



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION
LEGISLATION COMMITTEE

ESTIMATES

(Additional Estimates)

WEDNESDAY, 16 FEBRUARY 2005

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SENATE

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

Wednesday, 16 February 2005

Members: Senator Tierney (*Chair*), Senator Marshall (*Deputy Chair*), Senators Barnett, Johnston, Stott Despoja and Wong

Senators in attendance: Senators Allison, Barnett, Buckland, Carr, Crossin, Harradine, Johnston, Marshall and Tierney

Committee met at 9.03 a.m.

EDUCATION, SCIENCE AND TRAINING PORTFOLIO

In Attendance

Senator Vanstone, Minister for Immigration and Multicultural and Indigenous Affairs

Department of Education, Science and Training

Australian National Training Authority (ANTA)

Mr Paul Byrne, Interim Chief Executive Officer

Ms Kareena Arthy, Director, Strategic, Planning and Reporting

Ms Rebecca Cross, Manager, Transition Branch

Australian Nuclear Science and Technology Organisation (ANSTO)

Dr Ian Smith, Executive Director

Dr Ron Cameron, Director, Government and Public Affairs

Mr Steven McIntosh, Government Liaison Officer

Commonwealth Scientific and Industrial Research Organisation (CSIRO)

Dr Geoff Garrett, Chief Executive

Dr Ron Sandland, Deputy Chief Executive

Dr Jack Steele, Chief of Staff to the Executive Director, Business Development and Commercialisation

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

Australian Research Council (ARC)

Professor Peter Hoj, Chief Executive Officer

Mr Greg Harper, Deputy Chief Executive Officer

Mr Len Marsden, Executive Director, Corporate

Dr Stephen Walker, Executive Director, Disciplines and Programs

Questacon

Mr Grahame Cook, Deputy Secretary

Professor Graham Durant, Director

Cross Portfolio

Ms Lisa Paul, Secretary

Dr Wendy Jarvie, Deputy Secretary

Mr Grahame Cook, Deputy Secretary
Mr Bill Burmester, Acting Deputy Secretary
Mr Ewen McDonald, Group Manager, Corporate Strategy Group
Mr Arthur Townsend, Branch Manager, People Management Branch, Corporate Strategy Group
Ms Margaret Pearce, Branch Manager, Parliamentary and Communications Branch, Corporate Strategy Group
Ms Susan Smith, Branch Manager, Business Performance Improvement Branch, Corporate Strategy Group
Mr Craig Storen, Chief Finance Officer, Finance Branch
Mr Tony Kwan, Chief Information Officer, Information Services Group
Mr George Kriz, Chief Lawyer, Procurement, Assurance and Legal Group
Mr Richard Bridge, Chief Audit Officer, Audit and Investigations Group

Strategic Analysis and Evaluation Group

Ms Lisa Paul, Secretary
Dr Wendy Jarvie, Deputy Secretary
Mr Grahame Cook, Deputy Secretary
Mr Bill Burmester, Acting Deputy Secretary
Ms Jessie Borthwick, Group Manager, Strategic Analysis and Evaluation Group
Ms Oon Ying Chin, Branch Manager, Economic Analysis, Growth and Evaluation Branch, Strategic Analysis and Evaluation Group
Mr Tony Gargan, Branch Manager, Skills Analysis and Research Strategy Branch, Strategic Analysis and Evaluation Group
Ms Liz Tchacos, Branch Manager, Transitions and Attainment Branch, Strategic Analysis and Evaluation Group
Mr Lucio Krbavac, Director, Indigenous Issues and Regional Economies Section, Strategic Analysis and Evaluation Group
Mr Bob McHugh, Director, Indigenous Issues and Regional Economies Section, Strategic Analysis and Evaluation Group
Ms Jennifer Gibb, Director, Research Support Section, Strategic Analysis and Evaluation Group
Ms Anne Baly, Branch Manager, Teaching Equity and Collaboration Branch, Higher Education Group

Science Group

Ms Lisa Paul, Secretary
Mr Grahame Cook, Deputy Secretary
Mr Colin Walters, Group Manager, Science Group
Mr Rod Manns, Branch Manager, Science Programmes Branch, Science Group
Mr Steve Irwin, Branch Manager, Science and Technology Policy Branch, Science Group
Ms Sara Cowan, Branch Manager, International Science Branch, Science Group
Dr Caroline Perkins, Director, Radioactive Waste Management Section, Science Group

Higher Education Group

Ms Lisa Paul, Secretary
Dr Wendy Jarvie, Deputy Secretary

Mr Bill Burmester, Acting Deputy Secretary
Ms Maria Fernandez, Acting Group Manager, Higher Education Group
Mr Mark Warburton, Acting Branch Manager, Funding and Student Support Branch,
Higher Education Group
Ms Sian Lewis, Acting Branch Manager, Quality Branch, Higher Education Group
Ms Anne Baly, Branch Manager, Teaching Equity and Collaboration Branch, Higher Edu-
cation Group
Ms Greg Lee, Acting Senior Manager, Data and Systems Branch, Higher Education Group

VET Group

Ms Lisa Paul, Secretary
Mr Bill Burmester, Acting Deputy Secretary
Ms Aurora Andruska, Group Manager, Vocational Education and Training Group
Mr Craig Robertson, Branch Manager, Quality & Access Branch, Vocational Education and
Training Group
Mr Ben Johnson, Branch Manager, New Apprenticeships Branch, Vocational Education
and Training Group
Ms Robyn Calder, Branch Manager, Industry Training Branch, Vocational Education and
Training Group
Ms Suzi Hewlett, Director, Industry Skills Section, Vocational Education and Training
Group

Indigenous and Transitions Group

Ms Lisa Paul, Secretary
Dr Wendy Jarvie, Deputy Secretary
Mr Tony Greer, Group Manager, Indigenous and Transitions Group
Mr Shane Hoffman, Branch Manager, Indigenous Business Management Branch, Indige-
nous and Transitions Group
Mr Matt Davies, Branch Manager, Transitions Branch, Indigenous and Transitions Group
Ms Susan Bennett, Branch Manager, Student Income Support, Indigenous and Transitions
Group
Ms Susan Smith, Branch Manager, Indigenous Education Policy Branch, Indigenous and
Transitions Group

Schools Group

Ms Lisa Paul, Secretary
Mr Bill Burmester, Acting Deputy Secretary
Mr Chris Evans, Group Manager, Schools Group
Ms Catherine Wall, Branch Manager, Funding and Coordination Branch, Schools Group
Ms Di Weddell, Branch Manager, Performance and Targeted Programmes Branch, Schools
Group
Dr Trish Mercer, Branch Manager, Quality Schools Branch, Schools Group
Ms Christine Dacey, Branch Manager, Schools Resourcing and Infrastructure Branch,
Schools Group
Ms Mary Johnston, Branch Manager, Australian Technical Colleges Branch, Schools
Group

International Education Group

Ms Lisa Paul, Secretary

Dr Wendy Jarvie, Deputy Secretary

Ms Fiona Buffinton, Group Manager, International Education Group

Mr Tony Fernando, Branch Manager, Market Development Branch, International Education Group

Ms Linda Laker, Branch Manager, Educational Standards Branch, International Education Group

Mr Graeme Rankin, Acting Branch Manager, International Cooperation Branch, International Education Group

Mr Anthony Zanderigo, Director, Market Policy Unit, International Education Group

Ms Karen Holas, Director, Industry Regulation Compliance Unit, International Education Group

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

Department of Education, Science and Training

CHAIR—I welcome Senator the Hon. Amanda Vanstone, Minister representing the Minister for Education, Science and Training; the secretary, Ms Lisa Paul; and officers of the Department of Education, Science and Training, agencies and observers to this public hearing. The committee has agreed that we will commence the day with the Education, Science and Training portfolio. The committee examined budget expenditure for this portfolio in June 2004 and asked supplementary questions in December 2004. Today, the committee will consider proposed additional expenditure for the year ending June 2005, which the Senate referred to the committee on 10 February 2005. The committee has resolved that answers to questions on notice are to be returned to the committee by Friday, 8 April 2005, and it will report to the Senate before or on 15 March 2005. I remind officers that, in its order of continuing effect, the Senate resolved that there are no areas of public expenditure where any person has the discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise. I remind participants that oral evidence and documents in estimates proceedings are part of the public record. Minister, would you like to make an opening statement?

Senator Vanstone—As always, it is a pleasure to be here, and I look forward to the department providing such answers as they can, promptly, efficiently, accurately and without—if I may offer a hint—unnecessary length. I look forward to enjoying the usual courtesy extended to officers by members of this committee.

CHAIR—Thank you, Minister. We start with cross-portfolio questions.

Senator CARR—I begin by asking whether there are any questions outstanding from the previous round.

Ms Paul—We took 166 questions in December, to which there were 1,031 parts. They were due on 31 January. We have now answered 95 per cent of those. There are 10 still left to go. We are certainly making our best efforts to get them to the committee as soon as possible. Obviously, they are the more complex ones, and I do expect they will be with you very shortly.

Senator CARR—Which are the 10?

Ms Paul—There is a question to the ARC from Senator Stott Despoja on a UN declaration. There are several from Senator Ludwig—which are very complex and over several financial years—requesting various information, such as a list of community information publications, advertising in the ethnic press and so on. There is one from you, Senator Carr, on membership of advisory groups, which we are still collecting information on for the years that you have sought. There is a schools question, which asks for information over various years. There is one from you on Indigenous youth programs. There is one from you to the Australian Chamber of Commerce and Industry on itemising contracts. They are the 10 which are still outstanding from December.

Senator CARR—Have questions No. E270 and No. E285 been answered?

Ms Paul—I think we have. We do not have them on this list, so I would say we have answered them.

Senator CARR—The secretariat informs me that they came in yesterday. Are there any other questions outstanding from the budget round?

Ms Paul—From June?

Senator CARR—Yes.

Ms Paul—Yes, there are still three outstanding. One is a complex one from Senator Crossin on schools funding, one is for ANTA and one is for the ARC.

Senator CARR—What is happening with those?

Ms Paul—We are still waiting for their responses. Obviously, we are on to them and I am hoping they will come in as soon as possible

Senator CARR—I wonder if I could get E270 and E285 if they came in yesterday. What was the reason for the delay on those two?

Ms Paul—I think they were very complex. Are they the indexation—

Senator CARR—Yes.

Ms Paul—They were very complex questions. The people who answer them within Mr Storen's area are real experts in this area. There are only a few of them. Of course, they also have to do all the other financial things, such as PEFO, MYEFO and so on. I do apologise for that, but it was quite a complex undertaking for us.

Senator CARR—When do you anticipate the answers to the other questions will be arriving?

Ms Paul—Looking at them, I think the very complex ones that go back a number of years, for Senator Ludwig, may take a couple of weeks. But I am hoping the rest will be with you sooner than that.

Senator CARR—The annual report refers to a DEST corporate internet redesign. Can you explain to me what that is about?

Ms Paul—It is about redesigning our internet site to basically be more user friendly. Our view is that the internet is not as easy to use as it should be. Of course, contemporary

standards go up so rapidly in this area, so we are doing an exercise of working with our stakeholder groups to find out how they would like our internet to work for them. For example, I am sure we will move to an internet site that you can enter if you are a student, a teacher or a parent. It will be more client oriented. That is what we are aiming for. It is not a bad site, relative to others, as it stands.

Senator Vanstone—Excuse me! I might interpose and say that DIMIA are looking at their web site for exactly the same reason: to see if it is user friendly for the different categories of people who use it. For example, it might be that someone from overseas wants to apply for a visa as opposed to an employer here who is looking for someone. There is a range of different users and you need to take that into account.

Senator CARR—What was the budget for this contract?

Mr McDonald—The budget that has been allocated over two years is \$855,938. The contract currently in place is for \$322,809.

Senator CARR—Has the contract remained constant? Has there been any variation on that contract price?

Mr McDonald—No. The department conducted an open tender process in October 2003 to appoint a consultant to undertake the redesign. As a result of that we engaged the Hiser Group to undertake the redesign.

Senator CARR—So there has been no variation on the contract price?

Mr McDonald—I have just been informed that there was a slight variation. It is still the figure that I gave you before—\$322,809—but there was a slight variation associated with some extra work that we asked Hiser to do.

Senator CARR—Is this the first time that Hiser has been contracted to undertake work for the department?

Mr McDonald—We would have to check our records, but certainly from my knowledge it is the first time.

Senator CARR—Did you say \$329,000?

Mr McDonald—I said \$322,809.

Senator CARR—Was the figure of \$213,000 not the original price?

Mr McDonald—Are you referring to the annual report?

Senator CARR—Yes.

Ms Paul—I would imagine that is the financial year issue. We will check. This would be reporting only what was committed in the previous financial year.

Mr McDonald—We need to check that for you, but we think it was the variation from the original amount. The original amount in the annual report was \$213,384. We then asked Hiser to do some additional work, which resulted in the new cost of \$322,809.

Senator CARR—That was my point. You get an increase of 50 per cent on the value of a contract. I asked the question, ‘Was there any variation?’ and you tell me no, but \$100,000 on a \$213,000 contract seems to me to be quite a substantial variation.

Ms Paul—We said there was a variation.

Senator CARR—I think it was described as ‘a minor variation’.

Ms Paul—I am not sure. We have to unpack—and we will do this quickly for you—and see whether there is an issue between the financial years and what the size of the variation is. We will find that out and let you know.

Senator CARR—It is a \$100,000 variation.

Ms Paul—I am not sure. It may be smaller, I am not sure, or it may be the financial year issue. I certainly remember us changing the scope. It became clear to us pretty early on that if we were really going to get a good result—which obviously we want; we only want to do this once every so often—we needed to go out to stakeholders in a very thorough way. It was clear that the design issues were very complex as well. My own view, when I see the progress reports on it, is that it seems to be going well and we will get a pretty good result, so we are pretty happy with it.

Senator CARR—I would hope you do if there is an increase of that dimension. Mr McDonald, you said that there were additional services contracted and, Ms Paul, you have indicated a change in the scope. What were the additional services?

Mr McDonald—We will have to find that out for you. We can provide that shortly.

Senator CARR—What was the additionality in terms of the scope of the contract?

Mr McDonald—The additional work was associated with further stakeholder research to ensure that the redesign met the needs of the stakeholders.

Ms Paul—That is my recollection too, as I said a minute ago. At the end of the day it is going to be such a complex site with all the interconnections that we needed to understand very well how to give it the best client focus we could. That certainly matches my recollection of it. But we will get you the details of the money and so on.

Senator CARR—Can you tell me when the minister’s office was informed of the changes in the contract?

Ms Paul—I do not know that we would have; it is something which we are doing for the department.

Senator CARR—Who would have authorised the additional expenditure?

Mr McDonald—We will check that as well but we believe it was organised by the steering committee and approved by the branch manager. We will need to check the money because, as Ms Paul said, we think that first figure is for that financial year and the additional expenditure runs over into the next financial year and will be reported in the next annual report.

Senator CARR—Are there any changes in the annual reporting requirements?

Ms Paul—No, not to my knowledge.

Senator CARR—So it is still \$10,000. Is that the cut-off point, Mr Kriz—\$10,000?

Mr Kriz—Is this a follow-up on some of the questioning that happened yesterday in a different committee in relation to the change of—

Senator CARR—PM&C.

Mr Kriz—Yes. I am just trying to find my documents on this. There has not been a change in the way that we report. The \$10,000 limit is imposed by PM&C. We comply with it. We also identify in the annual report exactly what we report, whether it is the value of the contract or whether it is the actual expenditure for the particular contract as at a particular date. That \$10,000 limit has been in place for a number of years.

Senator CARR—In fact, we had considerable discussion on these issues some years ago. Is it the case that DEST led the way on these matters in terms of the government response to reporting contracts in annual reports?

Mr Kriz—We are certainly very proud of the fact that we report fully and try to comply with our obligations to parliament as best we can and as quickly as we can.

Senator CARR—I know. As I say, we have had considerable discussion on this issue over the years. There is obviously a difference of opinion about how effective the reporting has been. I recall that a whole new computer system had to be put in place. Is that new computer system bearing fruit? Are you able to record all the contracts?

Mr Kriz—It certainly is bearing fruit, in particular, for example, with the Australia-US Free Trade Agreement. We are in an extremely good position as a department to comply fully with Australia's obligations under that treaty in relation to procurement. It has been a very worthwhile investment.

Senator CARR—Can you tell me about the market research services for the higher education reforms communications campaign—the Worthington DiMarzio contract of \$88,000? Is anyone able to assist me with that? It is on page 220 of the annual report—PRN5032.

Mr Burmester—What aspects of that contract are you interested in?

Senator CARR—You say here that this was a selected tender. Was it?

Mr Burmester—Yes. Most of the contracts that are done in association with government advertising go through the appropriate office. They have a panel that already exists, from which departments are allocated a contract.

Senator CARR—These are the so-called specialist skills you require to get on the panel.

Mr Burmester—For some time there has been a whole-of-government approach to government advertising.

Senator CARR—And that was \$88,000. What was that for? What were the objectives and the outcomes of the contract?

Mr Burmester—As you know, there were changes commencing for the 2005 academic year. The changes in the information that students would need to know, about enrolling and their choices and processes, needed to be conveyed to those students and their parents. Some funds were allocated for that purpose, and this was one of the contracts that were doing the research on how we could best communicate that information to the students.

Senator CARR—Did you undertake any research associated with this contract?

Mr Burmester—That was the purpose of the contract—to establish how we could best communicate to the target groups: both parents and students.

Ms Pearce—Whenever we run a campaign—I think Senator Carr is aware because we provided information before—we go out and do research to work out how to target our campaign effectively. I think that is what we are talking about.

Senator CARR—Was there any variation on this contract?

Ms Pearce—Not to my knowledge.

Senator CARR—No price variation?

Ms Paul—We do not think there was, but we will just make sure for you.

Mr Burmester—We will definitely have to take that one on notice.

Senator CARR—What was the period of the contract?

Mr Burmester—Again, we would have to taken on notice getting that detail.

Senator CARR—I wonder if you could give me an aggregate of the amount of money that Worthington DiMarzio has now been paid by the department.

Ms Paul—We will take that on notice.

Senator CARR—Thank you. Can I just go back to that matter of the corporate internet redesign. You said that was \$853,000—is that right? Was it \$853,000 or \$855,000?

Mr McDonald—You asked what was budgeted?

Senator CARR—Yes, the budget.

Mr McDonald—The budgeted amount was \$856,000.

Senator CARR—Over what time period?

Mr McDonald—Two years.

Senator CARR—That is just shy of \$1 million to redesign a web site. Is that right?

Mr McDonald—The redesign of the web site came out of our last stakeholder survey. That was the basis for the redesign—access to information for our clients. The consultation phase and the technical work associated with upgrading the web site are quite substantial.

Ms Paul—Certainly when I have been briefed on the progress of the project, we have been concerned that we may be running it a bit lean. These things are costly. We have to balance how many resources within the department we can dedicate to it and so on. It is very important for our stakeholders, particularly in this portfolio, to have the most easy access to the government and to us that they can.

Senator CARR—All right. I will move on to another issue . I raised some matters in question E464—and that is also mentioned in the annual report—that go to the survey of long-term New Apprenticeships outcomes. There are two survey contracts with the Social Research Centre. Is that right?

