demand in China. Do we have any advice on that?

Dr Jarvie—We have not done projections specifically on China, but we can talk to you about what the trends are in terms of students coming from China to Australia. In that sense, the figures for China are still very strong. Between 2002 and 2003, there was an increase of 20 per cent in the number of students from China in Australia, and that is very strong growth. The figures for the first part of this year compared to last year show continuing strong growth from China. The change in commencements has been up by 25 per cent for the first four months of this year compared to the first four months of last year. So the growth is continuing.

Senator CARR—Are there any areas of concern in terms of the market for international students?

Dr Jarvie—Certainly there are areas where the demand is softening, and that would be in Indonesia, Hong Kong, Malaysia and Singapore.

Senator CARR—What do you think the causes of that are?

Dr Jarvie—There have been trends in some of those countries for some time as their markets are maturing. Their local provision is improving, and that has been occurring for some time. In those areas, our off-shore provision has been increasing. In Malaysia and Hong Kong our off-shore provision has been going up.

Senator CARR—Do you think there is any correlation between the drop-off in those particular countries and the recent security situation?

Dr Jarvie—We do not have any strong evidence for that in areas such as Hong Kong or Singapore. There may be an issue with regard to Indonesia.

Ms Buffinton—We have been aware over the last 12 months that fewer Australian institutions are travelling to Indonesia to recruit because of travel advisories and so forth. As a result of that, we are planning to bring our counsellor out to Australia and run a roadshow at the beginning of August this year. Rather than institutions going to Indonesia, the counsellor will come out to Australia and talk about the opportunities that still do exist. More broadly than just specific geographic locations in higher education is that the year to date figures both in terms of commencements and total enrolments still remain very high. In VET they are staying up very well. There has been a fall in schools, which we are projecting comes from some changes in immigration requirements and the level of English language requirements. We are presupposing that more students are staying and getting a higher level of education at home. Certainly Indonesia has always been a draw for schools, and we have noticed a drop-off in schools there. There has been some softening in the numbers in the ELICOS sector as well.

Senator CARR—Is there an increase in demand from other countries like Europe?

Dr Jarvie—Certainly we are experiencing increased commencements from the United States—commencements are up by five per cent this year compared to the first four months of last year. Korea went up by 11.8 per cent in the first four months of this year compared to last year and Japan is up by five per cent. India is a big one: there is a 45.7 per cent increase for the first four months of this year compared to last year.

Senator CARR—I understand there is a proposal for a Chinese developer to build a village to house 5,000 international students in Darwin. Is the department aware of this proposal?

Dr Jarvie—Not to my knowledge.

Senator CARR—It is the case that Darwin has 4,600 international students, is it not?

Dr Jarvie—We do not have those figures with us I am afraid.

Senator CARR—How do you think a university, such as Charles Darwin, would go doubling its enrolments of international students? Do you have any way of assessing the capacity of a university to do that?

Ms Buffinton—As far as each institution is concerned, the government does not give any sort of direction on levels of students. It is left to the institutions to make a judgment as to what their capacity is. Obviously, we take an interest to make sure that the quality is upheld, and that they have the right sort of pastoral care in place and the capacity for keeping the quality of those student services up while delivering a high quality education.

Senator CARR—So the quality assurance is an issue that you are directly concerned with and have responsibility for monitoring and enforcing. If a university seeks to double its intake in a very short period of time, I would have thought that it would be a matter of interest to the department. I would have thought a proposal such as one to increase the number of students in Darwin by 5,000 might be something you might be aware of, that is all.

Dr Harmer—I am not aware of it and I am not sure that any of us are, but we will certainly look into it. To comment on your question, we would be interested if a significantly rapid growth in numbers was likely to impact on quality. That would be something very interesting to us.

Senator CARR—I could not see how it could otherwise be the case. If the *Northern Territory News* report of 16 April is accurate—and it cites the developer, the region from which the students are to be drawn and representatives from the university—it would seem to me that there is some substance to it. It would seem that way at least sufficiently for it to make the newspapers. Perhaps I will get further reports from you as to what is happening. Speaking of quality, what has happened to the review into the ESOS Act in regard to Christmas Island High School being able to attract international students?

Ms Buffinton—The ESOS review has begun. We have gone out to tender and, in the next week or two, we will be announcing who has the tender for the ESOS review. As part of that, we did undertake that we would ensure that Christmas Island was aware of the ESOS review. They are aware of it, we have written to them, but we will be alerting them as to when the consultant will be taking submissions. We would expect that there will be a submission from Christmas Island.

Senator CARR—So it is only a question of submissions. You are not actually having a look at the capacity of the high school to undertake such a program?

Ms Henry—The evaluation has a wide scope of issues it will be looking at in relation to efficiency and effectiveness, which is what the evaluation is about. I would expect a range of issues to arise in the consultation process, and I think that that will be one of them. I also have with me, if you would like it, a copy of the terms of reference and the key issues and questions for the evaluation. I can table that.

Senator CARR—It is much appreciated. Was DEST a party to the consultation convened by the China FTA study task force on 20 and 21 May?

Ms Buffinton—We have been involved in discussions with DFAT on the China FTA. I think you are referring to a meeting that was in Sydney.

Senator CARR—It was particularly on the education sector. I hope you were involved.

Ms Buffinton—As it so happens we were not, but DFAT have apologised to us for an oversight in that invitation.