Mr McDonald—Did you say the question number was 464?

Senator CARR—Yes, E464. Have you got that with you today? I am wondering if you can help me with these matters. What was the period of the contract?

Ms Paul—We are looking for the answer, but if we cannot—

Senator CARR—On E464_05 there is a whole series of consultancies—six consultancies. Six reports are referred to, and I am now told that the reports are all available. Where would I get copies from?

Ms Paul—We will take that on notice and try to get you copies.

Senator CARR—Thank you. I would like to ask you about the matters in the annual report relating to the surveys conducted by the Social Research Centre costing nearly \$147,000 and \$242,000. They were both on New Apprenticeships. What was the duration of the contracts? What was the purpose of them?

Ms Paul—It looks to me, and Ms Borthwick may confirm this, that they were to do with the evaluation of New Apprenticeships. A formal evaluation was required of the New Apprenticeships program in the normal way, in a cyclical way. I imagine that that these two surveys have contributed to that evaluation, which was conducted during 2004. That would be the purpose of them. For the details of the length of the contracts and so on, we will happily take that on notice.

Senator CARR—Are you able to give me the reports?

Ms Paul—I am not sure whether they were internal reports, to contribute to the evaluation, or whether they are of the nature of public reports. If they are, I am more than happy to provide them.

Senator CARR—What were the findings?

Ms Paul—We can come back with some information on that.

Senator CARR—Thank you. If the reports are not completed, I would like to know when they will be. Can I get a progress report on the nature of the research that is being undertaken? If we go back to question E464_05, when will *Evaluation of apprenticeships completion: a best practice guide and ideas for the future* be available?

Ms Paul—This answer is from ANTA, so I could not answer but we can certainly find out quickly.

Senator CARR—Thank you. And the second one?

Ms Paul—You are seeing ANTA later today.

Senator CARR—I want to know when the NCVER report *Research—factors affecting quality outcomes for shorter duration apprenticeships and traineeships* will be available.

Ms Paul—Certainly.

Senator CARR—When will the ACPET report *Advice for new ways of developing partnerships with industry* be available?

Ms Paul—We can get a list together—

Senator CARR—They are the first three, and the others I would like copies of if I could, please.

Ms Paul—Certainly.

Senator CARR—The Helen Fisher APEC architect project—\$108,500—is listed in the annual report. Why is DEST managing this?

Ms Paul—Which number are you on?

Senator CARR—I am trying to find it myself, but I have no doubt that the attachments are about to arrive from my room so that we can answer these sorts of questions.

Ms Paul—I am told that our international education group would have managed the Helen Fisher project. We might be able to get an answer and give it to you when they are here.

Senator CARR—I would be interested to know why DEST would be doing an APEC architect project. Obviously, I am interested in the usual range of questions as to why the contract was not publicly tendered. I confess my ignorance, but who is Helen Fisher? Why would she be given a select tender?

Ms Paul—Unless Mr Kriz has any more information now, when our international group get here we will give you the information.

Senator CARR—I am obviously interested to know whether or not she has received any other contracts.

Ms Paul—Certainly.

Senator CARR—There is another one here: ‘Independent investigation—review of actions’—\$12,600—Chris Hunt. Have you got that?

Mr McDonald—Yes, I have got that one. From time to time we appoint outside investigators to investigate a review of actions, and a report is provided to a delegate within the department, who then decides what action should result from that investigation.

Senator CARR—Who is Mr Hunt?

Mr McDonald—From my knowledge, but I could confirm this for you, Mr Hunt is the former deputy ombudsman of the ACT government. He has a legal background and undertakes investigations for a range of agencies within the ACT.

Senator CARR—What sorts of actions would this consultant be undertaking for the department?

Mr McDonald—Under the Public Service Act where there may have been a complaint put in in relation to the code of conduct, for example, those circumstances need to be investigated independently. We find that use of an independent consultant is the best approach in a lot of cases. We then get a recommendation and the delegate makes the decision accordingly.

Senator CARR—Can you give me examples?

Mr McDonald—Some of them could relate to interpersonal conflict within the workplace. Some could relate to claims of harassment or discrimination. They vary. We do not have a lot. We have a few per year, but when we do we think the independence is brought from somebody outside. Our employees feel that is a good way to go.

Senator CARR—So some sort of mediator?

Mr McDonald—It is someone who investigates the facts around the case. Natural justice needs to apply in relation to the other party involved. Interviews are undertaken. They are written up and provided to each of the interviewees to ensure their accuracy. They then form part of the report. There is a report that details the circumstances around the case and a series of recommendations that are made to the department, which the delegate either accepts or varies in some way.

Senator CARR—Why was this contract not publicly advertised?

Mr McDonald—Under our threshold arrangements, which Mr Kriz might be able to detail, it is because of the value of the contract, which is normally around \$12,000 to \$13,000.

Mr Kriz—I will add to that. Mr McDonald is absolutely correct. Our business rules allow line managers to obtain one written quote for amounts between \$10,000 and \$50,000. You will appreciate of course that to go to an open tender for a \$12,000 value contract would probably end up costing more than the contract itself and thus would not be value for money and not in accordance with the Commonwealth procurement guidelines, which we have to follow.

Senator CARR—What is the limit now?

Mr Kriz—From zero to \$10,000 an oral quote is required under our business rules. From \$10,000 to \$50,000 one written quote is required. From \$50,000 to \$100,000 three written quotes are required. From \$100,000 and above it is open tender except if, from 1 January this year, you are dealing with an Australia-US free trade matter where open tenders commence at \$80,000.

Senator CARR—So when the Americans are involved it is a lower rate.

Mr Kriz—Those are the requirements under the treaty.

Senator CARR—But that is the effect, isn't it?

Mr Kriz—For us, yes.

Senator CARR—And that is the same across the government?

Mr Kriz—Yes. All agencies to whom the free trade agreement applies have to comply with that.

Senator CARR—And that is effective from what date?

Mr Kriz—From 1 January this year.

Senator CARR—If we look at this annual report and take figures above the \$50,000 rate, what percentage now are going to open tender? Do you have that figure with you?

Mr Kriz—Yes. In our department, under our current those business rules, in the last financial year about 12 per cent of all contracts would go to open tender, 23 per cent would go to open and select—that is, there would be a number of people who would bid—and the others would go to a single supplier. You must realise that—and we have been through this in the past—the procurement profile that we have in the department means that up to about \$100,000 we have a large number of consultancies, each of which is of a low value. Above

\$100,000, roughly around that area, we have a small number of consultancies of large value. It is about 80 per cent to 20 per cent. So what we have in effect done by putting in place the business rules is to ensure that we direct our resources to that end of our procurement profile where our department and the Commonwealth are exposed in the largest part—where the greatest expenditure takes place. So we are concentrating, using this risk management approach, on that area where most money is at stake.

Senator CARR—So 65 per cent of contracts effectively go to one supplier.

Mr Kriz—Yes. As I said, a large number of these would be in the category of nought to \$50,000, where the cost of doing a full tender would weigh the value we would obtain from it and thus, in fact, be a use of Commonwealth funds, if we want to get best value for the taxpayer's dollar.

Senator CARR—What is the total value of contracts let?

Mr Kriz—In what year?

Senator CARR—Let us say 2003-04. You have given me a figure of 65 per cent. That covers the period 2003-04, doesn't it?

Mr Kriz—I have the total value and the total expenditure for 2003-04. Which would you prefer?

Senator CARR—Explain both to me.

Mr Kriz—It is quite simple. The expenditure is merely what we have paid out in the financial year—what has gone, what we no longer have.

Senator CARR—So that is moneys actually spent.

Mr Kriz—Real money.

Senator CARR—How much is that?

Mr Kriz—In terms of all DEST contracts—that is contracts newly let in 2003-04 and those where payments have been made for contracts from previous years—full contract expenditure is \$17,330,665.33.

Senator CARR—So \$17 million. What is the total value of contracts?

Mr Kriz—If we are talking about consultancies in both instances, the total value is \$75,466,000. That is estimated expenditure, which would be expenditure over a number of years.

Senator CARR—Did you say \$75 million?

Mr Kriz—Yes.

Senator CARR—Would you say that 65 per cent of the \$75 million would be the selected tenders?

Mr Kriz—I think it is a misrepresentation or a misunderstanding of what the difference is between contract value and actual expenditure.

Senator CARR—Explain to me then how many of the \$75 million would go to selected tenders?

Mr Kriz—The percentages I have just read out to you.

Senator CARR—So they would be the same.

Mr Kriz—They would be the same for the last few years. In about 2001-02, we changed our business rules to reflect the procurement profile that I mentioned before. Before that, we would have had more going to open tender.

Mr Burmester—Just to clarify those percentages, as I understood Mr Kriz's answers, they related to the number of contracts, not the value of contracts.

Mr Kriz—Yes.

Mr Burmester—The value of the contracts that go to open tender would certainly be above the 35 per cent.

Ms Paul—Yes, because they are the expensive ones.

Mr Kriz—As I mentioned before, our procurement profile means that, for the small percentage of contracts that go to open tender, we are talking about approximately 80 per cent of the expenditure that we are involved with.

Senator CARR—I understand the argument. You say that the number of contracts is a different concept from the value of contracts.

Mr Kriz—Absolutely.

Senator CARR—You referred to a figure of 75 per cent being the number of contracts. How many contracts would it take to get to \$75 million? You must have an aggregate of the number of contracts let.

Mr Kriz—Yes. In 2003-04, we have a figure of 274 active consultancy contracts. They are contracts that have been entered into either in 2003-04 or in a number of previous years and they are continuing.

Senator CARR—Can you give me the figures going back, say, five years?

Mr Kriz—Certainly.

Senator CARR—Can you give me the number of contracts?

Mr Kriz—In 2002-03, the number is 247; in 2001-02, it is 247; and in 2000-01, it is 212. Would you like me to go on?

Senator CARR—No, that is fine. So the number of contracts is remaining stable.

Mr Kriz—It is actually increasing a little bit. The total expenditure is decreasing and the average cost per contract is decreasing. The department has actually decreased its consultancy expenditure quite a lot.

Senator CARR—By how much?

Mr Kriz—From 2000-01 to 2003-04 there has been a reduction of \$9.1 million. We have in effect reduced new consultancies—because you need to compare year by year. In 2000-01 that figure was \$27.8 million and in 2003-04 that figure was \$14.5 million, so we have actually reduced the amount of money we have spent on consultants. We are increasing the

number of consultancies that we have and we are decreasing the average value of consultancies.

Senator CARR—Thank you for that. That is not the pattern of course across the government. It stands out a bit, doesn't it, from other departments in that regard?

Mr Kriz—Sorry, Senator, I haven't fully examined the rest of the Public Service, but I can tell you that those are the figures for this department.

Senator CARR—Fair enough. I have a series of questions about unanswered questions or questions that were not answered in full. I will get you to take them on notice because invariably it will take a long time for you to explain to me why you have not answered them. So I will give you a chance to put that in writing. That way it will be a lot shorter and less time consuming.

Ms Paul—Thank you, Senator.

Senator CARR—There are questions relating to E290, 354, 407—there are a number of questions relating to that one—

Mr Kriz—If question E290 is the one that goes to market research, opinion polling and similar surveys, I thought that the information was provided in the sense that we have said it is in all the annual reports. It is public information.

Senator CARR—I see. It says it was finalised in the DEST annual report.

Mr Kriz—Yes, and that is public. I presume you have a copy of it.

Senator CARR—I actually sought other information in terms of other years.

Mr Kriz—It is in the annual reports of each of the years. It is public information.

Senator CARR—So your argument now is that you don't have to answer the questions here; you just refer me to the annual report.

Mr Kriz—I would say that I have answered it. It is there for anybody to access. Presumably, the Parliamentary Library has it.

Senator CARR—I will put a number of those issues on notice and no doubt you will attempt to answer them in the same way and we will go around the mulberry bush.

Mr Kriz—I am not trying to be clever. I am just saying that it is available out there. It is not that we do not have the information or do not wish to provide it; we have provided it not only to you but to the world at large.

Ms Paul—We are happy to give you the reasons for those other questions, Senator.

Senator CARR—Thank you very much. Immediately after the release of the government's higher education package, at the 2003 hearings it was indicated that no money was spent on market research as part of the Crossroads review and only \$76,000 was being spent on publications and other promotional material. It was indicated that the cost of the entire 18-month review process was \$1 million. That can be found at pages 464 to 465 of the *Hansard* for this committee from June 2003-04. In E452 you refer to a figure of \$150,000 for market research, and the \$76,000 figure became \$3 million. I am wondering how that occurred. Do you have a copy of E452 there? It is one that you have just given me.

Mr Burmester—The earlier discussion went to the actual costs incurred at the time of the BAF review. Subsequent to that, the government considered how it could provide public information to explain the changes that would start in 2005. The decision about additional funds to run a public campaign was taken after the BAF announcement. I think we are looking at two different things. There was a subsequent government decision to provide funds for public information with regard to the changes starting in 2005.

Senator CARR—Under E452 we now have a figure of \$3 million. That is a substantial change.

Mr Burmester—The government realised that, having got the bill and the act passed in December 2003, when students began enrolling for 2005 they would need to understand the basis of HECS—the procedures, the opportunities that were available, the extra places and so on—so it subsequently made a decision to provide funding to conduct a public information campaign.

Ms Paul—I think the difference is between recording the money spent on the actual review itself, through the Crossroads process, and then the subsequent government decisions to explain the results publicly. Once the review had actually gone through government consideration in the budget process and all the rest of it, the results of the review needed to be explained. I guess it is a kind of chronological issue in a way.

Senator CARR—Well, there was a thing called a federal election in there somewhere. When was the campaign run?

Ms Pearce—The campaign has run from December and it will finish on 20 February.

Senator CARR—What date in December?

Ms Pearce—From 26 December.

Senator CARR—Last year?

Ms Pearce—Yes, 2004 to 20 February 2005.

Senator CARR—In the answer there is \$1.7 million for media buy. What is all that about?

Ms Pearce—There is a media buy of \$1.4 million.

Senator CARR—It says \$1.7 million in my answer.

Ms Paul—We can clarify that, Senator.

Ms Pearce—That is the budgeted figure.

Mr Burmester—We did take into consideration the fact that there was an election at that time; that is correct. In fact, the campaign did not proceed until after the election. It was initially timed for the last quarter of 2004, when students were making decisions about their future. It was actually held over during the course of the election campaign.

Senator CARR—I want to deal with that issue in a minute.

Ms Pearce—So the figure that you are quoting was the budgeted figure. The expenditure was \$1.4 million.

Senator CARR—So you have \$300,000 sitting in the kitty, have you? Is that right?

Ms Pearce—I imagine it would be.

Mr Burmester—I am not sure whether it is committed and we still have to pay it or whether, in the end, we did not spend the full budget. I would have to take that on notice.

Ms Paul—I think we discussed this campaign in June last year. It was a budget decision.

Senator CARR—That is exactly my point. We did discuss it and, in June 2003—

Ms Paul—No, 2004, I think.

Senator CARR—I was given one set of figures and then I came back a little while later and I discovered that there had been a substantial change.

Mr Burmester—The government, as part of the 2004 budget, provided for a public information campaign that they had not previously provided for, the timing of which, as I said, was planned for the last quarter of 2004. As it turned out, because of the timing of the election, it did not commence until 26 December.

Senator CARR—But market research was undertaken, was it not?

Mr Burmester—Prior to the election?

Senator CARR—Yes.

Mr Burmester—I think some of it would have happened prior to that.

Senator CARR—Surely you are not going to start spending money in December without any research, are you?

Mr Burmester—That is right. I think some spending commenced before the election was called.

Senator CARR—That was \$150,000 for benchmark and tracking. Were there focus groups?

Mr Burmester—I would have to get more information on the actual components.

Ms Pearce—Yes, there were.

Senator CARR—Was an evaluation undertaken?

Ms Paul—I do not think we got very far with it. The point is that it was a 2004 budget decision which was implemented in the normal way, and the only thing that changed was the timing of the final placement.

Senator CARR—How much market research was undertaken prior to the election?

Ms Paul—We would have to take that on notice. We could outline the timing for you.

Senator CARR—I would obviously like to see the reports.

Ms Paul—The results are in—

Senator CARR—It is a public document. It is a budget decision. This is surely not a political issue. Why couldn't I see the reports?

Ms Paul—Normally, market research informs the nature of the campaign. The results, of course, are in the campaign, which is being seen now.

Senator CARR—So? It is not advice to ministers, is it?

Ms Paul—No, I do not think so. It would normally go to our communications people who are working with whoever we are working with to create the campaign.

Senator CARR—But the campaign is finished.

Ms Paul—The campaign is still going.

Senator CARR—It finishes on 20 February. I take it you are not going to give me the answers today. You will have time to go back to the office and think about why I should not have these reports. Why are they secret?

Ms Paul—I think they are just internal work that, in the normal way, informs the nature of a campaign.

Senator CARR—Why can't they inform the public about a budget decision concerning the higher education system in this country?

Ms Paul—The result is the public end of it. They inform the nature of the campaign, the campaign is out there and that is what we are seeing now.

Senator CARR—I would like copies of the market research, please.

Ms Paul—I will take that on notice.

Senator CARR—Can you tell me how you possibly spent \$1.7 million on media? Was it spent on TV ads, billboards or pictures of Dr Nelson in a bursar's office?

Mr Burmester—The nature of the campaign was print media and radio.

Senator CARR—So there were posters or brochures. Careers advisers got three-quarters of a million dollars and the \$1.7 million was on top of that, wasn't it?

Mr Burmester—Yes. The actual expenditure of \$1.4 million relates to the media buy both in newspapers and on radio.

Senator CARR—There were radio ads as well?

Mr Burmester—Yes, there were short radio ads.

Senator CARR—Were there any TV ads?

Mr Burmester—No TV.

Senator CARR—That is something. Did you have a special agency that placed these advertisements?

Ms Pearce—They were placed through Universal McCann, as is the government requirement.

Senator CARR—So the actual expenditure for the campaign was \$2.7 million. Is that the total cost? If there was a \$300,000 saving on the media buy, it must be \$2.7 million, or have I misunderstood something?

Ms Paul—We would probably need to confirm that in writing for you.

Senator CARR—Do you have an evaluation of the campaign?

Ms Paul—Yes, once the campaign is finished we undertake the post-campaign research.

Senator CARR—How much will that cost?

Ms Paul—We have not gone into that yet.

Senator CARR—So that would be an additional matter?

Ms Paul—It will be.

Senator CARR—Could I have the cost of the evaluation, please?

Ms Paul—We will take that on notice.

Senator CARR—I wonder if you could give me a breakdown of the advertisement placements for \$1.4 million. It is an extraordinary amount of money. Where did you actually spend that money? You obviously need to take that on notice.

Ms Paul—Certainly—I will take it on notice.

Senator CARR—I appreciate that. What is the total cost of the review? Is it now an aggregate, given that we had to have perhaps a \$2.7 million campaign to explain it to people?

Ms Paul—This was not part of the review. This was explaining the result—the government's decisions which arose from their consideration of the review. That is a different stage.

Senator CARR—I suppose you have not done any evaluation so you cannot tell me if people now feel better about the changes or whether they are more comfortable that they are paying so much more money to go to university.

Ms Paul—No.

Mr Burmester—I think there has been some media attention to the fact that the numbers of offers this year have gone up. So on that basis I would assume that some people are happier that they have had the opportunity to go to university.

Senator CARR—Yes, they will be delighted to pay all that money. You would get lots of letters, wouldn't you, from people telling you how happy they are to spend more money to go to university? You would have a drawer full of them, wouldn't you?

Mr Burmester—Yes, we do get some representations.

Senator CARR—Thank you very much. Will you take questions on the new Australian Certificate of Education here or do you want to take them under the schools section?

Ms Paul—Yes, please.

Senator CARR—I have got my standard questions on consultancies and the like, which you will receive in due course. Thank you very much.

[10.04 a.m.]

Australian Research Council

Senator CARR—I welcome the officers of the Australian Research Council. Professor Hoj, how are you enjoying the job?

Professor Hoj—So far, I am enjoying it quite a bit.

Senator CARR—What are the main challenges you think the ARC now faces?

Professor Hoj—The main challenges for the ARC would be to continue to run programs as efficiently as we have done in the past and, in my view, better track the outcomes of the research we are funding.

Senator CARR—So are you going to increase the number of senior executive service personnel to do that?

Professor Hoj—If required, yes.

Senator CARR—How many extra do you expect you will need?

Professor Hoj—How do you define the senior executive service?

Senator CARR—We call them the SES; they are in the Public Service.

Professor Hoj—I do not necessarily need more SES members.

Senator CARR—You do not think so?

Professor Hoj—I do not necessarily need more SES; I might need one more.

Senator CARR—But if you need to you will employ more?

Prof. Hoj—If I can afford it.

Senator CARR—How many has it increased by at the ARC in the last five years? Can you refresh my memory on that?

Prof. Hoj—You will appreciate that I have only been here for four months. I might not have that detail.

Senator CARR—Perhaps one of your officers can tell me. They are not unfamiliar with my line of inquiry here.

CHAIR—Senator Carr has asked this question many times. He does know the answer.

Senator Vanstone—Senator Carr knows the answer and he could go back over the estimates in *Hansard* himself if he chose, but he instead chooses to use the officers and everyone else—

CHAIR—And waste all our time.

Senator CARR—I know it is a shocking waste of time, but I understand that the ARC feels the need to have lots of senior executive service personnel. Since the ARC was established, what has been the growth in the SES ranks?

Prof. Hoj—I will let one of my colleagues answer that question. It certainly has not increased since I have come.

Senator CARR—In four months. That is good.

Mr Marsden—In the first financial year the ARC was established there were nine SES officers. There are currently eight SES officers.

Senator CARR—So you have savings; that is good. How many positions are unfilled?

Mr Marsden—As Professor Hoj said, we do not have any plans to fill any SES positions at this point in time. The position that was unfilled was heading up our policy area. After that

position was left vacant we decided, based on the way we structured the organisation, that we did not need to refill that position at that time. It has not been filled since.

Senator CARR—How many ARC grants were issued in the last round?

Prof. Hoj—From memory, there were 1,387. I am sure my colleagues will correct me if I am wrong.

Senator CARR—That is fine. How many of the grants were vetoed by the minister?

Prof. Hoj—I would like to answer that question by reminding you about the ARC Act. The process for looking at grant applications is that the board sets up a committee—a so-called college of experts. That committee makes a recommendation to the board, the board considers the committee's recommendations and then forwards its recommendations to the minister, and the minister has the prerogative to either approve or not approve the recommendations from the board. In this particular case, I think it is a matter of public record that the minister found that some grants should not be approved.

Senator CARR—Which ones were they?

Senator Vanstone—As a matter of interest, I think I recall when I was the relevant minister for this doing that myself on one occasion, but I cannot recall what the particular grant was. The officers might be able to help me, as there would be a history of that somewhere.

Senator CARR—They might. How many grants did the minister decide to veto?

Prof. Hoj—The minister decided to not fund two grants in the round which we announced in November.

Senator CARR—What were those two grants?

Prof. Hoj—The ARC has always had the policy of not releasing information that could identify the unsuccessful applicants. We do not think it is good for their professional standing, so I would not like to give you that information.

Senator CARR—Under the act are you not required to publish directions from the minister?

Mr Harper—We are required to publish directions from the minister.

Senator CARR—Was this a direction from the minister?

Mr Harper—It was in the nature of an exercise of the minister's power. I would not have seen it as a direction of the minister.

Senator CARR—How would he otherwise do it?

Mr Harper—The minister received a set of recommendations from the board and took decisions.

Senator CARR—He took decisions by directing the ARC not to fund those grants.

Prof. Hoj—No. It is the minister who approves the funding. The ARC itself does not approve the funding. The minister exercised his prerogative.

Senator CARR—What were the research fields of these two grants that were rejected by the minister?

Prof. Hoj—As I said to you before, we understand why you are interested, but I am sure that you will also understand that releasing any information that in any way could lead to an identification of the unsuccessful applicants is something that we would do very reluctantly.

Senator CARR—The chairman of this committee read a statement at the beginning of the proceedings stating that there was no area of expenditure that we are exempt from.

CHAIR—That is, expenditure, Senator.

Senator CARR—This is an expenditure.

CHAIR—We are talking about the revelation of people's names. I do not think that is expenditure.

Senator CARR—I asked for the research areas covered by these two grants.

Prof. Hoj—At the ARC we divide the wide range of activities we fund into six areas, starting with biological sciences, going across several areas to engineering and then environmental sciences. In this particular case, it is my recollection that both these grants were in the area that we classify as humanities and creative arts.

Senator CARR—Which universities were they from?

Prof. Hoj—I cannot recall that detail.

Senator CARR—Are any of the other officers able to refresh my memory? This is such an uncommon event.

Prof. Hoj—At any rate, we are starting to identify who the applicants were. It is hard for me to see what additional value we get from knowing what universities the applications came from.

Senator CARR—It tells me whether or not it is a university that has a reputation for excellence in humanities research. If we are talking about Greenwich or a place like that—one of these 'fly-by-night' operations that the government seems so keen to approve—it might be a different proposition. But, if it is humanities at Melbourne University I might be very concerned that the minister has chosen not to fund a grant for that university.

Prof. Hoj—You will realise that I am fairly new to this position. I am perhaps now straying into an area where I should not, but I believe you can find good and bad research in most organisations.

Senator CARR—Yes, you can. You certainly will not find a ministerial office as being the font of all wisdom on research. That is why you are there to provide advice to this parliament, isn't it?

Prof. Hoj—We provide advice.

Senator CARR—To this parliament?

Prof. Hoj—We provide advice. We get 5,000 applications each year and more than 99.99 per cent of the recommendations we make are acted upon, as we recommend them to be acted upon.

Senator CARR—How many other grants has the minister vetoed in his time as education minister?

Prof. Hoj—I might have to give that question to Stephen Walker, who has a longer tenure at the ARC than I have.

Dr Walker—In the four years that I have been at the ARC I know of one other instance where the minister has declined to approve a grant.

Senator CARR—What field was that in?

Dr Walker—My understanding is that that was also in humanities and creative arts.

Senator CARR—So there have been recommendations in that period—many thousands, perhaps 4,000, 4,500 grants—and three have been knocked back?

Prof. Hoj—I stand to be corrected, but I think the ARC probably have about 5,000 active grants at any one time.

Senator CARR—I am just thinking about the number of recommendations you have made to the minister, in the period when he has been the minister. He has chosen to reject three in humanities, and you do not want to tell me which three they are.

Dr Walker—I think the numbers you indicated were more or less correct.

Senator CARR—You do not want to tell me which three they are?

Prof. Hoj—We would prefer not to.

Senator CARR—I ask you to put that on notice, and I want to know the reasons why you will not provide that information.

Prof. Hoj—We will take that on advice.

Senator CARR—Will you take that on notice and provide reasons as to why you will not provide that information to this committee?

Prof. Hoj—Yes, and I have indicated to you that we believe that we need to protect the identity of the unsuccessful applicants.

Senator CARR—You will have to do better than that. Thank you very much. I will pursue the matter in June.

CHAIR—I thank the officers.

[10.15 a.m.]

Australian Nuclear Science and Technology Organisation

CHAIR—I welcome officers from ANSTO. Could you relay any information on the new OPAL reactor? Are you able to assist me with that?

Dr Smith—The current information?

Senator CARR—Any information on the new OPAL reactor.

Dr Smith—The construction is proceeding to the point where most of the civil construction has been completed. The current major tasks are to do with the internal fittings within the reactor vessel. That is proceeding a little behind time in terms of those materials

being completed and delivered, but we expect to be able to deliver the reactor, in operation and on time, subject of course to licensing.

Senator CARR—You have placed a licence application with ARPANSA. Have you had any progress on that matter?

Dr Smith—We are in continual contact with ARPANSA with regard to that matter as they proceed to follow due process.

Senator CARR—When do you anticipate a response from ARPANSA? Is this for a licence to operate or a licence to switch on?

Dr Smith—A licence to operate.

Senator CARR—When do you expect a decision on that?

Dr Smith—Probably in eight or nine months from now.

Senator CARR—When do you expect the reactor to be up and running?

Dr Smith—We expect the reactor to be up and running in the last quarter of 2006.

Senator CARR—Is that a little bit behind schedule?

Dr Smith—It is a little bit behind schedule.

Senator CARR—What is the life expectancy of the reactor? For how long do you think it will run?

Dr Smith—The design life is 40 years.

Senator CARR—ARPANSA has always said that they will not give you a licence to operate unless a waste disposal strategy is in place. What progress has been made on that matter?

Dr Smith—We have now advised ARPANSA that we have three options, which are, in order of preference: first, take advantage of the American research reactor fuel take-back scheme; second, we have an arrangement with CERCA, the French company; and, third, we have an arrangement now with the Argentinian providers of the reactor, through the bilateral agreement.

Senator CARR—That is for the fuel that is consumed in the new reactor.

Dr Smith—Yes.

Senator CARR—To what extent are your operations inhibited by failure to have a plan for the existing waste?

Dr Smith—There are no problems with our operations. We expect to have the return of intermediate level waste to Australia in a matter of five or six years, and it will be important at that time to have a disposal position for that waste.

Senator CARR—That is not in place at the moment?

Dr Smith—No, that is not in place at the moment.

Senator CARR—Have you been consulted about the government's proposals to use an offshore island as a site for a waste repository?

Dr Smith—The waste problem is being dealt with by the department. ANSTO is providing technical advice to the department, as required, in the current investigations.

Senator CARR—Have you advised the department that you have located an island?

Dr Smith—We are not involved in determining the locations; we are providing technical advice.

Senator CARR—Does this technical advice go to the feasibility of using an offshore island?

Dr Smith—The technical advice will deal with all of the aspects that are relevant to the technical design of a waste repository.

Senator CARR—In terms of the advice you have provided to the department, have you been able to identify an island that would be suitable?

Dr Smith—As I said, the nature of our advice is not identifying locations.

Senator CARR—You provide them with technical advice. You would tell them that it is not a good idea to have a repository close to water and that the site has to be geologically stable. If you provide all of that in the nature of advice, I would have thought that you would also be able to tell them where this place would be.

Dr Smith—The nature of the advice is that, when sites are identified, we will certainly assist the department in assessing those sites against the best technical criteria that exist.

Senator CARR—Does ANSTO know of any island offshore that would meet the requirements for a waste dump?

Dr Smith—That part of the assessment is not in ANSTO's remit.

Senator CARR—You do not have any technical advice to give this committee on that?

Dr Smith—Certainly, if sites were identified, we would be very glad to assist both the committee and the department in assessing those.

Senator CARR—But you do not know of any at the moment?

Dr Smith—It is not been in our remit to identify new sites.

Senator CARR—But do you know of any?

Dr Smith—No. We do not know of any specifically in terms of their acceptability for receiving waste.

Senator CARR—I do not know of any either, but I was hoping that you would be able to enlighten me. There has been considerable public debate about this offshore waste dump, and I am wondering where it could possibly go.

Dr Smith—A process is being run by the department, and they will have some criteria which they will apply to identify a site. I suggest that you ask the department.

Senator CARR—I should ask the department where the island is. It is not Tasmania, is it?

Dr Smith—The minister has noted that it is not Tasmania.

Senator CARR—And New Zealand is still regarded as an independent country, not an Australian territory. Is it Norfolk Island? No.

Dr Smith—Those are issues that you should take up with the department.

Senator CARR—How long does the contract that you have with the United States to take back spent fuel go for?

Dr Smith—This is an extension of a current scheme which has run for 10 years. The extension that the Americans have given to this scheme is a further 10 years, and this applies to research reactors around the world. The special consideration for Australia was the ability to change from the HIFAR reactor to the OPAL reactor.

Senator CARR—So it is a 10-year contract for a 40-year project. What are you doing for the other 30 years?

Dr Smith—As I said, we have arrangements with both France and Argentina, and there may be a possibility that the Americans will extend their program another 10 years at the end, as well.

Senator CARR—But we do not know that.

Dr Cameron—One of the motivations for this extension was that there is a current process to develop a new fuel for research reactors. This new fuel will be a reprocessable fuel. If we had a reprocessable fuel, we would have no difficulty using our existing contract with the French for reprocessing that fuel.

Senator CARR—Does ARPANSA have seats on the international treaty body for nuclear energy?

Dr Smith—No.

Senator CARR—You have none at all. Do you provide advice to the government on those matters? Are those seats all held through DFAT?

Dr Smith—Are you talking about the International Atomic Energy Agency?

Senator CARR—Yes.

Dr Smith—The Australian governor is the diplomatic representative in Vienna. ANSTO provides the alternative for technical matters.

Senator CARR—Do you provide advice on the various treaty obligations with regard to nuclear waste facilities in the South Pacific?

Mr McIntosh—The relevant treaty in relation to waste management in the IAEA context is the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management. Both ARPANSA and ANSTO are involved in the Australian end, writing the Australian report. The delegation to the review meetings will be formed from people from ARPANSA and ANSTO.

Senator CARR—Do you provide advice on which Pacific territories would be suitable for a waste dump?

Mr McIntosh—Do you mean island territories?

Senator CARR—Territories, Pacific nations, geographical locations in the South Pacific.

Mr McIntosh—There are two conventions which are relevant on that front. The joint convention says that parties shall not send waste to countries without the technical and regulatory capacity to manage it safely. I suspect that that would rule out the entire South Pacific. The Waigani convention, which is a regional convention in the South Pacific region also specifically rules out sending radioactive waste to the Pacific island states. So both of those conventions would rule that option out, I would have thought.

Dr Cameron—It is probably worthwhile saying that the role of the International Atomic Energy Agency is not to make promulgations on what territory or country is suitable or not suitable; it is to determine international standards against which any proposal may be judged. I think that is how my colleague has just responded.

Senator ALLISON—I have some questions on nuclear waste dumping.

Dr Cameron—I think that is the same issue. The actual choice of the sites is a role for the department. Clearly, when sites are chosen we will have a role in providing technical advice and assessment.

Senator ALLISON—I apologise, I have been in next door. Have we already canvassed this question at length?

Dr Cameron—No.

Senator ALLISON—Excellent. Are there any offshore Commonwealth owned site currently being considered for a co-located national store and national repository?

Dr Smith—I do not think that is a question for ANSTO but for the department that has carriage of that policy development.

Senator ALLISON—So there is nothing you can respond to the committee on in regard to the two repositories?

Dr Smith—ANSTO will be providing technical advice when sites are selected, but is not involved in the selection of the sites.

Senator ALLISON—So you have not prepared any criteria for site selection?

Dr Cameron—There are existing international criteria which are used in those plus in the Australian context there will be a range of criteria developed by the department which they will be using. The Prime Minister announced on 14 July that they were examining a range of sites. But that is a process which is being run within the department.

Senator ALLISON—How will our criteria differ from the international criteria?

Dr Cameron—There are two types of criteria. One is the technical criteria on the suitability of the area to contain waste and to provide suitable geology. In addition, of course, there are a range of other local criteria that relate to ownership of land, Aboriginal rights, environmental issues, the height of the water table and things of that nature. Those criteria are all put together in the process of choosing a site.

Senator ALLISON—Native title issues I can understand. What are the differences otherwise, broadly?

Dr Cameron—I think this question line is probably better directed to the department, because they are undertaking that process, not ANSTO. Clearly, the advice that they get from us relates to what is international best practice in technical assessment of sites and what sort of criteria might be applied in undertaking that process.

Senator ALLISON—I thought you said you had a role in developing our criteria, but you don't?

Dr Cameron—No, we can advise on what is used overseas but the criteria that are specifically applied have been developed by the department in conjunction with a number of experts.

Senator ALLISON—Presumably, not all countries have the same standards. Is there world's best practice that Australia is or should be following? If so, who has it?

Dr Cameron—As my colleague said, there are certain international standards set up by the International Atomic Energy Agency which talk about the sort of criteria you might apply. The department is well aware of those.

Proceedings suspended from 10.29 a.m. to 10.45 a.m.

CHAIR—We will resume questioning of the Australian Nuclear Science and Technology Organisation.

Senator ALLISON—Does ANSTO have an involvement in the offer announced a short time ago by the United States for the spent nuclear fuel from the new Sydney reactor to be processed in the United States? Can we ask questions about that area?

Dr Smith—This is part of an international program by the United States to take back research reactor spent fuel. The special effect for Australia in the last announcement was the ability to transfer the agreement which was attached to HIFAR to the new reactor, the OPAL reactor. This is a 10-year extension of an existing program and it is a program which applies to other research reactors around the world, not just to the Australian reactor.

Senator ALLISON—Can you explain how that satisfies the requirements of ANSTO for the new reactor to have arrangements in place for its nuclear waste?

Dr Smith—It represents a very satisfactory arrangement for the first 10 years of operation of the new reactor.

Senator ALLISON—It is a satisfactory arrangement for the first 10 years. Does that mean that you are satisfied?

Dr Smith—This program means that the spent fuel from the research reactor will go to the United States and be retained in the United States with other research reactor fuel, which, in total, is a very small amount of fuel. Nothing will be returned to Australia. That is a solution—

Senator ALLISON—Within that 10-year period?

Dr Smith—For all of the fuel consumed in that 10-year period.

Senator ALLISON—Was this arrangement not already in place with Australia?

Dr Smith—That arrangement was in place for fuel from the HIFAR reactor, fuel of American origin.

Senator ALLISON—So how is this an improvement on that situation?

Dr Smith—The special arrangement made for Australia in this case was the ability to transfer from the HIFAR reactor fuel to the OPAL reactor fuel.

Mr McIntosh—The original program ran from 1996 to 2006 for fuel irradiated in that 10-year window. The recent decision extends that window to 2016, so there is a 10-year extension, plus, as Dr Smith has said, it includes the OPAL reactor in the program. It basically doubles the existing program as far as we are concerned.

Senator ALLISON—Yes, but it does not double the time frame within which we have to deal with the waste when it returns.

Mr McIntosh—For spent fuel sent to the United States there is no waste return. The US program applies to fuel manufactured from what is called US origin uranium—that is, fuel that was enriched in the United States. For HIFAR that was about half our fuel. The other half is United Kingdom origin fuel. Of the US origin fuel for HIFAR, one shipment has already gone and there are two more shipments to go to the United States. There will be no waste return from the fuel. On the other hand, one shipment of UK origin fuel has gone to Dounreay and the rest has gone to COGEMA in France. There is waste return from that UK origin HIFAR fuel.