Senator CARR—Does this happen very often—where you are not involved?

Ms Buffinton—No, we have very good relationships with all of our partners in government.

Senator CARR—But not good enough for them to tell you that there was what appears to me to be a major consultation about the possibility of a free trade agreement with China, specifically relating to the education sector, involving universities, IDP, TAFE and industry groups, but not you?

Ms Buffinton—On this occasion, they apologised.

Senator CARR—Can you provide the committee with any information on the issues reportedly identified at the meeting? They went to: issues of recognition of qualifications, fraudulent documentation, equivalents of the quality assurance framework, return of student fees to Australia for courses provided in China, difficulties relating with Chinese exchange students, and issues relating to the legal jurisdictions of the two countries. Are you able to give me a report on those issues?

Ms Buffinton—We can take that on notice. When DFAT apologised, they said they would bring us up to date with what happened at the meeting and that we will be involved in future meetings.

Senator CARR—They have not managed to do that yet?

Mr Thorn—As Fiona Buffinton has said, we have had discussions with DFAT about the failure to invite us that meeting. As Ms Buffington has said, DFAT have assured us that they will involve us in the process of the development of the China FTA , as they had done prior to this meeting. Certainly, we have been involved with DFAT and other departments in wide ranging consultations within the government. My understanding is that they have not provided us with that report yet. Once they do, we will be in a position to forward that information to you.

Senator CARR—It is just that I have had experience with the industry department, where they were treated a bit like mushrooms. They even occasionally were invited to meetings, but still acted like mushrooms. I hope that is not going to happen with this department. You have a pretty good reputation when it comes to being able to provide proper research and evidence based advice. I trust that, with matters as serious as this, you would not be excluded.

Mr Thorn—DFAT are well aware that we have a strong interest in this issue and they have undertaken to include us in any further consultations.

Senator CARR—DFAT have a pretty arrogant attitude, though, don't they?

Mr Thorn—Those are your words, not mine.

Dr Harmer—That is your conclusion, Senator, but I can assure you that I will take it up with the secretary of the Department of Foreign Affairs and Trade. In addition to the contact at Mr Thorn's and Ms Buffinton's level, I will take it up with the head of the department.

Senator CARR—Is the department aware of reports circulating in New Zealand that Australian universities are luring top New Zealand students across the Tasman with various lucrative scholarships—in New Zealand terms, I think that means $40,000?

Dr Jarvie—I do not think we are aware of those reports, unless they are referring to the normal scholarships that we have for international students in Australia.

Senator CARR—So it has not been raised with you by the New Zealand authorities?

Mr Zanderigo—We are aware that the New Zealand government has recently released a policy statement on international education which includes scholarship funding to attract students to New Zealand.

Senator CARR—So they are up to it? That is different. What is the nature of their scholarships?

Mr Zanderigo—I am not sure of the details, but we can get that information to you.

Senator CARR—But you are aware of no program of Australian universities deliberately recruiting New Zealand research students?

Mr Zanderigo—Not that we are aware of, no.

Senator CARR—At this time in the proceedings, I usually go to some quality assurance issues.

CHAIR—You could put them on notice.

Senator CARR—No, the department really does appreciate this work. It helps them highlight how to get the shonks, rorters and shysters out of the industry. We have done a remarkably good job through this committee under your chairmanship, Senator Tierney. I am sure you would appreciate that as well. What was the nature of the misleading and deceptive conduct that was the reason for the Australian International College of Business having its registration cancelled? I am referring here to question on notice E762.

Ms Henry—I am sorry, we do not have the detail with us. Could we take it on notice?

Senator CARR—Yes. Similarly, what was the false or misleading information published or represented by the New South Wales International College that led to its deregistration?

Ms Henry—Similarly, we have not brought that information with us. We are happy to take it on notice.

Senator CARR—Why did you cancel the registration of Frankarens Pty Ltd trading as Sydney College of Technology?

Ms Henry—I will just clarify that.

Dr Harmer—While we are looking for that information, can I indicate to you that I have brought back Dr Evan Arthur because I gave him the series of questions you asked on the RTS and he believes he can answer some of them more easily here, rather than have his people work away at questions on notice. He is available if you want to question him.

Senator CARR—It will depend how long we keep going here.

Ms Henry—The information we provided in the question on notice indicates a series of breaches by Frankarens. In an effort to pre-empt any questions about the other providers, I would be happy to take them all on notice and come back to you with more detail.

Senator CARR—I would like to know the details of the reasons for the cancellations.

Ms Henry—I am happy to do that.

Senator CARR—You are covered by privilege, so there should be no reason—

Dr Harmer—We will give you the details. For all of them?

Ms Buffinton—For all of the providers on the question on notice.

Senator CARR—Thank you.

Ms Henry—Did you only want the information on cancellations?

Senator CARR—The suspensions, cancellations and conditions as well. That will go to the next series of questions, which was the document tabled as attachment C—'Total Suspensions, Cancellations and Conditions', which you tabled at our last meeting. Again, you have provided me with some information about the seven providers. I would like to know what the reasons were of the seven, the names of the seven, and how many of them remain suspended. A suspension is not as permanent as a cancellation, is it?

Ms Henry—That is correct.