Senator ALLISON—Will that be from the new reactor?

Mr McIntosh—For the new reactor, once the US program expires we have arrangements in place for France and, as a fallback, Argentina to process the fuel, and waste will be returned from that. The waste returned from that will certainly not occur before 2025, and will probably be some time after that.

Senator ALLISON—What is the plan for storage of that waste?

Mr McIntosh—The plan for storage of that waste is that it will be situated in the Commonwealth intermediate level waste facility, which, as we discussed with Senator Carr, the Department of Education, Science and Training is currently conducting an examination of possible sites for.

Senator ALLISON—Can I clarify that? The US is accepting and reprocessing the waste, and it will take it as long-term storage. Does that mean it will be disposed of at Mount Yucca? Is that the likely site?

Mr McIntosh—As far as we are concerned, the Department of Energy takes ownership of the fuel when it crosses into the US territorial sea. It is being sent to the Savannah River site in South Carolina. Our spent fuel constitutes two per cent of the overall international program. US research reactor fuel also goes to Savannah River, so our fuel will constitute less than one per cent of the research reactor fuel to be held at Savannah River. The US will make a decision at some stage as to what they do with that, but in a sense that is not our affair, and we certainly have not been officially advised what will happen to that, because the US government will have taken ownership of it.

Senator ALLISON—What will happen after 10 years? Do we expect to strike a new agreement with the United States to take further waste?

Mr McIntosh—It is possible that the US could extend its policy again—it extended it for 10 years—but it may not. We are certainly not relying upon it. As Dr Smith said, we have contractual arrangements in place supported by intergovernmental agreements both with COGEMA in France and with INVAP in Argentina to take the fuel beyond that initial 10-year period.

CHAIR—Thank you.

[10.53 a.m.]

Commonwealth Scientific and Industrial Research Organisation

Senator CARR—Welcome. Dr Garrett, there are two rumours going around this place: one is that you are moving on, and the other is that you were hoping I would not be here. I know that both of those are untrue. Is it the case that the government has renewed your contact?

Dr Garrett—That has not happened as yet. We are obviously in the hands of my board and the responsible minister.

Senator CARR—And the board makes a recommendation to the minister?

Dr Garrett—That is correct.

Senator CARR—Are you aware of whether the board has made that recommendation?

Dr Garrett—I had discussions with my chairman, and it would be appropriate to direct questions in that direction.

Senator CARR—Thank you. I have been advised that at the last round of hearings you had with you two media unit journalists, Mr Burchfidd and Ms Capp. Is that right?

Dr Garrett—Dr Sandland has responsibility for this area at the executive level, and he will take any questions you have.

Senator CARR—Were they both here in the last round, Dr Sandland?

Dr Sandland—Are you referring to the last round of Senate estimates?

Senator CARR—Yes.

Dr Sandland—They may well have been. I am not absolutely sure if they were here on the day.

Dr Garrett—Geoff Burchfidd took on the role of director of the National Youth Science Forum, which is a very exciting assignment, and Simon Moore took on a post with the department of foreign affairs. They left with our blessing and goodwill.

Senator CARR—Is Ms Staunton being paid \$330,000 a year now? Is that right?

Dr Garrett—I do not know where you get that number from.

Senator CARR—So it is not true?

Dr Garrett—As we debated last time, in its annual report the organisation publishes the bands—

Senator CARR—Do we have that annual report? That might help me out here. Is the \$330,000 for this role?

Dr Garrett—Note 32 on page 170 indicates the bands of payments. As we indicated at the last hearings, we had to take it on advice in terms of indicating the salaries of individual officers, and therefore I am not in a position to say one way or the other.

Senator CARR—What is her title these days?

Dr Garrett—Executive Director of Communications.

Senator CARR—You have two officers at \$320,000 to \$330,000, and you cannot tell me whether she is one of those. Maybe I am wrong. Maybe it is \$350,000 to \$360,000. There is one of those. Or is it \$380,000 to \$390,000? I take it you must be the one at \$420,000 to \$430,000.

Dr Garrett—That is a reasonable assumption, as we discussed last time.

Senator CARR—That is right. That is reasonable. I just wonder where Ms Staunton fits into the scale of things as a media consultant. Three hundred and thirty thousand dollars does seem to me to be a remarkably high level of remuneration for an Australian public servant who is basically a spin doctor.

Dr Garrett—We have had the discussion. As you know, we try to compete effectively with the sources for key staff. We seek to get the best. We run significant processes. Donna Staunton is adding a lot of value to the organisation. It was a competitive process, and we remunerate appropriately.

Senator CARR—So you will not refute my proposition that she is paid between \$320,000 and \$330,000 a year?

Dr Garrett—I do not have that data in front of me, and I am not in a position to share individual salaries, as we have discussed.

Senator CARR—Then can you help me with a serious matter that has been put to me. It has been put to me that two of the journalists who were sent down by your media unit—and I have named the two—had the instructions: ‘Eyeball and intimidate any reporter there, especially Aban Contractor from the *Sydney Morning Herald*, to dissuade them from writing adverse coverage of the organisation.’ Did that happen?

Dr Sandland—I am certainly not aware of any such instruction being given.

Senator CARR—Are you not aware of it?

Dr Sandland—I am certainly not aware of it.

Senator CARR—Will you take that on notice for me and make further inquiries? If that is true, it is a pretty serious proposition.

Dr Sandland—We can take that on notice. But, as I say, I have no knowledge of that instruction.

Dr Garrett—That is complete news to us.

Senator CARR—I more than happily acknowledge that there are occasions when I do not get information correct, but I am more often than not right in terms of the propositions I put to this committee. That is what I have been told occurred.

Dr Garrett—As we indicated, it is news to us. We will take it on notice and come back to you.

Senator CARR—I will be seeking from you on notice the usual updated tables of consultancies, as I have in the past, to cover the year to date, including the commissioning officer, the division and the value of the contract. I will ask you to take that on notice.

Mr Whelan—Yes.

Senator CARR—Is it the case that there are a number of contracts let by the CSIRO to deal with media training?

Dr Sandland—In terms of the media training, we have recently sought expressions of interest in becoming a preferred tenderer in media training.

Senator CARR—You, CSIRO, have?

Dr Sandland—CSIRO has.

Senator CARR—Who for?

Dr Sandland—For the organisation. We have a number of people who need to go through media training skills training, as we are a fairly public faced organisation, and we were looking to establish a panel of preferred suppliers.

Senator CARR—I misunderstood you. I thought you were saying that the CSIRO was seeking to be a preferred tenderer for media training.

Dr Sandland—No.

Senator CARR—That would be an interesting concept—pre-eminent expertise! So you have a select group of people that provide you with media training?

Dr Sandland—The process has not yet been finalised. It has gone through a preliminary round.

Senator CARR—When will the process be completed to have your select panel?

Dr Sandland—Very shortly. I understand that interviews are imminent—within the next couple of weeks.

Senator CARR—Was a contract tendered for last year to cover the communications manager's work at corporate headquarters?

Dr Sandland—That was a contract that Ms Staunton had before she was appointed to the position.

Senator CARR—So that was the previous one.

Dr Sandland—Yes.

Senator CARR—Who was in charge of the tendering and appointment process?

Dr Sandland—The tendering process for that particular consultancy you are referring to?

Senator CARR—Yes.

Dr Sandland—I was.

Senator CARR—Was an appointment made in August or September last year?

Dr Garrett—Are we talking 2003?

Senator CARR—It is 2004.

Dr Garrett—You are surprising us here, because at that stage Ms Staunton was in the position, as she has been for some time. We have had discussions before about her appointment on contract in the previous year prior to formal appointment as the executive director.

Senator CARR—When was Mr Norman Abjorensen appointed?

Dr Sandland—He was appointed around July or August—

Dr Garrett—It was on 9 August.

Senator CARR—In what year?

Dr Garrett—Last year, 2004.

Senator CARR—So we have got the right one.

Dr Garrett—We are talking about an appointment.

Senator CARR—An appointment?

Dr Garrett—Correct.

Senator CARR—How does that differ from Ms Staunton's appointment?

Dr Sandland—That was for the position of head of media and internal communication.

Senator CARR—Who made the appointment of Mr Abjorensen?

Dr Sandland—Ms Staunton was responsible for that process. She involved a number of other people in the selection process.

Senator CARR—So there was a panel?

Dr Sandland—There was a panel.

Senator CARR—What was the value and the duration of Mr Abjorensen's appointment?

Dr Sandland—He resigned from the organisation on 17 December last year.

Senator CARR—Was he appointed on an ongoing basis or was it for a limited tenure?

Dr Sandland—I do not think that we have that information before us.

Senator CARR—He put a resignation letter to you, didn't he, on 17 December.

Dr Sandland—He did.

Senator CARR—Do you have a copy of that resignation letter with you?

Dr Sandland—I have a copy of a resignation email, yes.

Senator CARR—So you will be able to help me here. It states:

I want to place on record my dismay at your quite improper (and possibly illegal) instruction to “get—

I have deleted the name—

... on board, whatever it takes” in the media training tender process. This is the same mindset that engaged Ian Dean on the sly ...

Have I quoted the letter accurately?

Dr Sandland—You have.

Senator CARR—What was meant by that in the ordinary meaning of those words and in the context of that resignation letter?

Dr Sandland—I am not absolutely sure of Mr Abjorensen’s meaning. However, as a result of this, we have investigated the allegations that he made—by the way, this was investigated independently of Ms Staunton—and found that while Ms Staunton may have suggested that this individual be approached to submit an application to be considered, no improper pressure was brought to bear on the panel selecting the preferred tenderers. Indeed the individual whom Ms Staunton is alleged to have favoured was not selected by that panel which operated totally independently of Ms Staunton.

Senator CARR—So you have undertaken an investigation of the allegations.

Dr Sandland—Yes.

Senator CARR—What was the result of the investigation?

Dr Sandland—The result of the investigation was, firstly, that no improper pressure was brought to bear on the panel in conducting its work, that Ms Staunton was not a member of that panel, and that the person whom Ms Staunton is alleged to have favoured was not selected by the panel concerned.

Senator CARR—Did you tell me before that the decision has now been made?

Dr Sandland—I have told you that there is a short list and that the short list of people will be interviewed shortly.

Senator CARR—I see. So the person that was named in this email is not on the short list.

Dr Sandland—That person is not on the short list. That is correct.

Senator CARR—So we cannot say that there has been a decision of the selection panel; all we can say is that the person is not on the short list.

Dr Sandland—We can say that the person will definitely not be selected, because the only way that person can be selected is if they are on the short list.

Senator CARR—I am pleased to hear that.

Dr Garrett—In summary, his comments are not based on fact and are not supported by the outcomes of the tender process.

Senator CARR—He clearly felt strongly enough about it to resign. He has made allegations and you have decided to find that there was no impropriety in Ms Staunton’s comments. That is what we can say, can’t we?

Dr Garrett—Yes.

Senator CARR—That is the result of your investigation. Whether or not it occurred is another matter. You are saying that no direct pressure was placed on the selection panel. Did I hear you correctly?

Dr Sandland—I said that, and I also said that the person alleged to have been favoured was not on the short list.

Senator CARR—And ultimately was not successful.

Dr Sandland—Yes.

Senator CARR—It does not mean that the events did not occur.

Dr Sandland—For the events to have occurred one would have thought that Ms Staunton would have had to put pressure on the panel that was selected to make that choice, and there is no evidence of that pressure.

Senator CARR—Sure. Equally, it could be said:

I want to place on record my dismay at your quite improper (and possibly illegal) instruction to “get ... on board, whatever it takes” ...

If he has chosen not to do that by resigning it could equally account for the facts.

Dr Sandland—I do not think so, because Mr Abjorensen was responsible for that process but a number of communicators from around the organisation took part in the process to select the preferred tenderers.

Senator CARR—So the person who was responsible for the process was instructed, he believes, to do whatever it took to get a particular firm on the select tender list and chose not to and resigned. Would that be a fair representation of Mr Abjorensen’s position?

Dr Sandland—Clearly, that is part of the position that he articulated. I think the reasons for his resignation were more complex than simply that one event.

Senator CARR—Does his letter of resignation show that it was more complex than that?

Dr Sandland—His letter of resignation is a brief encapsulation of the fact that he is resigning. He made a couple of particular points in that letter.

Senator CARR—Can I ask about the CSIRO web site upgrading. How is that going?

Dr Sandland—We expect to have the content and the web site fully operational by 30 April.

Senator CARR—How much was the original budget?

Dr Sandland—The budget has been allocated on an annual basis. The first part of this project was to complete the technical requirements to have in place an effective content management system. So, essentially, this has been budgeted on an annual basis. The current year budget for csiro.au is \$3.25 million—\$1.86 million for the communications budget and \$1.39 million for the IT component. That is for the year 2004-05.

Senator CARR—What is the total expenditure so far?

Dr Sandland—The CSIRO Live project, which preceded this project, cost \$6.22 million up to 30 June 2000, and the additional budget is \$3.25 million.

Senator CARR—So you have doubled the budget or there has been a variation of 100 per cent. Would that be a fair description?

Dr Sandland—I am not sure.

Senator CARR—If you go from \$3.25 million to \$6.6 million—

Dr Garrett—No. As Dr Sandland indicated, the project commenced in November 2001 in one particular phase, which was completed, I believe, on 30 June at a cost of \$6.22 million. That provided a series of deliverables in terms of common look and feel, uniform architecture, content improvement and management application by distributed authors. So there were a series of deliverables for that phase. The *csiro.au* site was the subsequent project to be brought to completion by 30 April this year with a budget, as indicated, of \$3.25 million.

Senator CARR—Let me get this straight: the first budget, which finished on 30 June, was \$6.3 million.

Dr Garrett—The first phase.

Senator CARR—Then there was another \$3.2 million, was there?

Dr Garrett—That is correct.

Senator CARR—I see. I can see how I have got this wrong. It is actually \$9.8 million.

Dr Garrett—Over that four-year period.

Dr Sandland—It is \$9.47 million.

Senator CARR—To do a web site?

Dr Sandland—It is not simply to do a web site; it is a complete change to the architecture of the way we collect information in CSIRO and present it externally. It is changing from, essentially, a federation of web sites based on a divisional structure to one in which we seek to represent the organisation as a single enterprise.

Dr Garrett—It is also important note that it is, as intimated, an implementation of a key strategy of the organisation, which is to unify our one CSIRO presence. Therefore, the whole architecture, as indicated in the rationalisation of over 250 servers, was a complex, expensive and time consuming process.

Senator CARR—The education department are doing their web site. I think they told me that it was less than \$1 million. So this is nine times as good, is it?

Dr Sandland—I think that is not comparing like with like. As I understood it, DEST is essentially re-jigging their web site. What we are talking about is completely changing the structure of the web site to reflect a single enterprise—which is not where we were.

Senator CARR—And new computers for everyone as well, for that sort of money, I would have thought.

Dr Sandland—The cost of exercises of this kind is always significant.

Senator CARR—So we have got to \$9.4 million. That is to 30 April. When is the project due to be completed?

Dr Sandland—The project will be completed on 30 April. The ongoing management of information in the organisation will continue.

Dr Garrett—As indicated, that \$3.25 million is through to the end of this financial year, which is obviously the end of June.

Dr Sandland—And \$1.86 million of that is about getting the right kind of information and architecture, getting the right kind of content and training people to place their content on the web rather than about the web design itself. The web design took place some time ago.

Senator CARR—Who managed this project?

Dr Sandland—I had original oversight of the project. Donna Staunton has had oversight of the project for the last 12 months.

Senator CARR—She is busy, isn't she? She must be earning about \$330,000. So she is now responsible for it. How long has she been there? She must have been there for a while now. It goes back to 2001.

Dr Sandland—Ms Staunton had nothing to do with the CSIRO 'live' project until she joined the organisation.

Senator CARR—Who was responsible before she arrived?

Dr Sandland—I had overall responsibility for that for some time.

Senator CARR—Explain to me what the reason is for the delay.

Dr Sandland—The reason for the delay is manifold. It was a very complex project. It was more complex than we envisaged when we started down this path. Other organisations, including IBM, have found similar difficulties in trying to integrate independent business web sites into a single organisational web site. That was part of the difficulty. During that process there were a number of transitions of key people involved in the project. The project is now, I believe, a stable and well run project.

Senator CARR—At what point will the whole process be up and running?

Dr Garrett—Our switch-on date is 30 April.

Senator CARR—Is that the completion date or operational date?

Dr Garrett—That is when we switch over from our existing web presence to the new web presence. With luck, on 1 May—

Senator CARR—Was it due to be released earlier than this?

Dr Garrett—We have been moving towards 30 April for of the order of 12 months.

Dr Sandland—Yes.

Senator CARR—I understood it was to be up and running by February.

Dr Garrett—February was in the initial planning stage but then we evaluated the detail and the involvement of our divisions across the organisation—more than 57 sites, as you

know—and we recognised that it would another couple of months to put it all together. So 30 April has been the deadline for some time now.

Senator CARR—Will there be any upkeep costs on the web site? Will there be any additional expenditure that we should be aware of?

Dr Sandland—To maintain the information across the organisation there will be ongoing costs associated. It would be remiss of us not to maintain the information level of quality that will be appropriate for our users.

Senator CARR—What is the cost of the additional maintenance?

Mr Whelan—We do not expect there to be additional maintenance. The system, as Dr Sandland and Dr Garrett have indicated, will essentially replace 253 standing web presences. One of the objectives of the process is to rationalise the maintenance both from the communication-content preparation viewpoint and from the technical viewpoint. We anticipate that there should be savings in the net cost of ongoing maintenance to CSIRO's web presence.

Senator CARR—What will the savings be?

Mr Whelan—I do not have an approximate answer to that yet, because we are still working through the rationalisation of the service. I expect that by the time we get to the end of this financial year we will have some clearer numbers.

Senator CARR—Fair enough. Will you be able to provide me with information on that score?

Mr Whelan—When it becomes available.

Senator CARR—Can I take you back to that other matter I mentioned before. In your investigations of the allegations that Mr Abjorensen made, were you ever able to establish whether or not Ms Staunton actually spoke to Mr Abjorensen about his claims?

Dr Sandland—There were a number of conversations between Ms Staunton and Mr Abjorensen.

Senator CARR—Were you able to establish specifically whether Ms Staunton had told him that he was to 'get'—deleted person—'on board, whatever it takes'?

Dr Sandland—I understand that Ms Staunton did in fact say to Mr Abjorensen that she would like to see that person submitting his name to be considered in this process, as opposed to being one on the final list. That is my understanding from Ms Staunton.

Senator CARR—Mr Abjorensen also expressed some concerns about the approach that had been made to Dr Pockley, another journalist. Is that true?

Dr Sandland—He certainly expressed that.

Senator CARR—He says that critics of the CSIRO are 'blackballed or discredited, not answered'.

Dr Sandland—We had a long correspondence and process of attempting to help Dr Pockley in preparing material for his articles. I disagree entirely with the viewpoint expressed by Mr Abjorensen there.

Senator CARR—I know Dr Pockley. He often communicates with me. I understand his persistence, and he does require a great deal of detail. That is his job. I am wondering whether or not it was appropriate to seek to blackball or discredit him.

Dr Sandland—We had a number of requests for information from Dr Pockley to provide very extensive information at very short notice, and we attempted to meet those demands wherever it was practical to do so until it became simply impossible to maintain the effort required to meet his demands, so we stopped providing information.

Senator CARR—So you did in fact blackball him.

Dr Sandland—We took a decision that we would not provide information to Dr Pockley of the nature that he required.

Senator CARR—Is he the only journalist that you have refused to communicate with?

Dr Garrett—We believe so. As Ron indicated, we have had conversations as Dr Pockley over a long period of time. He is a respected and long-standing journalist in our nation. I communicated with all CSIRO staff that I was saddened that we have been unable to establish an open and transparent relationship where the information we shared with him could be conveyed in an appropriate and balanced way. His demands, as you indicated and as we communicated with him, were excessive and on very short time scales and we were not able to meet those, because of all sorts of other pressures. Therefore, we made the decision, as Ron has indicated, that we would not be providing any information into the future.

Senator CARR—So he made some requests—

Dr Garrett—At that time.

Senator CARR—at that time, and you have decided that he is to get no further information in the future.

Dr Sandland—There were other factors involved in this. One in particular was the running in *Australasian Science* of the highly offensive cartoon about which I wrote to Dr Pockley and the editor, expressing my dismay about the nature of that cartoon which I deemed to be totally offensive and totally outside the remit of normal science journalism. So it was not simply a matter of the importunate nature of his questions.

Senator CARR—We politicians get used to people drawing offensive cartoons. I do not have quite the physique I would like, and people put things in the paper that I find difficult at times. But it would be unusual in a political system of our type for public servants and public institutions to refuse to deal with a journalist because the editor of a newspaper—in this case the *Australasian Scientist*—drew a cartoon that you did not like.

Dr Garrett—That is only one very small component. We have indicated to you that over a long period we had had dialogue with Dr Pockley. Ron and I had met with him. You talk about being discredited. We have never in any circumstances deemed to discredit him, but he, on an ongoing basis—we understand our public position—had taken a different view. We believe that we had gone the extra mile—in fact the extra two miles—and therefore we took a rather peculiar decision but we are open and transparent to all media, which are very important to us.

Senator CARR—I am glad you think it is rather peculiar because I would have to agree with you. It is rather peculiar for a public sector organisation such as yours which has an esteemed reputation in this country to blackball a science journalist who takes an interest in your work.

Dr Garrett—When you say ‘blackball’ it is an incorrect use of the term. We just indicated to him that at the senior management level we would not be responding to his requests for information, for the reasons I have given over a long period of time. If that is blackballing—

Senator CARR—So you think he was too demanding and they drew nasty cartoons about you and you were not going to talk to him anymore.

Dr Garrett—As I am sure you know, it is a much more involved and longstanding effort on our part—and his, I guess—to—

Senator CARR—Did you threaten him with legal action?

Dr Garrett—Have we threatened him with legal action?

Senator CARR—Yes.

Dr Garrett—No.

Senator CARR—So you thought the best way to deal with him was to not answer his questions.

Dr Garrett—That is the advice that we received.

Senator CARR—From Ms Staunton?

Dr Garrett—Amongst others. We consulted with people who are professional in this whole domain.

Senator CARR—Which people did you consult with?

Dr Garrett—I would have had a discussion with, amongst others, my executive team at length. It would have been an item for discussion with our board and my chairman. We would have had anecdotal conversations with members of the communication profession. It is not a decision that we took lightly. That is what I would like to urge—

Senator CARR—Are you telling me there was a board decision?

Dr Garrett—No, not at all. It was not discussed at the board. It is not a board decision; it is a management decision. We have responsibility for communicating—

Senator CARR—So management decided not to deal with him and got expert advice from Ms Staunton. Did you consult anyone in the executive branch of government on such a matter?

Dr Garrett—We do not believe so.

Senator CARR—You do not think so, you do not know or you cannot remember—what is the answer?

Dr Garrett—We do not believe so. I believe it was of such significant importance that we would have had conversations with key stakeholders but, if you are asking me for dates and times and individuals, I do not have that information.

Senator CARR—I want to know the key stakeholders. Do they include the executive branch of government?

Dr Garrett—I do not remember that. I do not believe so. It was an executive decision that we took. We would have had a discussion.

Senator CARR—Apart from management, who were the key stakeholders that you consulted?

Dr Garrett—As I have indicated, I would have taken advice out of the board environment with a couple of our board members. They are a very important influence on our lives, and this was a particularly critical decision in terms of a relationship with the media that we tried hard to work on.

Senator CARR—Which board members—the secretary of the department? Who?

Dr Garrett—I am talking about the CSIRO board.

Senator CARR—The secretary of the department at the time was on the board.

Dr Garrett—Okay.

Senator CARR—So did you consult with the secretary of the education department?

Dr Garrett—I do not believe so. I may have done, but I do not believe so.

Senator CARR—So which board members did you consult with?

Dr Garrett—I certainly talked to my chairman, because my chairman is a key point of advice in this area. But it was always an executive decision that Ron Sandland and I, with our executive colleagues, discussed at length and took—at that time, and it was for that time period. It might change in the future. We have tried significantly to re-engage with Dr Pockley. We have been really very responsive to all other media. We work very hard at that. As I indicated, I communicated with CSIRO staff that I was saddened that we were unable to rebuild that relationship.

Senator CARR—When was this ban on Dr Pockley or this silence, or however you want to describe it—I call it blackballing; certainly Mr Abjorensen called it blackballing, because that is what he said in his letter of resignation—imposed?

Dr Garrett—It was around the middle of last year.

Senator CARR—Is it still in force?

Dr Garrett—We have had no reason to change that in terms of a communication between ourselves. We would hope that at some stage in the future to reopen that dialogue.

Dr Sandland—Nor have we had any requests from Dr Pockley for information.

Senator CARR—So I can tell Dr Pockley that you are considering lifting the ban? What conclusion can we draw from this conversation?

Dr Garrett—We would always be very pleased to have conversations. That is the nature of our responsibilities. Through a series of very difficult processes, we have worked very hard at our relationship with *Australasian Science*. Our organisation publishes regularly with one of the key contributors to that journal, and we have for many years. It was an unfortunate series

of circumstances that led us to believe that it was not a good use of his time or ours in terms of providing that information.

Senator CARR—It is extraordinary. Mr Abjorensen basically said:

If integrity, honesty and openness are fundamental to the way we operate, then why are they so lacking? Trust is also conspicuous by its absence.

A start might have been an attempt to respond to the reasonable criticisms of Dr Pockley, whose concerns I am increasingly finding are shared by a majority of the scientific community. But, no; just an affirming and sullen silence. Critics, it seems, are blackballed or discredited, not answered.

Did you investigate that claim?

Dr Garrett—No, we did not. Dr Sandland can talk further, should he think it appropriate, about the number of ongoing interactions with Ms Staunton and Mr Abjorensen. Three or four days before Mr Abjorensen's letter of resignation, he indicated formally in another email that he was wedded to the organisation's goals. I find it very difficult to rationalise those two. In addition, as an organisation, we deal in facts, and you talk about some of the perceptions that he conveyed. We communicate, as you know, regularly with our staff through a staff survey, and through the poll that we conducted last year people felt that we were on an ongoing and increasingly upward path of people feeling free to speak and having confidence that we are well managed and benchmarked internationally. So the facts and the large majority of information that we get do not concur with one particular person's perspective. That is what we are trying to illustrate.

Senator CARR—I will come back to the staff survey in a little while. I want to talk about the Latrobe aquifer study. Are you able to assist me with that?

Dr Garrett—I do not have a briefing on that at this time. I will take the questions on notice.

Senator CARR—All right. I would like to know if you can confirm that CSIRO conducted a study into the declining ground water levels in the Gippsland Basin.

Dr Garrett—I can confirm that.

Senator CARR—What is the status of that study? Is it an official report?

Dr Garrett—I believe so. I will try to provide answers in this forum, but I would wish to elaborate or amend appropriately on notice. There was a formal report and a formal meeting with stakeholders where I think Dr Hatton, as the responsible executive in our Land and Water division, communicated openly. That is the nature of my understanding. That was around the middle of last year.

Senator CARR—Who commissioned the study?

Dr Garrett—As I understand it, this was a study that we ourselves took on, utilising our resources, following discussions and input with a variety of people from the local community and other interested parties. I would have to give you the detail on notice.

Senator CARR—Could you let me know when the study was completed and when it was submitted? If you could provide that I would appreciate it.

Dr Garrett—I will do that. It is an excellent study, by the way.

Senator CARR—I am sure it is. If it is a CSIRO study then I am sure it is an excellent study.

Dr Garrett—That is absolutely right.

Senator CARR—You said there were representations from the local community. Did that include the science minister, the local member?

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

Senator CARR—Did Dr Morton, the head of the Environment and Natural Resources group, also approach you?

Dr Garrett—Steve Morton is one of my executive colleagues. He would be the executive responsible for the division that undertook that study. So, for a study of that nature, I would anticipate that he would have been part and parcel of the deliberations around it.

Senator CARR—When did CSIRO put out a press release on this study?

Dr Garrett—I would have to take that on notice. I do not have the details.

Senator CARR—I cannot find one and I am just wondering whether I have missed it.

Dr Garrett—Maybe there wasn't one. We obviously do not issue press releases on every single report. Last year we had over 8,900 reports.

Senator CARR—The Victorian Farmers Federation thought that it was significant enough to put out its own press release on the topic. I am just wondering why CSIRO did not think it was significant enough.

Dr Garrett—I would be happy to respond to that on notice.

Senator CARR—The report also states that Dr Tom Hatton headed up the team of experts. Is that what happened?

Dr Garrett—I indicated that my understanding was that Tom led that study.

Senator CARR—Who were the other experts?

Dr Garrett—I will provide you that information on notice.

Senator CARR—What was the cost of the project?

Dr Garrett—We will respond on notice.

Senator CARR—Was there any external funding?

Dr Garrett—I do not know.

Senator CARR—Did DEST provide any assistance?

Dr Garrett—Is your question specifically about financial assistance?

Senator CARR—Yes.

Dr Garrett—I would doubt that very much. My understanding—and I stand to be corrected when we have the facts—is that it is approximately a \$70,000 study, so it is a relatively small study.

Senator CARR—A small study?

Dr Garrett—It is important but small in the sense that it was \$70,000.

Senator CARR—It was \$70,000?

Dr Garrett—That is my understanding. I could be out by significant number, so I will come back to you on that.

Senator CARR—You did not seek any money from the Commonwealth government, given that the minister was asking for you to do this study? Did you seek any money from the department or the science division?

Dr Garrett—I do not know, but I will respond to that. I do not believe so. I think this was an important study and the responsible scientist together with the community felt it was incumbent upon the organisation to allocate resources to answer some key questions, which it did.

Senator CARR—It has been put to me that the study actually cost \$250,000. I suppose you are going to tell me that that is not right?

Dr Garrett—As I indicated to you, I do not have the information on that. We will get that through to you. That could be the case, in which case my earlier statement would be erroneous.

Senator CARR—It is just a bit of variation, that is all, in terms of the figures you have given me. I would appreciate it if you would give me the total cost of the project and whether or not that was all found from within CSIRO resources.

Dr Garrett—We will do that.

Senator CARR—The report was concluded in June last year. Is that right?

Dr Garrett—I believe it was around that time.

Senator CARR—Who got a copy of the report?

Dr Garrett—I do not know. I will take that on notice.

Senator CARR—Was it publicly released?

Dr Garrett—I will take that on notice.

Senator CARR—Can you tell me whether or not there were a number of copies of the report produced?

Dr Garrett—I will take that on notice also. As we have said before, if there is any possibility for you to alert us a short time in advance to the issues that you wish to raise with us, we would be happy to get the experts involved.

Senator CARR—That presumes a degree of planning on my part that, you will be surprised, does not always exist.

Dr Garrett—We were very comprehensively briefed but we missed this one.

Senator CARR—If the minister has asked you to undertake a study in his own electorate, I am wondering whether or not program moneys from CSIRO would normally be used to fund such a special request.

Dr Garrett—We will obviously have to respond with the full background, which we can give you.

Senator CARR—I would obviously be interested to know, if the project was so valuable, why there was no publicity associated with it.

Dr Garrett—As I indicated, the key participants and the key community players were engaged in extensive workshops and debriefings and presentations. There was real time interaction with the people who wanted that information. That is publicity and an appropriate diffusion of scientific findings. Press releases are but one mechanism by which we communicate.

Senator CARR—Sure. But what I found interesting in particular is why Mr Anderson, the Deputy Prime Minister and Minister for Transport and Regional Services, thought it was sufficiently important to put out a press release on it, in which he said:

The Coalition Government initiated a working party, chaired by the CSIRO's Dr Tom Hatton, to undertake a review of all the documentation related to the declining water level of the Latrobe Aquifer. The study identified the additional scientific research that is required to enable conclusions to be drawn.

The National Farmers Federation and Minister Anderson put out statements. Why didn't you?

Dr Garrett—I have indicated that I will happily take that question on notice and come back to you with the communication strategy. We may well have believed that the way we were contributing through other parties was the appropriate one in that case. My senior colleagues will happily provide that information.

Senator CARR—I would like to know the source of the money used to fund the project, if you could give me that, please.

Dr Garrett—You asked for that, yes.

Senator CARR—I asked you for the amount; what it cost. But I would like to know—

Dr Garrett—And I indicated that we certainly utilised CSIRO resources in that.

Senator CARR—In previous rounds of estimates I asked questions about CSIRO communications and the head of the unit. I indicated to you in those discussions that I had been advised that the preferred applicant was originally Mr Steven Murphy. Do you recall that discussion?

Dr Garrett—I believe that was an estimates when I was in hospital. Dr Sandland will happily respond to that.

Senator CARR—Was Mr Steven Murphy ever a preferred candidate for head of communications?

Dr Sandland—He was a candidate for the position.

Senator CARR—He was not regarded as the preferred candidate at any point?

Dr Sandland—He was sitting near the top of our short list and we were keen to explore his credentials further. But unfortunately he was not finally selected for the position.

Senator CARR—He was near the top of your list, as you say. He was vetoed within the government, wasn't he?

Dr Sandland—As we have discussed before here quite fully, we took advice from a number of stakeholders about this position and in the end chose not to appoint him to the position.

Senator CARR—He was a former advisor to Mr Kennett, wasn't he?

Dr Sandland—That is correct.

Senator CARR—He was vetoed by Mr Costello, wasn't he?

Dr Sandland—I am not aware of any such veto.

Senator CARR—Right. Is it normal practice for the government to vet or veto CSIRO staff appointments other than the chief executive officer?

Dr Sandland—As we explained in a previous estimates, it is very normal with a position that has a great deal to do with government to talk to stakeholders in government about the appropriateness of a particular appointment. We talk to stakeholders other than government, however, and ultimately formed the view that we would not offer the position to Mr Murphy.

Dr Garrett—In the same way, when we appoint, for example, chiefs of divisions, we habitually use an external stakeholder and customer panel as one of three panels inputting into those decisions. So it is the same process of engagement with the appropriate communities.

Senator CARR—Is there a view in the communications division that you should be making science sexy?

Dr Garrett—I am not sure how to answer that question. I do not know where you are getting your words from. What is important is that we as scientists have the responsibility to communicate increasingly actively with a broad range of the community, from scholars through to parents, teachers and even parliamentarians, to indicate the importance of science to the advancement of our society and our economic wellbeing. If that is sexy, I guess it is sexy.

Senator CARR—That is right. Is there also a desire to 'punterise' the coverage of flagships?

Senator Vanstone—To what?

Senator CARR—To punterise.

Dr Garrett—That means to make it acceptable to the punter. The connotation would be that sometimes, probably even in this forum, people with a scientific orientation tend to talk in unintelligible language.

Senator Vanstone—So you have just shifted to another form of unintelligible language.

Dr Garrett—I think that was all about making sure that the impact of what we are doing around our flagships, around science, comes home to working Australia and our community at large, so they know that this is important, this is making a difference and we are doing exciting stuff, which we are doing. That is what it is about.

Senator CARR—I am just wondering about the configuration of the communications branch in CSIRO. I am led to believe that on 21 December last year the head of communications sent an email to staff which read:

I am now considering a different sort of configuration for the internal media communications function. An announcement will be made by the end of the week about senior secondment in the internal communications area.

Did that secondment take place?

Dr Garrett—Yes. We have been working very hard around communicating increasingly effectively with our staff. Dr John Curran, who is the Deputy Chief of the Division of Entomology, has joined Ms Staunton's team on a secondment for probably six months or so to help us develop our approaches. He is a very distinguished and long-serving member of CSIRO and therefore understands the needs of our scientific community and can help match those needs with many of the things that are going on within the communications group.

Senator CARR—What were the reasons given for the changes that were required?

Dr Garrett—Dr Sandland has said he would be happy to take this question.

Dr Sandland—The reason for that particular change was that Mr Abjorensen had resigned and he headed both the media and the internal communications areas.

Senator CARR—So there was another resignation?

Dr Sandland—No, it is the same resignation. He headed both of those areas. We had decided at the end of that period that the combination of the media and the internal communications functions had not been working particularly effectively, hence the decision that Ms Staunton reached.

Dr Garrett—When Norman resigned we took the opportunity to split that function and bring in some skills from within the organisation.

Senator CARR—So it is directly related to that resignation. How many staff members have resigned or sought transfers in the last six months from the communications section?

Dr Garrett—We indicated earlier in our detail that two members went to very interesting jobs—one with DFAT and one with the National Youth Forum. Those are the only two in addition to Norman that I am aware of.

Senator CARR—Would you describe morale in the management unit as high?

Dr Garrett—The two individuals I mentioned earlier were Geoff Burchfield and Simon Moore. Are you talking about the morale now?

Senator CARR—Obviously, at the time it was not too good if people were resigning. Senior officers were resigning hand over fist. You can hardly say that is terrific and, given the email I read out to you, you can hardly say that is a ringing endorsement.

Dr Garrett—I would disagree with you because it was not hand over fist. That incorrectly implies a wholesale exit, which was not the case. We have recruited some very talented people who are enjoying their jobs. Obviously, when senior people move on there is a sadness, and therefore there were some morale issues which we believe we have now corrected. My own observations of that group are that they are empowered and are enjoying the contributions that they are making. Again, we will have quantitative information for you when we complete our next staff poll.

Senator CARR—The changes to the communications strategy that Dr Sandland praised so highly last year are significant changes. Are there any others?

Dr Garrett—What changes are you talking about?

Senator CARR—Those in the communications strategy.

Dr Garrett—The exercise now is that we have put a lot of time and effort into developing our path forward, and we are in the implementation phase of carrying out those functions.

Senator CARR—Tell me about the new vision statement, Future C and C-Sharp. I presume this is a new scientific expression?

Dr Garrett—As we have communicated through our Monday mail with staff, Future C is a framework for the ongoing understanding of the context and environment in which CSIRO operates and an opportunity for us to clarify our roles within the national innovation system. This is a work in progress. There is no report that I can provide you with at this time, although you seem to have an early draft, which is unsurprising.