Senator CARR—I would like to know how many of them remain suspended and what conditions were imposed on the five providers that you have listed. I take it that in the case of four of the five, further action was then taken for registrations to be cancelled. I notice that the Marrickville college has had its conditions lifted. Can you tell me why that is. Is it still registered?

Ms Henry—One condition has been removed and one remains. I understand that at the moment we are requiring them to provide attendance records monthly. I do have with me the updated tables.

Senator CARR—Can I have those?

Ms Henry—Certainly. Perhaps I can give you a rundown on the process in the table. In attachment A, which refers to total enforcement and monitoring action, there have been a total of 339 actions since June 2001. That includes 165 notices of intentions, 43 production or attendance notices, one monitoring warrant and 130 provider consent visits. Since the last reporting period when we gave you the tables, there has been an increase of 40 actions. Of the 40 there have been 27 extra consent visits undertaken. In attachment B, which is total suspensions, cancellations or conditions imposed on providers under section 83, you will note that there has not been any change to that. However, we are continuing to increase the amount of compliance activity that we are undertaking with providers. In attachment C, which is total suspensions, cancellations and conditions by state and type, there have been 253 in total and an increase in 24 in the period.

As I mentioned, there has been an increase in compliance activity in line with the additional resources provided in the last budget. What we have done and are continuing to do is to improve our infrastructure to support the work that we are doing. For example, we are introducing a compliance package and a risk management strategy and we are exploring a case management system to make the processes more efficient. But we are also increasing the education activities that we are undertaking, which is a very important part of the process for us—such that we are now attending more provider workshops, for example. We are developing a series of fact sheets to go out to students and providers and we are enhancing our database so that we can more efficiently undertake the activity. We are also undertaking an increased level of whole-of-government activity, particularly in relation to our dealings with DIMIA and the work that we are doing at both the federal and the state and territory level in relation to being involved in meetings on aspects such as pastoral care. We are regularly meeting with our state and territory counterparts at the same time and working collaboratively with them by following up on provider issues. We are working with other agencies as we need to.

Senator CARR—I take it that the number of officers in the branch has increased since the legislation last year.

Ms Henry—Yes.

Senator CARR—Have you filled all the positions now?

Ms Henry—Yes, I believe we have.

Senator CARR—So how many now are working in the branch altogether—or is it the international group?

Ms Henry—Are you talking about the totality of the group or the totality of compliance—

Senator CARR—You put on 40-odd officers last year; is that right?

Ms Buffinton—In total for the group there are around 150 staff. That is inclusive of 15 counsellors offshore.

Dr Jarvie—That does not include locally engaged staff—in the officers offshore.

Senator CARR—Did you put on 40 officers as a result of the new compliance measures last year?

Mr Zanderigo—We received, roughly I believe, 40 ASL additional resources—average staffing level. That is a resource allocation for the group. I do not have with me any staff movements between then and now, but the resources had been directed to the purposes for which we received the funding.

Senator CARR—I do not expect anything else. It is essentially compliance?

Dr Jarvie—No, not all in compliance.

Senator CARR—How much was compliance?

Dr Jarvie—There were resources also for offshore quality assurance and things like that—extra resources for promotion and to expand the representation overseas. That all came out of the additional resources we got.

Senator Carr—It is quite obvious that the level of activities increased quite significantly consequentially.

Dr Jarvie—Yes, very significantly, and a much more systematic approach to a change in the way we do business as well.

Senator CARR—That is good. I am sure you have met with universal support from the industry in that regard—all the universities think this is wonderful, that there is a higher level of quality assurance.

Dr Jarvie—The increased activity in the compliance area has been very well received.

Senator CARR—Is that right? How do you know that? I am still getting complaints.

Ms Buffinton—Generally, of the 1,300 providers in terms of compliance activity, all the institutions realised that we are relying on a good quality education and for people to deliver a good quality education. By far the bulk of suppliers are very good quality suppliers. It is in their interests that we have the opportunity to try to make some of the institutions that have a few compliance issues more compliant. So, across the board, we have to remember there are 1,300 in the listings that you have. We realise that it is the minority where we have some compliance issues. The others welcome our activity.

Senator CARR—That is exactly the point. It is the lowest common denominator effect, isn't it? There are a few people who have forced down the prices and undermined the quality. The bottom feeders can do enormous damage to everyone. People do not remember the good yarns; they remember the—

Dr Jarvie—That is why we have had support from the stakeholder groups broadly for our activities in this area.

Senator CARR—ACPET is actively supporting that?

Dr Jarvie—ACPET is helpful and is actively supportive. English Australia and all of these groups say this is a very important activity.

Senator CARR—The department of immigration has given me a list of providers on student visa cancellations. That list shows that some 7,000 visas were cancelled in 2000-01. I noticed on the list that they have provided a significant number of colleges that appear regularly in our discussions. Is it the case that the Melbourne Institute of Business and Technology is still registered on CRICOS?

Ms Henry—Yes, they are.

Senator CARR—Sydney College of Business and Technology?

Ms Henry—Yes.

Senator CARR—Australian College of Technology?

Ms Henry—No.

Senator CARR—Perth Institute of Business and Technology?

Ms Henry—Yes.

Senator CARR—Queensland Institute of Business and Technology?

Ms Henry—Yes.

Senator CARR—Uniworld English College?

Ms Henry—Yes.

Senator CARR—Windsor Institute of Commerce and Languages?

Ms Henry—Yes.

Senator CARR—New South Wales Business College and New South Wales English College?

Ms Henry—Yes.

Senator CARR—So, of those providers which are named as being quite high on the number of cancellations, which is the DIMIA criteria—one of their watch lists, if you like—are a significant number still registered?

Ms Henry—Yes. The issue with visa cancellations though is varied in that we would need to look into the reason for the visa cancellations themselves. To an extent it actually means they are doing their job.

Senator CARR—It might also be that some of them that are listed are actually huge providers and the proportion of students they have that have their visas cancelled might be relatively small. I notice a number of public institutions have a very large number of visa cancellations. This alone does not demonstrate there is a problem, but where there is a small college which has a large number of visa cancellations suggests to me there is something that requires further attention.

Ms Henry—But there could be a whole range of reasons for that, and that is the issue. Unless we were able to analyse it, we could not give you a definitive answer on that.

Senator CARR—Is the Sydney Business and Travel Academy still on CRICOS?

Ms Henry—Yes.

Senator CARR—You mentioned there has been an improvement in the communication between DIMIA and DEST. Does it go to the issue of an exchange of information of a watch list of colleges?

Ms Henry—We certainly do have discussions about providers of interest, yes.

Senator CARR—Is that new?

Ms Henry—No it is not, it is an ongoing process for us.

Senator CARR—Have there been more frequent discussions in recent times?

Ms Henry—I would say that we are increasing the level of communication that we are having, but it is on a variety of issues including aspects such as pastoral care, for example.

Senator CARR—I noticed with some of the public institutions there are still quite significant levels of cancellations of 18 and 17 per cent. Do you have a figure at which you start to become concerned? Is there a ratio of cancellations to students that give you a sense that there might be an issue?

Ms Henry—Again it would depend on the reason for cancellation. We have not struck a particular figure but if it did occur to us that it looked unusual, then we would investigate it further.

Senator CARR—Some universities, for instance, have cancellation rates of 17 per cent, 18 per cent, 10 per cent and 12 per cent, while others like Monash have six per cent and the University of New South Wales has two per cent. There are quite significant disparities there. I would have thought a rate of 18 per cent would start to get on the high side. Have you had a look at that?

Ms Henry—No, we have not.

Senator CARR—Can I draw your attention to that information? I will be happy to give you those answers if you have not already seen them.

Ms Henry—Thank you, I would appreciate that information.

Senator CARR—You can do your own sums to see whether or not my conclusions are accurate.

Ms Henry—Thank you.

Dr Harmer—I would think 18 per cent is pretty high. We will have a look at that.

Senator CARR—There is an issue that has been drawn to my attention with regard to education agents. There are plans afoot within the government, I understand, to improve the regulation of migration agents and education agents. Are you familiar with those plans?

Dr Jarvie—Yes, a discussion paper was put out by DIMIA on 26 May about options for regulating migration agents overseas and tracking the immigration related activities of education agents.

Senator CARR—Is it the intention to register agents?

Dr Jarvie—The document canvasses a whole range of options with regard to the migration activities of education agents. There is a range of options going from some sort of self-regulating model to a regulation model. The document is out for discussion.

Senator CARR—Yes, I appreciate that. Does the department have a view that it is easy to distinguish between educational work and migration work undertaken by education agents?

Dr Jarvie—The document says that there is sometimes a fine line between it. Certainly a lot of education agents are registered migration agents.

Senator CARR—Yes, and no-one should have any complaint about that. But my question goes to those agents that are not registered as migration agents but offer advice to international students about where they can undertake study, and it seems to me that there is a logical connection therefore with migration work. It would be very difficult to prove one way or the other but it is not an unreasonable conclusion to draw that there is advice being offered as to where to enrol et cetera.

Dr Jarvie—They certainly are education agents, so their primary purpose is to work for education providers in Australia, to locate students, and then sometimes they will help these students put visa applications in.

Senator CARR—That is the question. Once they start doing that, they cross the line.

Dr Jarvie—They can be essentially a post-box or if they are giving actual migration advice they are meant to be registered as a migration agent.

Senator CARR—That is right. The exemptions to that are members of parliament and a few others—there are very tight exemptions rules, aren't there?—and that is about all. I am wondering how it is possible for an education agent to be recruiting international students to come to Australia without having some immigration implications—that is, visa implications.

Dr Jarvie—I think the case is that some education agents that do that simply essentially operate as education agents, but certainly many of them do operate as migration agents.

Mr Zanderigo—The discussion paper from DIMIA canvasses a range of models for regulating both current migration agents and education agents who are not also registered as migration agents. Indeed, as you point out, a key part of the education agents' work is to help students with their visa processes. The discussion paper canvasses ways in which even outside Australia education agents are helping students with their visa processes. If those agents are providing poor advice on migration regulations and if the compliance profile of those agents shows that a lot of their applications contain fraud, then the paper canvasses the options to do with imposing sanctions on those agents to control their behaviour. We fully support that.

Senator CARR—The options go to national registration?

Mr Zanderigo—That is one of the models that has been canvassed.

Senator CARR—What would the response of the department be to that model?

Mr Zanderigo—We support all the models that have been canvassed. We think they all merit consideration. There is quite a long period for submissions to be made to DIMIA in response to the paper.

Senator CARR—So you have no formal position yet on a preferred model?