Senator CARR—I am sure it is a very early draft. Would you like to table an up-to-date draft?

Dr Garrett—As I have indicated to you, this is an internal working document, and it is a work in progress in terms of clarifying things. I do not know which draft or version you are dealing with. As I say, Future C is a very important process to enable us to build on our existing strategic plan of 2003-07 for the next round in 2007-10. It is early thinking.

Senator CARR—Who thought of the title, Future C and C-Sharp?

Dr Garrett—There are two different components. The Future C project is about the future of CSIRO. C-Sharp, as we have communicated to staff through the Monday mail, is about sharpening up our investment processes. They are working titles. They have no status. They enable us to convene meetings of colleagues to move forward. C-Sharp is about improving and enhancing our science investment processes, and as I have indicated Future C is providing the framework by which we develop CSIRO strategy for the future.

Senator CARR—I take it that this is a special project that has been undertaken?

Dr Garrett—It is a project that I have commissioned. It is working out of my office. I am actively involved in it, for obvious reasons. Dr Sandland has responsibility for the science investment process.

Senator CARR—Was any market research undertaken for this project?

Dr Garrett—In market research terms, are you talking about commissioning consultants to do work? No. The work was primarily done through internal task forces in the organisation. Understanding the scale and scope of the challenge that we have as a nation in our region and the scientific challenges in the future provided that context. That is market research. It is understanding the national innovation system and other nations' national innovation systems, so there was a lot of dialogue with our colleagues around the world. That was part of the project carried out by internal CSIRO staffers and myself. If that is market research, that is market research.

Senator CARR—Are you able to tell me the cost of the project?

Dr Garrett—I can estimate the cost of the project. I know two of my senior colleagues were working on secondment with the office of the chief executive in a full-time capacity together with one of my other executive colleagues. I think we budgeted in the order of \$745,000 in this financial year, which is a very small component of close to a \$1 billion corporation. We believe it is important that we test and have robust strategies into the future and test the market.

Senator CARR—Were there no consultancies involved in that \$745,000 project?

Dr Garrett—There was a very small—I think \$14,000—contract services consultant to help on one particular component. It is an ongoing project, but that is the limit. That would be on our register.

Senator CARR—Will I find that particular project that in the annual report?

Dr Garrett—I believe so.

Mr Whelan—Just to clarify annual reporting, we discussed that matter previously. The organisation introduced registration of consultants for the purpose of publishing the annual report for this year, so there is no material in CSIRO's annual report for previous years. But going forward we will table, as DEST and other agencies do, reports on consultants.

Senator CARR—How many copies of the Future C and C-Sharp document have been printed so far?

Dr Garrett—We are working through drafts, with four or six drafts at a time for a task group. They are photocopies. They are not printed.

Senator CARR—I see. That is probably how I got a copy, isn't it?

Dr Garrett—Yes. You got a photocopy, didn't you?

Senator CARR—Yes, just a photocopy. My office might have better than that, but the one they have given me—

Dr Garrett—I think you have the same version that my colleagues and I have.

Senator CARR—I am pleased to see that. The Senate has been well served. Can I ask you about the government customer satisfaction survey which was undertaken as part of this project?

Dr Garrett—Happily. It is not part of that project.

Senator CARR—When did you undertake the survey?

Dr Garrett—First of all, it is not connected with that particular project. It is a market survey that is undertaken by our communications group.

Senator CARR—So Ms Staunton is responsible for that?

Dr Garrett—The marketing brand group report to Ms Staunton.

Senator CARR—When was the survey undertaken?

Dr Garrett—It is being undertaken as we speak, which is why Dr Sandland and I do not have a brief. We will give you what we know off the top of our heads, and we will happily take any remaining items on notice.

Senator CARR—It will save me a lot of trouble if you give me a copy of it when it is completed.

Dr Garrett—We have already indicated to the individuals who have been asked for comment, which I think include you, that when the survey is completed—

Senator CARR—We do not recall receiving that.

Dr Garrett—Maybe that is my error. We have indicated that the results of this survey will be made publicly available.

Senator CARR—Thank you.

Dr Garrett—It is all around understanding how our various stakeholder communities—

Senator CARR—Thank you.

Dr Sandland—My understanding from part of the brief is in fact that that process is being undertaken at this very moment rather than having been completed. So there is no report. It is due to take place between January and February 2005.

Dr Garrett—It is in process.

Dr Sandland—That is a qualitative interview process, which will lead to a broader quantitative study.

Senator CARR—Fair enough.

Dr Garrett—I will just clarify that for you. ‘Qualitative study’ means a series of confidential interviews with a range of stakeholders. The quantitative study would be an electronic survey to a broad range of the communities.

Senator CARR—Is Mr Baghai going to organise the workshops?

Dr Garrett—In what context?

Senator CARR—In the context of this report. Are no workshops to be organised?

Dr Garrett—Sorry. We are on two separate things. You were on the market research study, which we have indicated. Are we back to Future C?

Senator CARR—With regard to the market research, are there going to be any workshops organised by Mr Baghai?

Dr Garrett—There may well be workshops planned for interactions with our industry and commercial clients but, as Ron has indicated, this is a work in progress, and I have not seen the detail of that planning.

Senator CARR—Going back to the web site issue, is it true that on 24 September a delegation from the CSIRO Staff Association met with the general manager, ITS’s Roze Frost and the IT management team?

Dr Garrett—Your line of questioning here may not be connected to the web site specifically. Roze is the general manager responsible for IT services. She reports to Mike Whelan, so he will take whatever questions you have.

Mr Whelan—I do not know the exact date, but we had fairly regular interactions with the staff association on a range of matters.

Senator CARR—Were there complaints about the process not being conducted openly?

Mr Whelan—What process?

Senator CARR—The allocation of jobs into the one IT model.

Mr Whelan—So we are talking about CSIRO IT?

Senator CARR—Yes.

Mr Whelan—Yes, there have been conversations with the staff association about that process and we have had active engagement with our employees, our corporate HR area and the staff association about the transition of people from divisionally based jobs into the enterprise CSIRO IT structure.

Dr Garrett—Just to help you there, this is a different project from the web project—

Senator CARR—Fair enough. I accept that I have not expressed myself clearly. I am concerned about the comments about morale. It has been put to me that at that meeting members had indicated that they were not willing to speak up and feel vulnerable by expressing any dissatisfaction or questioning decisions that are being made. Is that true?

Mr Whelan—That may have been a view that was put but I would be very surprised if that were the situation. The OneIT initiative has involved an extensive amount of staff consultation and staff workshops. There have been numerous opportunities for staff to express views on the project and on the end outcomes and the process both directly to the management of CSIRO IT and to the people facilitating those sessions, both external and our corporate HR people. With respect to opportunities and the process, I would be very surprised if that were the case.

Senator CARR—I have a copy of the document where they say they were concerned. We can take that as it may be. Was there a review of the OneIT pilot established in November?

Mr Whelan—Yes.

Senator CARR—Did it involve another independent consultant?

Mr Whelan—It involved someone from outside the organisation. I am not sure whether they were classified as a consultant but it was someone outside CSIRO.

Senator CARR—Who were they?

Mr Whelan—I do not have their details here but I can get them for you.

Senator CARR—Thank you. Was the roll-out of the CSIRO IT around the country scheduled for February 2005?

Mr Whelan—It is taking place over the course of March and April 2005.

Senator CARR—And what is the reason for the delay? Did it come about as a result of the review?

Mr Whelan—No. To provide a bit of context to what we are talking about here, the organisation operates on an approximately \$60 million IT service infrastructure. Historically that has been distributed across 21 divisions and one corporate centre. We have spent a considerable amount of time planning the transition of that structure, those budgets and those

processes to a unifying approach to IT support—a very complex change process. We made some judgments along the way that it was appropriate to extend the original implementation time to make sure we addressed all issues associated with the project appropriately.

Senator CARR—This is where I am confused. I thought that Dr Garrett was telling me before that the roll-out was to be in April. I think it was decided 12 months ago.

Mr Whelan—I will try not to labour this point but I think we are mixing up terms. You were originally talking about the CSIRO web site. The project is called CSIRO.au. Dr Garrett answered you that the implementation or roll-out date for that was April 2005.

Senator CARR—Right—about OneIT.

Mr Whelan—You have just asked me a question which I interpreted relating to a project which we call CSIRO IT, which is about the transition of staff from a divisional base structure to an enterprise structure for IT support.

Senator CARR—I have here a copy of a document entitled *Change communication: summary of local concerns and issues*. It is dated 24 November 2004. Are you familiar with that document?

Dr Garrett—You would have to give me more detail or even a copy.

Senator CARR—We can probably do that. I am told that this is a copy that is available. I trust any incriminating marks have been taken off it. I will table that document for the officers to read. While we are waiting for officers to get a copy, I want to ask a question about the document entitled *CSIRO Performance measures for strategic goals and objectives*—which is another document circulating. Dr Sandland, are you responsible for performance measures?

Dr Sandland—No.

Dr Garrett—Mr Whelan coordinates that.

Senator CARR—My apologies.

Mr Whelan—Are you referring to a question on notice, previously answered?

Senator CARR—No doubt I would have asked questions on this line, but not about this particular document. This is a document, I understand, that was produced in late 2004—‘Goal 1: Focusing Our Science Investment’. Are you familiar with the document?

Mr Whelan—You are describing a category of strategic objectives in the CSIRO. There are numerous documents that would have that reference in it. Are you talking about the CSIRO organisational performance report?

Senator CARR—Yes.

Mr Whelan—I am familiar with that document.

Senator CARR—On page 3—and Dr Sandland is mentioned here—it says:

All Flagships operating successfully to business plans. Internal management and culture issues associated with the “matrix” complexity ... need further work.

Can you explain what is meant by that? Dr Sandland, what were that cultural issues that were referred to? Against ‘Share of CSIRO’s science budget in Flagships’ there is a figure of 19.9 per cent and in the next column it says:

This Headline Indicator is currently being reviewed.

Dr Sandland—That was being reviewed.

Senator CARR—What were the cultural issues identified in that review?

Dr Garrett—The review was along the following lines—and hopefully we will be able to answer your question. At that point in time, we felt—and we discussed this with our board, because we report these performance matrix on a regular basis—the headline measure was inadequately descriptive of our performance in the flagship domain. Therefore, we reviewed that particular line item in order to branch it out and find another couple of headline indicators that would more adequately give the organisation headlines on how we are doing in that domain. One of those that I am sure Ron could speak to would encapsulate cultural and behavioural approaches in the overall undertaking of flagships. Am I helping you?

Senator CARR—I have got the general idea.

Dr Garrett—We had a matrix and we wanted to broaden it to cover other things like cultural aspects, which we have now done. That is why it was reviewed.

Senator CARR—On page 8 we are informed that:

At the August 2004 Board meeting, it was agreed that different measures for science excellence should be developed and more detailed analysis be presented on the state of CSIRO's scientific performance.

What scientific excellence measures are now being considered? Has there been any progress?

Dr Garrett—Mr Whelan has that in front of him, so he will respond to that.

Mr Whelan—We have undertaken that work, as indicated. The outcomes of that review were reported to our board in December and the board agreed to the recommended changes on science indicators. The organisation proposes to measure its performance in science against two classes of indicators: quantitative indicators and qualitative indicators. The quantitative indicators we have proposed to use are citations, the patent index, customer value survey results with respect to customers' views on the technical adequacy of the services they have received, and the proportion of CSIRO papers that are published in top journals. The qualitative reporting on science outcomes is to be based on the outcomes for the rolling program of CSIRO science reviews.

Senator CARR—If I go to page 10, I see that the new collaborative arrangements have been slower than expected and remain 'dependent upon forces or decisions outside CSIRO's control'. What did you mean by that? The document says:

... significant new collaborative arrangements has been slower than expected.

Dr Garrett—Could you ask that question again?

Senator CARR—The report says:

... progress towards significant new collaborative arrangements has been slower than expected and remains dependent upon forces/decisions outside CSIRO's control.

What was meant by that?

Dr Sandland—One of the issues in relation to the delays in putting this collaboration in place was the caretaker period over the time of the election.

Senator CARR—I see.

Dr Garrett—We are talking here about the collaborative arrangements out of the flagship funding, specifically. Ron has answered well.

Senator CARR—How did the election slow down the collaborative arrangements?

Dr Sandland—As you recall, if we are indeed talking about the flagship collaboration fund, there was a difference in view between the government and the opposition and therefore we did not proceed with that at all during that time.

Senator CARR—That is right. It was the policy position that we were arguing for. I see what you are referring to. Now that is clear to me.

Dr Sandland—Good.

Senator CARR—I hope it was clear to the recipients of the paper. On page 13 you say to us:

Growth of \$15m in lifetime value of consulting contracts with sovereign nations and major national foundations.

Can you give us an update on that figure?

Dr Garrett—Yes.

Senator CARR—Particularly on how the Taiwanese negotiation is going.

Dr Garrett—If you are interested specifically in the Taiwan area, a satisfactory conclusion to those negotiations has not been arrived at at this point in time. At the request of our sister organisation and colleagues that we have been working collaboratively with in Taiwan, there seemed to be some opportunities for generating additional revenue for research programs out of the Taiwanese government in particular. That money has not been forthcoming as we speak.

Senator CARR—So the \$15 million target figure is not going to be met.

Dr Garrett—We believe that, in terms of the initial focus of our activities around sovereign nations, the answer is no, but there are other avenues for our generating appropriate revenue in the international environment that will take its place.

Senator CARR—I see on page 15 that there is a further growth proposed of \$30 million in contract over lifetime value. This is said to be the ‘value of significant commercial relationships with RDCs and states’. It says here:

This headline indicator is currently being reviewed.

What does that mean?

Dr Garrett—That means that, in the way we evaluate our performance in terms of generating external revenue, we wanted to revisit the lifetime of a contract particular goal. In that we also indicated that our relationship with the RDCs is very important to us and we have put a lot of new effort into that. I think the results have been forthcoming.

Senator CARR—Are you going to make the \$30 million target?

Dr Garrett—If that refers specifically to the RDCs.

Senator CARR—Yes, it does. It says:

Growth (new deals) of \$30 million in contract lifetime value

That is \$30 million of new deals. Do I take that to mean that you are proposing you will attract an additional \$30 million from commercial relationships with RDCs and the states?

Dr Garrett—Dr Steele is on top of those particular numbers. Dr Steele is in the BD and C group.

Dr Steele—In terms of interactions between CSIRO and the Queensland government, in 2003-04 we entered into contracts that have a lifetime value, through the formation of two centres, of \$27 million. We have a contract with one of the RDCs, presently in the process of completion, for which the lifetime value will be \$13 million.

Senator CARR—When did you enter into the contract with the Queensland government?

Dr Steele—In 2003-04. Two different contracts with ministerial approval were received in that financial year.

Senator CARR—Is this headline indicator currently being reviewed upwards?

Mr Whelan—It is not the target that is being reviewed. What is being reviewed is whether it is appropriate to measure our performance in this field by measuring lifetime value. Is that the appropriate indicator? That is what is being reviewed, not the target.

Senator CARR—There are obviously projects in Western Australia as well.

Dr Steele—Correct.

Senator CARR—There are projects in Victoria, Queensland and Western Australia. Is that right? There are three of them.

Dr Steele—That is correct. Negotiations are going on with Victoria. CSIRO is a key player in the Western Australian Energy Research Alliance. The Western Australian Energy Research Alliance was the recipient of a \$20 million grant from the Western Australia government over, as I remember it, a three-year period, which was entered into during 2003-04.

Senator CARR—A similar one is on page 16:

Growth (new deals) of \$5 million in contract lifetime value'

This is with large corporations. Is that a similar pattern that is being discussed?

Dr Steele—It is generally the same sort of pattern. An interesting difference is that a lot of the large corporations actually wish to enter into licensing deals with CSIRO for partially or completely developed intellectual property. During 2003-04, CSIRO entered into two fairly significant licensing transactions with companies for technology that would have a lifetime value in excess of \$10 million.

Senator CARR—That is very good. Are they in the airlines and aerospace industry?

Dr Steele—Neither of those transactions are in those industries.

Senator CARR—So Boeing is not in that.

Dr Steele—Correct.

Senator CARR—So they are not in the aerospace industry.

Dr Steele—Correct. The two licences I have just referred to are not in the aerospace industry.

Senator CARR—Thank you very much. Do you have a copy of the other document so I can return to it?

Dr Garrett—Yes, I do.

Senator CARR—The way I understand it, the issues are rated between one and five. Is that right?

Dr Garrett—This is a document we have not seen before. It is an internal communication group brainstorming, as we understand it, ways to enhance communication around change initiatives, which is one of the key items of feedback that we had from staff through the aforementioned—

Senator CARR—Let me just take you through a few of them. Under forestry and forest products it says:

... people are weary and their expectations of “this will change make us stronger/better” have well and truly faded.

Have I quoted that correctly?

Dr Garrett—That appears to be the feedback from the communication person responsible in that area that some staff in the forestry and forest products areas have not bought into the new approach in that division.

Senator CARR—I notice that this has a grading of ‘1. Major concerns’.

Dr Garrett—Correct.

Senator CARR—In discussions with staff, you would say your division has major concerns regarding changes in its workplace?

Dr Garrett—It is a major concern to us, too.

Senator CARR—Going to ‘Health Sciences and Nutrition’, it says ‘Cynicism—whose time-money is it really saving?’ Would you agree that it says that?

Dr Garrett—That is what it says.

Senator CARR—‘Discovery Centre—lack of security and dubious trust in the motives for change. Suspicion when receiving yet another email about CSIRO’s positive growth and future.’ Are these sorts of remarks about cynicism and distrust what you would expect to see from your change management strategies?

Dr Garrett—I am pleased to see that we are giving honest and transparent feedback from the organisation that this is what people are worried about. I indicated to you previously that the results of the poll last year indicated that we have improved by 10 percentage points in terms of how people are feeling free to speak up in the organisation. We are five percentage points in that area above our benchmark international R&D colleagues. In addition, one of the points of feedback that came through to us—and this is why this group is working—was that we needed to work harder on our communication processes around change. That is what our staff are telling us, and the communication group has sought to respond to what the staff tell

us and do something about it. I am very pleased that these sorts of words are coming through. I am obviously concerned about the context and the detail. But the fact that it is a process that is being run openly and transparently is terrific.

Senator CARR—Is the fact that they have not given you this document a measure of their transparency?

Dr Garrett—We have a group responsible for this. It is impossible for me to see every document in the organisation. Obviously we discuss the headline indicators on a regular basis. They are of prime concern to executive management. I have colleagues who are working hard in this domain. That is an internal ‘workshopping’ report that you have.

Senator CARR—Looking at ‘Discovery Centre—most of the staff in division land seem not to have read the OSP or even to take any heed to its content’, I am wondering whether, after all the costs and effort and the enormous amount of money you are spending on communications, the effort is paying off.

Dr Garrett—I come back to the facts that the Insight survey and, again, the poll surveying staff has indicated that, if you look at the key messages in the organisation, the implementation of our strategy and the progressive growth over four years—which are available on our web site—you will see that these efforts are beginning to pay dividends. In addition, our staff have indicated that we need to do more in the internal communications space around these change processes—which we are doing—which is why earlier on I said we had seconded a senior officer, John Curran, to help lead those processes. There are some issues; we are grappling with those issues. We have put in responsible, good people to run it. I think that is good management practice.