Mr Zanderigo—No.

Senator CARR—There has been a dispute concerning the Australian Council for Private Education and Training, which has raised concerns regarding the current system of accreditation of English language training providers and NEAS. They have made the point that, in their view, it is inappropriate that national accreditation in this area should be contracted out to a private company owned by an industry association. Are you familiar with this complaint?

Ms Buffinton—Yes.

Senator CARR—I note that there has been some public debate on this matter, so it is not exactly a private matter. I wonder if you can acquaint the committee with the details of the establishment of NEAS as the accreditation body. What was the process that led to that?

Ms Buffinton—The background that I understand was that NEAS Australia was established back in the early nineties. In the late eighties and early nineties there were some issues of English language provision and quality control, and NEAS was established, as I understand it, in the early nineties. It grew out of the group English Australia, which was involved in the setting up of NEAS. In the last 10 years, there has been a large number of other providers, so there are now people who are providing English language who are members of English Australia and members of ACPET who are English providers. The accreditation agency NEAS is an accreditation agency in, I think, New South Wales. It has a legislative base. It is used in other states by recommendation, not on the basis of legislation. The background to NEAS is that it has been in existence for more than 10 years.

Senator CARR—That is right—since 1990. ELICOS was actually invited to establish itself as the accreditation body by the Commonwealth, if my recollection serves me correctly. I am wondering how appropriate that remains today, given the changed circumstances, particularly when I see the NEAS publication. *NEAS Australia*, in the introduction, says, ‘The members of the council of Education Australia are members of NEAS Ltd.’ Is there not a problem when one particular industry group controls, by way of legislation and by way of Commonwealth invitation, the accreditation process for the industry as a whole when there are competing industry groups?

Ms Buffinton—There is currently an active debate. You are obviously aware that ACPET has raised the issue. English Australia is aware of the issue, obviously, as is NEAS. The Commonwealth position is that we welcome the current debate that all three parties are actively involved in. It is requiring people who have been in the industry for a long time looking at whether they need to be more flexible or looking at whether there are changes but, rather than taking any one side at this stage, we are encouraging this debate. It is highly appropriate that in 2004 it is time for the various groups to look at whether the current model, something that was set up in 1990, is still relevant.

Senator CARR—The situation, though, is that Education Australia has a permanent seat on the board. That is right, isn’t it?

Ms Buffinton—English Australia, yes.

Senator CARR—That is because the Commonwealth initially approached that organisation. Is that right? Is that the reason for them having the permanent seat?

Ms Buffinton—I must admit, I do not think anybody today would have background. We are happy to take on notice the foundation and why they run board.

Dr Jarvie—Perhaps we should say that the NEAS board itself accepts now that there is a need for change and to look at it. It has already identified some proposals and has written out to a number of groups—all of the accredited colleges—with some ideas for how it might change it and make it more broadly representative. We welcome those sorts of initiatives.

Senator CARR—Don't you reckon the whole thing is a bit of an anachronism? Given now we have the Australian Qualifications Framework, why isn't the international industry accredited the same way as the domestic industry is accredited, with Australian accreditation procedures rather than private accreditation procedures?

Dr Jarvie—You are saying, 'Why shouldn't you bring it in under the Australian Qualifications Framework?'

Senator CARR—Yes, why not?

Dr Jarvie—That is a much broader and bigger issue.

Senator CARR—But why isn't it? I am saying the whole process was established in 1990, when the industry was miniscule by comparison. A special privilege has been extended to one particular body, and that whole circumstance has now changed—there is a whole range of bodies. There is clearly a dispute within the industry. The registration procedure lacks credibility because there are disputes about the nature of the process. Why isn't it all under the same public control as all other registered training organisations are, given that they have to register anyway if they want to offer a whole range of RTO benefits? Many of them have that registration. Why is it necessary to have a separate private registration process?

Dr Jarvie—You are raising a valid question, but that is an issue that states and territories would have to take into account as well. I can argue it both ways. I can see some advantages, rather than having each state and territory accrediting authority having to develop the expertise in English language, in having an industry run body to do the accreditation. You can argue on efficiency grounds to have one national body for Australia.

Senator CARR—Absolutely.

Dr Jarvie—That is an efficiency argument. The debate that is happening now is whether it should come into the Australian Qualifications Framework.

Senator CARR—It strikes me that it is an issue that the Australian Public Service should be interested in, that this department should be interested in—

Dr Jarvie—No.

Senator CARR—You do have the responsibility for running CRICOS.

Dr Jarvie—Yes, we have a responsibility for accreditation arrangements for CRICOS.

Senator CARR—That is right, you have a central role in regulatory framework. It strikes me that you also have a capacity to bring people together on these issues and to make recommendations as to the directions that should be followed to the minister. I take it that has not happened.

Ms Henry—I would like to clarify that the accreditation responsibility actually lies with the states and territories.

Senator CARR—We have been through this. It is Commonwealth legislation—the ESOS legislation—that overrides the states, if you so choose, where there is a conflict. Yes, it is a partnership and all those things occur, but the Commonwealth legislation is clearly a matter here which has some significance.

Ms Henry—Yes, but the process itself is actually with the states and territories.

Ms Buffinton—There is a debate currently and certainly what we can take on board is that we need to have a look at what role we play.

Senator CARR—It needs to be sorted out, and I do not think it is appropriate just to watch the gun flashes on the horizon on this one. We all acknowledge the importance of this industry in terms of the national economy. Is there any provision within the current ESOS arrangements to allow for providers to actually raise concerns about state regulators? What is the process for complaints about state and territory authorities under ESOS?

Ms Henry—There is no formal process in place, but providers would be at liberty any time to raise those issues if they had concerns.

Senator CARR—But there is no legal process to do that, is there?

Ms Henry—Not that I am aware. There is no legal process but we would welcome comments if they had them.

Senator CARR—Do you often have complaints from providers about state authorities?

Ms Henry—I am not aware personally of complaints, but I am sure they do arise from time to time.

Senator CARR—I would like to raise the issue of Bridge Business College with you. Is the department aware of claims that Bridge Business College is poaching students from other providers by offering them flexible attendance regimes?

Ms Henry—Yes, we are.

Senator CARR—Are you aware that there are claims being made that Bridge Business College is telling students that they will only have to attend for one day per week?

Ms Henry—I am not specifically aware of that claim, but I am aware of the flexible attendance issue. In recent times we have undertaken visits to Bridge Business College and we are aware of some issues relating to them. It is under active investigation. I would prefer not to discuss it.

Senator CARR—I would like to talk about the Australian College of Physical Education. This has CRICOS registration number 01822J—I am sure you have an officer there who knows that. That has recently changed hands. It was formerly owned by the Sydney Church of England Coeducational Grammar School and its new owners are Mr Peter Cornish, and former council member Mr Robert Dunnett. Has there been any examination of that sale? Are you aware of that sale?

Ms Henry—At this stage we are not aware of the change of ownership issue. We would be happy to take any information you have.

Senator CARR—I might do that; you can talk to us later. Are you aware of Harbridge UniCollege, University of Wollongong in Sydney?

Ms Henry—Yes.

Senator CARR—It is a college that is not registered on CRICOS, I am told.

Ms Henry—Yes, that is correct.

Senator CARR—I am also told in the top rating in Sydney.

Ms Henry—They are only operating in the domestic market at the moment, so they are not recruiting.

Senator CARR—It claims to be a training partner of Perth RTO, Auston Institute of Management and Technology. Were you aware of that?

Ms Henry—No.

Senator CARR—Has there been an approach to CRICOS for registration?

Ms Henry—They have applied to the VETAB for registration.

Senator CARR—Are they currently offering overseas students study courses?

Ms Henry—They are not recruiting at the moment.

Senator CARR—Is it the same Harbridge college that claims on its web site to have credit transfer arrangements with the University of Wollongong?

Ms Henry—I am not familiar with the web site. I can take that on notice.

Senator CARR—Could you have a look at that for me?

Ms Henry—Yes.

Senator CARR—You are saying that it has no students?

Ms Henry—It is not recruiting international students at this point.

Senator CARR—It has domestic students?

Ms Henry—Yes.

Senator CARR—How many domestic students?

Ms Henry—I am not sure. On a point of clarification, we do not know whether they even have any domestic students.

Senator CARR—If they have no students, how come they have a teaching staff?

Ms Henry—Probably in preparation for getting students.

Senator CARR—Mr Michael Megas is associated with a number of formerly failed international colleges. I understand he is on the teaching staff.

Ms Henry—I am not aware of that, no.

Senator CARR—Has Mr Megas been brought to your attention in connection with the 'fit and proper person' test in the ESOS Act?

Ms Henry—You have previously raised him with us, yes.

Senator CARR—Has he been brought to your attention in relation to this particular college?

Ms Henry—Not that I am aware of, no.

Senator CARR—He has now. You will be able to confirm for me whether the college has any students?

Ms Henry—Yes, I am happy to take it on notice.

Senator CARR—If it has no students, it would be interesting to know how it has an income. Is Power Business Institute still operating?

Ms Henry—Yes, they are still registered. The information is that they want to maintain their CRICOS registration.

Senator CARR—What is the association between the Power Business Institute and Harbridge Unicollege?

Ms Henry—There is none that we are aware of.

Senator CARR—Apart from Mr Megas, who I have mentioned. Are you aware of Shafston International College?

Ms Henry—Yes.

Senator CARR—What is happening there? Is there action planned with them?

Ms Henry—I am sure you are aware that the issue is now subject to criminal investigation and we are monitoring the progress of that. It was the case with Shafston that they had a minor breach of the ESOS legislation in relation to student support services, but we are working with them at the moment to address that issue.

Senator CARR—But the other matter is some offences related to a number of young women. Is that right?

Ms Henry—The alleged perpetrator is no longer associated with the college and neither are his relatives, but it is subject to criminal investigation.

Senator CARR—In what jurisdiction?

Ms Henry—It is in Queensland.

Senator CARR—They are not Magistrate's Court charges are they?

Ms Henry—I am sorry, I do not have the detail.

Senator CARR—Has there been any discussion recently with Central Queensland University concerning the operations of Campus Group Holdings?

Ms Henry—No, not that we are aware of.

Senator CARR—There was a review undertaken recently by Phillips Curran—are you aware of that?

Ms Henry—No.

Senator CARR—There was an article in *Campus Review* on 7 April. Perhaps I will draw your attention to it and we will come back to it another time if you are not familiar with that matter.

Ms Henry—Thank you.

Senator CARR—Thank you.