Senator CARR—The Mathematical and Information Sciences division has a full range of comments ranging from: ‘they are good for CSIRO’ to ‘they are bleeding us to death.’ Also, ‘I suspect many staff have no idea how to engage with flagships. People do feel a bit powerless in regard to how projects end up in flagships.’ That is a good question, isn’t it? In the organisation there is not a clear understanding of how some particular projects end up with flagships and others do not.

Dr Garrett—We are talking at some particular projects level, and Ron would be able to add to this. This is a small component of those projects. It is an important question you asked. I need to get my colleague to pop in here.

Dr Sandland—There is clearly a lack of understanding about how flagships projects are chosen among those people who are not actually involved in the flagships themselves. The flagships are sitting at about a quarter of the organisation’s budget. So there are quite a few staff who are not yet engaged in the flagships. They have heard the theory. On the other hand, as that particular comment from that division notes, there is a full range of comments, including some positive ones there.

Senator CARR—How often do you undertake these surveys?

Dr Garrett—The next one is coming up at the beginning of March. Typically, it is yearly. Last year, in order to move it from the end of the year to the beginning of the year, we undertook what we call a ‘mini poll’ midyear, which was still statistically significant. So each

year we rigorously undertake these surveys. The results are provided in the quantitative performance management indicators—indicators that you referred to earlier—and they are key indicators of management performance.

Senator CARR—If I were you, I would be quite concerned about them.

Dr Garrett—Concerned? Why? As I have indicated to you, when you compare us—and you have had the information circulated to you previously on a year-on-year improvement that we have had across a range of 20 indicators—with many tens of thousands of researchers in the international R&D market, with all but one or two we are ahead of that pack. We are very pleased at the progress. So I actually disagree with you.

Senator CARR—What was the cost of sending 80 communications staff to Couran Cove on South Stradbroke Island in September last year?

Dr Garrett—I do not have the figure.

Dr Sandland—I do not have the figure, but I do know that a reduced rate was obtained for that workshop.

Senator CARR—Who attended, how long did the exercise last, what was the cost and did any non-communications staff attend? You can take it on notice.

Dr Sandland—We will take those on notice.

Senator CARR—Can you give me an indication of the benefits that were drawn from it?

Dr Garrett—I can give you some indication of that now. We have, as you know, CSIRO staff on 57 sites across our nation. Many of those sites have communicators. It is important to bring those individuals together on a regular basis to compare notes, to help each other, to learn from each other and to undertake an evaluation of the implementation of CSIRO's strategic plan. As I have indicated, communication is a key aspect. You are conveying information, you are improving communication and you are building teams. Those are the sorts of benefits we are talking about. There will be specific benefits, which we will respond to on notice.

Dr Sandland—I will just add to that. Another benefit from that is to get people acting and thinking as though we are working for one organisation. Some years ago people had all of their loyalty attached to particular divisions and just did not understand that we were running as a single organisation. So it is part of that process as well.

Senator CARR—Can you give me an update on what is happening with the Textile and Fibre Technology Division?

Dr Garrett—Yes. I am happy to respond to specific questions or do you want me to give some general remarks?

Senator CARR—I would like to know whether the review has been completed.

Dr Garrett—Yes. We undertook a review, as you know, around the middle of last year. The review invited submissions from many interested stakeholders and received over 50 written and verbal submissions. The review team consisted of experts from the wool industry, a representative from the Department of Industry, Tourism and Resources, a wool grower with strong experience in commercialising R&D, a CSIRO chief and a commercial mergers expert.

The review summarised that in the review team's view it was important for us that our Textile and Fibre Technology Division be maintained as a strategic business unit—which we have subsequently endorsed at the executive level and the board level—that we needed to continue to diversify our portfolio research activities; but that we should enhance our focus and emphasis on superfine wool over medium-fine wool; and, particularly that we should increase our engagement with the wool growers and the AWI, Australian Wool Innovation. So we are in the throes of implementing those recommendations.

Senator CARR—What about textile manufacturers?

Dr Garrett—The textile manufacturers would have been consulted through that process. As I indicated, we invited submissions from a whole range of individuals and organisations.

Senator CARR—Do you have a copy of the review findings that you could table?

Dr Garrett—Yes, I believe that would be appropriate. I will check with my colleagues and get back to you.

Senator CARR—What financial impact did the review have or did it recommend any additional moneys?

Dr Garrett—It recommended that we should continue to invest the current level of appropriation funding—which is in the order of \$12 million—into that domain. We have, as an executive team, certainly for the next financial year accepted that recommendation. We believe this is a viable activity into the future. Of the alternative options for TFT, these are the ones we have chosen.

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

CHAIR—There being no further questions, I thank the officers.

Proceedings suspended from 12.30 p.m. to 1.40 p.m.

Questacon

CHAIR—We are now considering Questacon.

Senator CROSSIN—I have some questions just for my own background. My understanding is that you came under the Department of Education, Science and Training last year. Is that correct?

Prof. Durant—We came from DCITA into DEST in July 2003.

Senator CROSSIN—Can you give me an indication of your staffing level at the time of your move in July 2003 and what it is now?

Prof. Durant—In 2003 we had a total of 191 staff. As at 30 June 2004 we had 196 staff.

Senator CROSSIN—Can you give me a breakdown of the levels of those staff—that is, how many are employed at each classification level? You can take that on notice if you like.

Prof. Durant—I can give you the answer to that now. In 2000-03 we had one SES officer, nine EL2 officers, 12 EL1 officers and 166 APS1 to APS6 officers. In 2003-04 we had one SES officer, 10 EL2 officers, 14 EL1 officers and 169 APS1 to APS6 officers.

Senator CROSSIN—As to the total staffing figures, Questacon is now included in DEST's total staffing figures. Is that correct?

Prof. Durant—We operate as a semi-autonomous division within DEST. I believe that our figures would be included with the DEST figures.

Senator CROSSIN—So they are included in the DEST figures?

Mr Cook—Yes.

Senator CROSSIN—In the annual report, though, do you report separately in any way? Are your figures aggregated out?

Prof. Durant—Yes, we record our figures separately in the annual report.

Senator CROSSIN—Can you take me to the number of staff that you would have had back in 2002, which was your last year at DCITA?

Prof. Durant—Do you mean at the end of 2002 or at the end of 2003 or are we talking about 2000-03?

Senator CROSSIN—Yes.

Prof. Durant—At the end of 2002-03 we had a total of 191 staff.

Senator CROSSIN—And the year prior to that, in 2001-02?

Prof. Durant—We would need to take that one on notice and get back to the DCITA annual report.

Senator CROSSIN—Do you have an amount that you have spent on corporate hospitality in last 12 months?

Prof. Durant—We have a figure that we have spent on hospitality. I think that figure is \$77,000, but I will check.

Ms Paul—Questacon is actually part of the department and is counted as part of the overall department's hospitality. So, without going into too many details, the reason why DEST's hospitality expenditure appears to go up is because of the science function coming in from the industry department in 2002 and then Questacon coming into the department from 2003. That is why we get two big step-ups in hospitality for things like the Prime Minister's awards for science and each time a new gallery or exhibition opens and so on.

Senator CARR—If that is the case, you will not mind giving us a breakdown of the funding. That is what I asked you for last year. You found that your records do not indicate hospitality and entertainment expenses. You clearly are able to distinguish between them, aren't you?

Ms Paul—We can distinguish between the large amounts. I think we could probably do some categorisation for you. We have been looking at our systems, and I think we can probably do more to make it clear that hospitality is about these big external events.

Senator CARR—A 300 per cent increase—from \$70,000 to \$206,000. The science division is a huge division, but a 300 per cent increase?

Ms Paul—That is because of very expensive things like the Prime Minister's awards for science, which you would be familiar with, which is an enormous event with events managers and so on. That is close on \$100,000, I believe. I would have to check.

Senator CARR—The ANTA awards.

Ms Paul—All of those things would be—

Senator CARR—But you have had those in the portfolio for some time.

Ms Paul—The increases are largely due to the bringing in of science and of the bringing in of Questacon. I can spell that out in more detail.

Prof. Durant—I have the exact figure, so we can explain the increase that we have contributed to the DEST portfolio. It is \$77,850 for 2003-04. That includes a range of different types of expenditure. I accept that some of these are probably categorised incorrectly. We have revenue generated on the back of some of those things. For example, in the figure that I have quoted we have children's birthday parties, which are revenue generating, and sponsor events, which are paid for out of the sponsorship. We probably need to be a bit more careful in future years about how we present this figure.

Senator CROSSIN—What was your budget allocation for 2002-03, 2003-04, 2004-05 and 2005-06?

Prof. Durant—The departmental appropriation for 2003-04 was an estimate of \$10.736 million and an actual expenditure of \$9.811 million. For 2004-05 the departmental appropriation is a budgeted figure of \$10.109 million.

Senator CROSSIN—So between 2003-04 and 2004-05 you have had a reduction in your appropriation budget figure?

Prof. Durant—It may appear like that, but the reality is that in the first year we joined the portfolio we were looking at a budget deficit and DEST put some money aside. They increased the estimate to cover that just in case it was needed. We were able to reduce dependency on that because our revenue went up and we managed to get our expenditure back down to where it needed to be.

Senator CROSSIN—Have you got the 2002-03 figure with you, or have you not brought that? Is that pre-DEST?

Prof. Durant—I am afraid we do not have that figure.

Senator CROSSIN—It was in the Dark Ages, was it?

Prof. Durant—It was when we were in a different department. I should have brought the portfolio statement with me.

Senator CROSSIN—So as part of the budget cycle now you will be putting your budgetary requirements through to DEST and we will see your area in this year's PBS. Is that correct?

Prof. Durant—That is correct.

Senator CARR—I will come back to the hospitality issue. How long would it take you to get us a breakdown of this, Ms Paul?

Ms Paul—I am not sure. We would have to go back to the figures. I think we have taken that on notice already.

Senator CARR—You will take it on notice to provide that breakdown?

Ms Paul—Yes.

Senator CARR—Will you provide the breakdown for the year to date, 2005. We need that updated now because this was from November.

Ms Paul—Was it? Yes, okay.

Senator CARR—Yes, so we will need it updated.

Ms Paul—Certainly. I am happy to take that on.

CHAIR—Thank you.

[1.50 p.m.]

Science Group

Senator CARR—To begin with, the government's proposal to locate a nuclear waste dump offshore: what work has been done on the establishment of the location of an offshore waste dump?

Mr Cook—As you will recall, the Prime Minister announced in July last year that the Commonwealth was not proceeding with the South Australian site and also announced that the Commonwealth's policy approach would change so that we would now seek to store only Commonwealth waste and not state and territory waste and that a number of locations would be looked at, including offshore locations.

Senator CARR—I am interested in the offshore ones to begin with. Are we talking co-location now, are we?

Mr Cook—Yes, we are talking co-location.

Senator CARR—So this is the intermediate stuff and the low level stuff all in one grand site. How many sites have you been able to identify offshore that would meet Australia's requirements as a waste dump?

Mr Cook—We have done some work on that and we have provided some advice but that is cabinet-in-confidence material.

Senator CARR—I see. What are the requirements for a waste dump? Are there certain criteria that have to be established? What are they?

Mr Cook—There are certain international requirements and world's best practice. We have to go through the appropriate EIS procedure and we have to satisfy ARPANSA in terms of their licensing requirements. So in short it will mean building a facility which is absolutely safe.

Senator CARR—What about security? It has to be secure.

Mr Cook—It has to be secure; it has to be safe in terms of appropriately containing that material which is in it; and so forth.

Senator CARR—And it has to be away from water.

Ms Paul—It has to meet the requirements of all the relevant international treaties.

Senator CARR—But being away from water is one of the requirements, isn't it?

Ms Paul—Presumably if it is too close then it is probably not a goer. But I do not know.

Senator CARR—It has to be away from the water table. That has been a standard provision, hasn't it, for all the waste dump sites?

Mr Cook—It has to meet the standard provisions and it has to be engineered to suit the requirements.

Senator CARR—How many islands do we have that meet that criteria; how many have sites away from water?

Mr Walters—There may be a little bit of a misunderstanding in the sense that we are not aware of an international requirement which says that a facility would need to be away from water as such.

Senator CARR—No. But all the sites that were selected throughout this protracted process had that in common. Material could not leach into the water table.

Mr Cook—The site selection process we went through for the South Australian site was for a repository which was a burial of the material. Clearly, that is a different situation to an engineered—

Senator CARR—You are co-locating now, so that has gone by the board.

Mr Cook—Yes. What I am saying is that it has never been envisaged that you would bury the intermediate level waste. It has always been envisaged that that would be an engineered solution.

Senator CARR—But the heavy gear always had to be away from water. I am just a simple fellow. I would like to know how an island can be construed to be away from water.

Ms Paul—What Mr Cook is saying is that given we are now looking at an engineered solution then if an engineered solution can appropriately meet all of the relevant guidelines, treaties, regulations et cetera then it will be suitable. Exactly how far away from water that has to be I am not sure. But obviously that is something which we would have to be working through as we work through the various options.

Senator CARR—It would have to be geologically stable. How many sites offshore from Australia meet those criteria?

Mr Walters—This is work still in progress and it is forming the nature of policy advice to the minister, so we do not feel it would be appropriate to go into any more detail at this stage.

Senator CARR—Mr Walters, I have asked you for a straight policy response to this committee, not advice to the minister. I have not asked you about your advice to the minister. I would like to know how many islands there are offshore that meet this criteria.

Mr Walters—You are asking a question about an assessment process which is intended to provide cabinet-in-confidence advice, and that process is still in progress. So it is not possible to give you an answer.

Senator CARR—You are actually trying to hide information from this committee, aren't you?

Ms Paul—I think, unfortunately, we find ourselves in a situation where we cannot answer that for two reasons: firstly, it is under active consideration by government and, secondly, we are still doing our consideration as well.

Senator CARR—There are none, are there?

Mr Walters—I cannot go beyond the answer that we have just given.

Ms Paul—We cannot say, unfortunately.

CHAIR—You have had your answer, Senator Carr. Let us move on.

Senator CARR—I do not think we will be moving on that quickly. There are a few issues that need to be pursued.

Senator ALLISON—Have we ruled out any offshore sites which might not be Commonwealth owned?

Mr Walters—The Prime Minister's statement of 14 July last year specifically said: The Australian Government will be examining sites on Commonwealth land, both onshore and off shore, for the establishment of a suitable facility.

Senator ALLISON—So that means that Nauru, for instance, is ruled out as an option.

Mr Walters—I do not believe that Nauru is Commonwealth land.

Senator ALLISON—Have there been any talks so far with the state governments that might likely be affected by this? Have they been a part of this consultation?

Mr Walters—There have been none so far.

Senator ALLISON—None with the states?

Mr Walters—No.

Senator ALLISON—I know you may not want to answer this, but you may: have you ruled out those islands—Monte Bello Islands, for instance—where the British nuclear tests were conducted in the fifties?

Mr Walters—At this stage we really cannot go beyond what was in the Prime Minister's statement.

Senator ALLISON—So that is not ruled out.

Mr Walters—It is still in progress, and we would not be able to go beyond that and say what has been looked at and what has not.

Senator CARR—You cannot go to a World Heritage area, can you?

Mr Walters—I do not think we can go beyond what was in the Prime Minister's statement. It is still a work in progress, and it is advice to ministers which is cabinet-in-confidence.

Senator ALLISON—In an answer to Senator Carr you have sort of answered this question: what are the differences in the criteria that this site would need to meet compared

with the repository site process we have just been through? Can you explain what you mean by ‘an engineered solution’?

Mr Walters—I think Mr Cook has already explained that the specific repository issue is looking at a buried solution, where you have a permanent disposal of the low-level waste underground. An engineered solution is an alternative whereby you are not necessarily burying the material. Beyond that, I think the answer is that the criteria vary according to what kind of facility you are looking at. This is all part of the examination that is being done at the moment.

Senator ALLISON—Can you draw the committee’s attention to any similar engineered solutions around the world at the present time that might be within the criteria?

Mr Walters—It is very difficult to suggest a similar facility when one has not been decided upon, the nature of it has not been decided upon, and so therefore it could be quite different in character to anything that exists at present. Obviously there are countries around the world that have disposable facilities for their nuclear waste of various descriptions. I would not want to draw your attention to any one rather than any other one, because it might suggest, falsely, that we are going for that particular model when no decision has been taken at the moment.

Senator ALLISON—Given that the sites sound as if they are likely to be very remote, are we going to see here an engineered solution which is world’s best practice?

Mr Walters—We hope that everything we do is world’s best practice.

Senator ALLISON—But it is not always, though, as we know.

Mr Walters—I would not care to comment beyond what we have already said. It is a work in progress, and it will be a cabinet-in-confidence piece of policy advice to ministers.

Senator ALLISON—The low-level repository consultation, from the start of the process, took about a decade, from memory. Do you envisage a similar process for this site? Are we going to have a *fait accompli* when your work is complete? Are there likely to be a number of choices that might then go on to a further elimination process involving consultation with other parties?

Mr Walters—The policy advice we provide to ministers will probably encompass issues around consultation, but there have been no decisions about that at the moment.

Senator ALLISON—So you do not know whether it is going to be one solution or several options when that is presented?

Mr Walters—These are all issues which will need to be considered by ministers in the fullness of time.

Senator ALLISON—What do you mean by ‘the fullness of time’?

Mr Cook—Could I intervene for one moment. The consultation process is a requirement of the EIS process and the ARPANSA licensing process. The consultation process is part of those regulatory arrangements.

Senator ALLISON—But you would not do an EIS unless just one site was being proposed, would you? Would you do an EIS on several sites?

Ms Paul—It would be the same proper, rigorous process that we went through before.

Mr Cook—It would be the same process.

Senator ALLISON—Yes, but, let us face it, it is very hard to influence the process once you get to the EIS stage. My question is: are we likely to have just the one proposition?

Mr Walters—I think these are matters which are going to be considered by ministers in due course, so it is really not possible for us to speculate at the moment.

Senator ALLISON—Is there a budget for the cost of doing this? It must have cost a fortune to come up with the low-level waste site.

Mr Walters—The question of a budget for the building of a new facility is something that will have to be considered by ministers alongside the proposal for the facility.

Senator ALLISON—So you will be putting up a budget of some sort?

Mr Walters—At the moment there is some provision in the forward estimates which is a legacy of the previous plans that existed. That still remains in the forward estimates. But that should not be taken as a reflection of what it might cost to build a new facility, the nature and location of which have not yet been decided.

Senator CARR—How much is in the forward estimates?

Mr Walters—I will get Dr Perkins to answer that, if I may.

Dr Perkins—Funding of \$5.346 million was provided in 2004-05 under the radioactive waste management administered item. That was for the national repository and the national store. Of this, \$1.446 million is available for residual costs—for example, payments of two contractors and settlements of claims for the pastoral lease holder associated with site 40a. That is the cost associated with the national repository and the national store. Also, \$2.115 million is available for proceeding with the Commonwealth radioactive waste management facility announced by the Prime Minister on 14 July 2004.