Dr Harmer—I would like to make a correction for the record. On Tuesday evening, Mr Hoffman from the Indigenous education group advised the committee that the 2003 financial acquittal for the IESIP, the Indigenous Education Strategic Initiative Program, by the New South Wales Department of Education and Training was still outstanding. We received advice today from our New South Wales office that the financial acquittal for the New South Wales Department of Education and Training had been received in the office on Monday 31 May 2004 and was therefore not outstanding as indicated to the committee. I also have some answers to table that we took on notice on Tuesday evening with Senator Crossin in relation to Indigenous education programs.

[5.30 p.m.]

Senator CARR—Dr Arthur, you have been recalled. Which ones do you want to deal with first?

Dr Arthur—I can go through the ones I have in front of me, if that is going to work for you, starting with the institutional grants scheme.

Senator CARR—Yes, please. You have actually got my questions, which makes life a lot easier. I can just sit back and listen now. There is a danger, of course, that you will give me answers to questions I do not want to hear—but that is life, isn't it?

Dr Arthur—Indeed. First of all, I can confirm that the basis of distribution for the institutional grants scheme is research income combined from competitive grants income and other forms of research income, research student completions and research publications. The reason for the application of the five per cent cap on increases was indeed to provide a moderating effect on the changes in allocation between universities which would otherwise occur if the formula simply ran without any particular arithmetical limitation. It is not the case that a decision has been made to retain the cap for the next three years. What the government has said in its reaction to the Knowledge and Innovation evaluation is that it will consult with the sector on two key issues: any changes that may occur to the research training scheme and the future of the cap on the research training scheme and the institutional grants scheme. A process of consultation with the sector on that will start next week. In fact I and a number of my colleagues will be travelling to all state and territory capitals and a number of regional centres to carry out consultations on those two issues in the next two weeks. Therefore the following questions about how institutions have responded to this do not apply, because no decision has been taken.

Senator CARR—But there is a view, is there not, that some institutions are adversely affected? How are you going to reassure them that that is not the case?

Dr Arthur—It is certainly the case—as it must be—that, if institutions would have gained more than five per cent had the cap not been applied and the cap is applied and they do not gain more than five per cent, they would perceive that as an adverse outcome from the application of the cap. That is absolutely inevitable from the government decision to impose a cap. Deakin University is a university that has suffered no loss from the application of the cap, in that it has not suffered any diminution in funding year on year; however, it has certainly not gained as much as it would have gained had the cap not been in place.

Senator CARR—Who is advantaged by having the cap in place?

Dr Arthur—Those universities that otherwise would have had larger losses. The way it operates is that a five per cent cap is placed on gains, and then gains that would have accrued are redistributed.

Senator CARR—What I meant is: which universities are advantaged by the cap? Do you have a list?

Dr Arthur—I can give you now the table for 2004. The institutions which are in brackets are the ones that have suffered a variation in the sense of getting less; the ones that are in positive numbers are those that, as you will see in the final column of the table, have received a redistribution of that.

Senator CARR—What is the budgetary impact of maintaining the cap?

Dr Arthur—For completeness, I might mention that the questions also mention a figure of six per cent on losses.

Senator CARR—Yes.

Dr Arthur—That six per cent is really just an arithmetic result of the redistribution. When you redistribute wins over five per cent, it turns out that that means that no-one looses by more than six per cent—that is, if you like, the dependent variable. In the case of the RTS, when you apply the five per cent cap on wins, the result is that about 2.4 per cent, as I recall, tends to be the maximum loss. There is no decision to apply either six per cent or two per cent; the decision is to apply a five per cent on wins—the six per cent or the 2.4 per cent are merely the arithmetic result of the five per cent decision.

Senator CARR—What is the budgetary impact?

Dr Arthur—There was no budgetary impact.

Senator CARR—How much is quarantined then? Is there a quarantined figure?

Dr Arthur—There is no quarantined figure; it simply is a fact which occurs every year that, depending on the results of the movement of universities subject to the formula year on year, a certain number of dollars will be more than a five per cent gain and those dollars will then be reallocated by the application of the cap. So the amount of dollars in total that is reallocated due to the application of the cap will change year on year. It is certainly very easy for us to provide a table which shows the total dollars which have been reallocated in all the years of the operation of the program.

Senator CARR—Could you do that please? There is a bit of a push on at the moment to remove the cap.

Dr Arthur—There are certainly a number of universities who have made submissions in the Knowledge and Innovation process—and Deakin was certainly one—who advocated the removal of the cap. There were also submissions—not surprisingly from universities who have gained from the cap—arguing for the continuation of the cap.

Senator CARR—If you could show me what the net effect has been, that would obviously help assess those claims.

Dr Arthur—Indeed. The tables that you have from the Knowledge and Innovation evaluation and the table we have just provided show you, for all universities, the effects on those universities. We can provide you with a figure of how many dollars have moved from those who otherwise gained to those who have those who have won. That is a figure, although it is not a particularly useful figure in evaluating that overall.

Senator CARR—Although it tells me whether or not it is a very large figure for some of these institutions.

Dr Arthur—The table you have tells you that for those institutions. The figure that is in the final of those three columns—

Senator CARR—I see—the variation from the cap.

Dr Arthur—tells you the effect for each institution.

Senator CARR—That is probably all I need.

Dr Harmer—So, for example, Deakin University loses $1 million.

Dr Arthur—It would have gained $1 million.

Senator CARR—That means on that calculation that Latrobe has not lost $100,000.

Dr Arthur—Correct.

Senator CARR—But for Macquarie it is $1.5 million. That is quite a serious issue for Macquarie then.

Dr Arthur—It is certainly the case that Macquarie is an institution which has benefited significantly from the operation of the cap on IGS—and it would be affected significantly were that cap to be removed. That is certainly true.

Senator CARR—And the ANU? I am surprised.

Dr Arthur—That is correct.

Senator CARR—Why the ANU?

Dr Arthur—It is an effect of its performance under the formula.

Senator CARR—The ANU is protected by $1 million.

Dr Arthur—That is correct. As I say, the tables you already have from the material in the Knowledge and Innovation white paper allow you to track back to the previous years in exactly the same way.

Senator CARR—Thank you.

Dr Arthur—What we will be doing in the consultations is providing options to the sector for the future of the cap. The major option that will be presented is to retain the five per cent cap for 2005, to move it out to 7.5 per cent for the following year and 10 per cent for year following that. We will be providing tables as part of those consultations which set out the effect of that. When we have those tables worked out, we will be more than happy to provide them to the committee.

Senator CARR—Thank you.

Dr Arthur—We also will be consulting on what would happen if we were to change the approach and cap losses rather than wins. We will also be happy to provide the committee our calculations on that.

Senator CARR—Thank you. How long before that will be ready?

Dr Arthur—We are just doing it for the consultations. It will be ready before the end of the week.

Senator CARR—Tomorrow?

Dr Arthur—Well, we are on a plane on Monday so it needs to be ready before Monday.

Senator CARR—So there is a reasonable chance we could get them early next week?

Dr Arthur—Yes, certainly. I think we have therefore covered your question about the obverse of cap policy. The table you have answers your questions about the application of the performance measure.

Senator CARR—Yes, it does.

Dr Arthur—In terms of research student enrolments, I am not aware to our knowledge of having recently carried out an analysis of trends in research degree completions. However, I would have no reason to offhand doubt the trend that has a reduction in masters enrolments vis-a-vis doctoral enrolments. My personal view of the reasons behind that is that it has to do with a long-term history about the relationship between masters and doctorates in Australia. It has to do with the prestige that is held to be associated with the doctorate as opposed to the masters. To get at the reasons for that, you would have to go out there and I suspect do sample surveys, including interviews. I think it is going to be a very, very complex set of reasons. Whenever you are dealing with the choices made by a large number of individuals, understanding the background to those choices is something one could speculate on, but to get at it I think you would need to do some targeted research. I should correct the record: I said that I am not aware of any research; it may that other areas have researched it, but I am not aware of it.

Senator CARR—In terms of the literature you are familiar with, is it not the case that the MAs used to be regarded as the apprentice PhD and that is no longer as prevalent?

Dr Arthur—That is certainly the case. I can recall back to my own days—and I have a degree in arts, a doctorate in humanities and, as I say, I started out doing a masters at an Australian university before doing a doctorate overseas—and that certainly was the case. We have regular conversations with professional bodies in the area about these issues—for example, the deans and directors of graduate schools, which rejoices in the wonderful acronym of the DDOGS.

Senator CARR—This is another side of Dr Arthur—a sense of humour.

Dr Arthur—They call themselves that. It is an issue which is the subject of conversations certainly within the sector. I do not think there are particular reasons in the research training scheme formula which explain that. I am not saying there are not, but I offhand find it difficult to see.

Senator CARR—There is an argument that the research training scheme as it is presently constituted has encouraged these trends.

Dr Arthur—I am aware of that argument. When I look at the number of variables which affects the funding allocations under the RTS and consider the relative weight of doing a doctorates or doing a masters compared with the relative weight of completing any particular degree within time or not completing at all candidacies, as I say, we have not carried out anything resembling the kind of regression analysis you would have to do to get right at that issue. My personal view is that it is hard to see what there is in the RTS which affects what has been a long-term trend within Australian research circles.

Likewise with full-time and part-time enrolments, I do not have with me anything which would confirm directly the figures, but I have no reason to doubt they are the figures cited in terms of decline in part-time as opposed to full-time students. Again, I think you would need to do targeted research to try to get out the reasons for that because you are trying to disentangle the choices of a large number of individuals. Again, it is not easy to see without doing some quite targeted analysis of what effect the allocative mechanisms that government operate has had on that—not least because I am not sure that too many students have a detailed understanding of the allocative indices operated by governments and take those into account when making their enrolment choices. I could be wrong.

Senator CARR—That is a reasonable contention, I suspect.

Dr Arthur—One particular thing you asked about was James Cook University and the systemic infrastructure initiative funding. The partners in that project are the University of Queensland, the University of Sydney and the Great Barrier Reef Research Foundation. I do not have details on financial contributions. I suspect thinking back we may not have that, given the nature of the applications for the first round of SII. It is possible some of that detail is on the file, but I certainly do not have it at the moment.

Senator CARR—Thank you. And we have not heard from the minister?

Dr Harmer—I am afraid not, Senator.

Senator CARR—Thank you.

CHAIR—We have concluded the consideration of estimates for the Department of Education, Science and Training. I thank the officers and staff.

Committee adjourned at 5.45 p.m.