Senator CARR—So just a bit over \$2 million. Gee, we would get a big store for that.

Dr Perkins—That is for this financial year.

Senator ALLISON—Is it the case that the proposal to cabinet will include an onshore site as well as an offshore site or sites?

Mr Walters—The proposals that will be put to cabinet are a matter for the minister and will be cabinet-in-confidence, so we cannot speculate on that.

Senator ALLISON—We can. Minister Nelson has already said that there will be a fall-back solution of an onshore site.

Mr Walters—We would not be able to comment on comments that have been ascribed to the minister.

Senator ALLISON—And you cannot comment on the staging of that? We will not have an actual site as a fall-back or understand at what point the fall-back kicks in, as it were.

Mr Walters—These are all matters to be decided and we would not speculate.

Senator ALLISON—I asked a question about timing. You said ‘in the fullness of time’, but what is the time frame for consideration in cabinet?

Mr Walters—That is to be decided by ministers.

Senator ALLISON—Has a submission been put to ministers already?

Mr Walters—We would not comment on whether or not a submission has been put to ministers. Obviously, we have provided advice to ministers in the period since the announcement has been made, but beyond that we really cannot comment.

Senator CARR—It would have said, ‘Oh shit.’

Senator ALLISON—You cannot even comment loosely and say, ‘by the middle of the year’? Is it imminent?

Mr Walters—We could not comment.

Senator ALLISON—Can you comment on when you intend to talk with the state and territory governments? I am particularly thinking about the importation of material, transport, storage and disposal of the Commonwealth-owned nuclear waste.

Mr Walters—No, I could not comment on that.

Senator ALLISON—Nor comment on the fact that, as I understand it, South Australia, Western Australia and the Northern Territory governments have all legislated prohibiting Commonwealth waste from being stored in their states?

Mr Walters—I would not wish to comment on state legislation.

Senator ALLISON—It is going to have an effect, surely, on what is being proposed to cabinet. Surely you have taken that legislation into account in making recommendations, or will do.

Mr Walters—Whether or not it would be taken into account by ministers is a matter that they want to consider. These are facts to be taken into consideration like any other, no doubt.

Senator ALLISON—So has there been any study of the very obvious legal and political issues about presenting the state or territory with this repository against their wishes?

Mr Walters—We are really not able to comment further on the work that has been done in the preparation of policy advice to ministers on this issue.

Senator ALLISON—On the ownership of Commonwealth offshore sites—*islands*—most of them are attached in some way to each state and territory. What are the legal ramifications? Does the legislation from the state and territory also cover those Commonwealth offshore sites or not?

Mr Walters—I really could not answer that. I think you would have to address that to the states and territories concerned.

Senator ALLISON—But you must be considering the matter.

Ms Paul—If it is a Commonwealth offshore site the ownership is clear. If it is a state offshore site then we would need to deal with the state in the same way as we would with an onshore site. As you say, all those issues of how we approach state governments and so on—

Mr Cook and Mr Walters may correct me—eventually once government has considered the issue and so on, need to be worked through as well as just looking at all the complex issues around the issue as such, or the technical issues.

Senator CARR—Can we get a list of Commonwealth territories that are being considered?

Ms Paul—We cannot give you a list of what territories are being considered. Obviously there is the list of territories, but we cannot, unfortunately—

Senator CARR—What is the list of territories that the Commonwealth has that are Commonwealth offshore territories?

Ms Paul—That list is available, of course. What we cannot do, unfortunately, is say which ones might be under consideration.

Senator ALLISON—Can you rule out territories that are inhabited?

Ms Paul—We can take that on notice. I do not have that with me. It must be possible. I am sure the department that looks after the territories can help us.

Senator ALLISON—No, I mean as a possible site. Are we talking here about Norfolk Island—presumably not Lord Howe, because that is World Heritage—

Ms Paul—We cannot say, of course, as Mr Walters has said. We really cannot go any further in terms of what might or might not be under consideration.

Senator ALLISON—We have ruled out foreign ownership of sites but that is as far as you are prepared to go?

Ms Paul—Yes, that is right.

Senator CARR—Have you ruled out purchasing territory offshore?

Mr Walters—I really do not think it is fruitful for us to try and speculate any further. The Prime Minister's announcement referred to sites on Commonwealth land, both onshore and offshore, and I really do not think we can go beyond that.

Senator CARR—Does Commonwealth land involve the purchase of land?

Mr Walters—It is a new suggestion that has been put to us but I have to say—

Senator CARR—I put it to you last year when I was doing this work.

Mr Walters—I would not want to go beyond the words that are there at the moment—sites on Commonwealth land, both onshore and offshore.

Senator ALLISON—Just to follow up on that question, does land which is purchased by the Commonwealth have the same status as Commonwealth land per se? Pardon my ignorance of the law on such matters.

Mr Walters—I am afraid you are asking us to speculate on an issue. It is a new issue as far as I am concerned but it is certainly not one on which we could speculate.

Ms Paul—I do not know the answer to your question.

Senator ALLISON—It is surprising that you did not come across this question in the work that you were doing in preparing for this proposal, but you have not.

Mr Walters—We have now.

Senator ALLISON—Does that mean that we can expect an answer perhaps down the track?

Mr Walters—We are grateful for the observation.

Senator ALLISON—Perhaps you will take that on notice.

Senator CROSSIN—Have you ruled out Tasmania at least?

Mr Walters—What are we taking on notice?

Senator ALLISON—The question of whether there is a distinction between Commonwealth land and Commonwealth land which is purchased for the purpose.

Mr Walters—We will take that on notice.

Ms Paul—It is a legal question. I understand.

Senator CARR—You have said that it is only available for Commonwealth waste—that is, waste under the control of the Commonwealth. Do I assume that nuclear waste from state-sourced materials will not be welcome in this site?

Mr Walters—This deals with the Australian government's responsibility for its own waste. The announcement says:

The Australian Government will be examining sites on Commonwealth land ... for the establishment of a suitable facility.

In terms of the responsibility that the states and territories have, the Prime Minister's announcement made the point that the states and territories have a responsibility for the secure disposal of their own low-level waste. It says:

To ensure that this happens, the Australian Government will seek a commitment from all states and territories that they will adopt world's best practice in the management of radioactive waste materials in their jurisdictions.

And that includes a number of features. It also says:

The independent Australian Radiation Protection and Nuclear Safety Agency ... will work cooperatively with relevant state and territory regulators to establish nationally consistent operating principles and guidelines.

Senator CARR—So the Commonwealth has moved away now from the concept of a national store?

Mr Walters—I think it is clear in this that the Australian government has accepted responsibility for the safe disposal of Commonwealth-generated radioactive waste.

Senator CARR—So arguably we could now have seven or eight waste dumps or whatever number there might be, depending on the number of territories that actually choose to establish a facility?

Mr Walters—I would not like to speculate on the arrangements which the states and territories might decide on.

Senator CARR—Theoretically we could have one for each state and each territory and one for Commonwealth under this policy. Is that true?

Mr Walters—That is perfectly true.

Senator CARR—In regard to ARPANSA's application for a licence to operate the new reactor at Lucas Heights, is it not the stated position of ARPANSA that there will be no licence issued until such time as a national waste strategy is in place?

Mr Walters—I believe that is not quite the correct formulation, but—

Senator CARR—How would you describe it?

Mr Walters—My understanding is that they wanted to see progress made. That particular statement was, of course, made before the more recent announcement about the extension of the arrangements with the USA, for example.

Senator CARR—That extension only concerns fuel from the new reactor. It does not concern the residues from the old HIFAR reactor, which will double our waste inventory. When we actually move to decommission the old reactor, the national repository will, I think, double. It will move from something like 3,000 cubic metres to about 6,000 cubic metres. It does not include the waste from previous fuels and the return of materials from France, nor does it include high-level waste from other sources. I have read ARPANSA's recommendations. They suggest to me that they are saying you will not be able to get a licence to turn on the new reactor until you have a waste strategy in place. It is not just a question of having made progress. An announcement by an official in ANSTO to say that they have a 10-year extension on the fuel consumed is not necessarily a waste strategy, given that the project lasts for 40 years.

Mr Walters—I think you need to ask ARPANSA for their views directly. We cannot really speak for them. But let me say this: the Commonwealth is fully apprised of the need to get on with constructing this facility and the need to have a proper strategy for dealing with Commonwealth radioactive waste. This is precisely why the announcement has been made and the current work is taking place.

Senator CARR—Indeed. That sets you a time line, because the licence for the new reactor is currently before ARPANSA. ANSTO is looking to switch on the new reactor in the last quarter of this year. That is a definite time line.

Mr Walters—There is a relationship, but you have to bear in mind that the question of the return of fuel from the new reactor will not arise until 2025. So the more pressing issue is to deal with the legacy of 40 years of operation of the existing reactor and also all of the low-level waste. There is enough imperative about getting on with that to make it important to make progress. That is what everybody accepts.

Senator CARR—It may well be argued that the return of fuel from France, which I think will be in 2012—

Mr Walters—But that is not from the new reactor; that is from the existing reactor.

Senator CARR—That is not the issue. The question goes to the national waste disposal strategy. It is not just a question of dealing with new waste.

Mr Walters—I think we are in heated agreement here, Senator.

Senator CARR—The point is that you will have to have a decision in place by the time ARPANSA has to consider the application to switch on the new reactor.

Mr Walters—That is a matter for ARPANSA and I would not wish to begin to speculate on how they will exercise their responsibilities. But I have tried to make the point that there is a very different issue about the handling of the waste which will arise from the spent fuel from the new reactor. Those arrangements are now in place and cover a very long period ahead. The immediate issue—

Senator CARR—One-quarter of the life of the reactor.

Mr Walters—The new facility is more about the more immediate problem of dealing with the legacy of the existing reactor, which goes back 40 years, together with all the low-level waste, which arises from all sorts of different operations, as you know.

Senator CARR—How much of the waste that is currently in the Commonwealth inventory was originally sourced from the states?

Dr Perkins—Australia has about 3,800 cubic metres and about 3,600 cubic metres is Commonwealth-owned waste.

Senator CARR—So you are going to return the other 200?

Dr Perkins—No. We have never had physical possession of state and territory inventories. The states and territories have always looked after the waste.

Senator CARR—So does that stay in the filing cabinets and the various other places that it is being stored in at the moment?

Dr Perkins—States and territories have the responsibility for ensuring the waste in their jurisdictions is safely managed.

Senator CARR—That is a pretty irresponsible position for the Commonwealth to take, isn't it?

Mr Walters—I think it is covered by the Prime Minister's announcement that I referred to earlier, where he says that ARPANSA, the Australian Radiation Protection and Nuclear Safety Agency, is going to be working cooperatively with relevant state and territory regulators to establish nationally consistent operating principles and guidelines.

Senator CARR—So there will be a large number of dumps.

Mr Walters—It may be a large number; it may not. It depends entirely on the decisions which are going to be taken by the state governments.

Senator ALLISON—This morning ANSTO said that the arrangement with the United States—contrary to what I understood it to be—was that the United States would, up until 2010, permanently store spent nuclear fuel. Is that your understanding as well?

Mr Cook—That is correct. Under the arrangement with the US, those fuel rods which are returned to the US will be permanently looked after by the US. They are not reprocessed and sent back here.

Senator ALLISON—So how much fuel will be generated by the new reactor by 2010?

Mr Cook—I do not know the answer to that in terms of quantity.

Senator ALLISON—How many years of operation will there be prior to 2010?

Mr Cook—If the reactor is commissioned in the time frame that ANSTO hopes it will be, then it would be in full commission in 2007, so by 2010 you would have had three years of operation.

Senator ALLISON—So at most there could be three years.

Mr Cook—No. I understood that that take-back was for a longer period than that.

Dr Perkins—I believe it is until 2016.

Mr Cook—Yes, 2016.

Senator ALLISON—And what is the operating life of the reactor?

Mr Cook—The new reactor's designed life is 40 years.

Senator ALLISON—What was the difference between 2016 and 2010, which we were discussing earlier? What happens in 2010?

Mr Cook—I had not heard the year 2010.

Dr Perkins—2010 is certainly not the year that was agreed with the US. The arrangement extends until 2016.

Senator ALLISON—We should check the *Hansard* on the 2010 date. Maybe I imagined it. The proposal that you are working on presently will be for all levels of waste, will it? It is a co-location of intermediate and low-level waste at this one single site. Is that correct?

Mr Cook—Yes.

Senator ALLISON—I presume there will be different arrangements. Will, for instance, the low-level waste be buried, as was proposed for the original national repository?

Mr Cook—It is too early to say, except that, clearly, the intermediate-level waste will require a very significant purpose-built facility—a building, if you like—and it would depend on the site that was ultimately chosen as to exactly how the low-level waste needed to be stored. But the low-level waste, because of its lower level of activity, does not need as stringent a storage facility as the intermediate-level waste.

Senator ALLISON—Going back to those dates again, is it not the case that the first return shipment of Commonwealth nuclear waste expected from the United States after processing was not anyway due back here until 2018?

Mr Cook—There is no return of processed waste from the US. There will be some processed waste from the UK and from France, which is where it is currently being processed. The first shipments of that could be as early as very late in 2011.

Senator ALLISON—So there is nothing at all coming from the United States until 2016?

Mr Cook—There is nothing coming back from the US, period. They do not reprocess the fuel rods. The only fuel that is being reprocessed is that which has gone to the UK and France.

Senator ALLISON—Was it the agreement that has just been struck that ceases to take effect from 2010? Is that the date I am thinking of?

Mr Cook—Dr Perkins may need to refresh my memory. The original expiry of the arrangement with the US finished—

Dr Perkins—The original agreement was tied to HIFAR, so it was referring to the high-enriched uranium fuel that HIFAR is currently using. I do not believe that prior to this new arrangement there was any arrangement with the US for fuel to be used in the OPAL reactor, because it is a different type of fuel.

Ms Paul—I think we will go back and look at the date that might have been said, as well, and see what they were saying.

Senator ALLISON—Thanks.

Senator CROSSIN—I want to go back and ask you about some of the activities that occurred following the announcement in July last year by the Prime Minister. Can you tell me what departmental resources and expenditure were associated with the site identification process and licensing application prior to that announcement?

Dr Perkins—Do you mean with respect to the national repository project?

Senator CROSSIN—With respect to South Australia, in particular.

Dr Perkins—Yes. We will have to take that on notice.

Senator CROSSIN—Can you tell me, then, how many DEST staff are working on the process to identify the appropriate site?

Dr Perkins—For the previous project?

Senator CROSSIN—The previous one and this current one.

Dr Perkins—For the previous project there is a section of six people who are working on the project in general. The current project has about the same number—five or six people.

Senator CROSSIN—Would six people have worked on the application process prior to the submission of the application in October 2003?

Dr Perkins—Various offices would have contributed in part to that.

Senator CROSSIN—Generally the number is around six, is it?

Dr Perkins—From time to time, yes.

Mr Walters—You would have to add in a fraction of people like legal staff and senior staff who give a proportion of their time to this.

Mr Cook—And some specialist consultants to deal with the more technical components.

Senator CROSSIN—I was about to get to that. Were there any consultants used during this process?

Dr Perkins—Yes, there were.

Senator CROSSIN—Can you tell me who they were and what the cost was?

Dr Perkins—The process was a fairly lengthy one just with respect to the ARPANSA licensing. Gutteridge, Haskins and Davey assisted us with the licence application and we had various other consultants working on specialist studies. For example, Parsons Brinckerhoff

did hydrogeological work. Kinhill consultants in Adelaide did flora and fauna work. A whole range of consultants did very detailed studies on that.

Senator CROSSIN—Can you provide me with a list of who the consultants were, what they were asked to do and the amount that was paid to them?

Dr Perkins—For the licensing process? Yes.

Senator CROSSIN—Were any other forms of assistance provided by other government departments or the private sector?

Dr Perkins—We consulted with other government departments from time to time on the project. The process prior to the licensing was the environmental assessment. We had a consulting company—Parsons Brinckerhoff—who wrote the report for us in consultation with us and being assisted by the consultants.

Senator CROSSIN—Can you give me an idea of what the cost of that was?

Dr Perkins—Yes.

Senator CROSSIN—Have you taken any action beyond the appointment of Dr Harris to ensure there is a greater degree of expert knowledge within the department? Who is there now?

Mr Cook—As I think our ANSTO colleagues would have said this morning, we have reached agreement with them to provide us with expert technical advice once the sites are selected.

Senator CROSSIN—So you are using experts from ANSTO. Is that your answer?

Mr Cook—Yes.

Senator CROSSIN—Who in particular do you mainly use? Who do you refer to in particular there?

Mr Cook—From ANSTO?

Senator CROSSIN—Yes.

Mr Cook—I do not recall the names, but it is a team that Dr Ron Cameron, who gave evidence is morning, organised. There will be various people, depending on the expertise required.

Senator CROSSIN—What costs have been incurred by DEST in order to respond to the recommendation of the IAEA report and ARPANSA concerning the provision of expert knowledge within the department?

Dr Perkins—We will take that on notice.

Senator CROSSIN—Has there been any cost incurred, or are you now just liaising with ANSTO?

Dr Perkins—It was part of the licensing process. We had a number of reviews that ARPANSA organised. In response to the issues that were raised, we prepared further work and we got consultants to do additional work. We could make an estimate for that particular element for you if you wish.

Senator CROSSIN—When was DEST informed of the decision to rule out site 40a as the location?

Mr Walters—We have got the Prime Minister's announcement of 14 July here. I do not think, in terms of the internal processes of government, it would be appropriate to go into exactly what was said and to whom before that.

Senator CROSSIN—I did not ask you that; I just asked you when you were informed of the decision.

Mr Walters—Insofar as there is a decision on that matter, the decision is conveyed in the Prime Minister's announcement on 14 July last year.

Senator CROSSIN—Is that the first time DEST had heard about it?

Mr Walters—That encapsulates the decision. That is the point at which the decision was made and, therefore, it is public knowledge.

Senator CARR—Was there a cabinet decision on that?

Mr Walters—I do not think we speculate on the precise nature of—

Senator CARR—Was there a cabinet decision? I am not asking you the nature of the cabinet deliberations.

Ms Paul—I do not think we can say whether there was a decision or not, unfortunately.

Senator CARR—Why not? That is standard procedure.

Ms Paul—It is still a matter for government and a matter of our advice and government consideration and decisions.

Senator CARR—Can you take that on notice? Was there a cabinet decision on the abandonment of the policy?

Mr Cook—We will take it on notice.

Senator ALLISON—I will go back to the questions that I was asking before. As I understand it, the contract with the United States says:

The United States ... never intended the Acceptance Program to serve as a fuel management solution for all research reactors in perpetuity—

and—

Under international law, all nations that enjoy the benefits of nuclear technology are ultimately responsible for their own SNF (spent nuclear fuel) management.

How does that sit with what you have just said about the United States being responsible for our spent nuclear fuel?

Mr Cook—The fuel rods that the United States was taking back from HIFAR were fuel rods that originated in the US. Their agreement with ANSTO is to take those and store them. It is part of their general nuclear non-proliferation policy in order to reduce the risk of that sort of material being in inappropriate hands. In recognition of the fact that they had calculated on getting more fuel back from HIFAR than they will and in recognition of the fact

that Australia as matter of policy decided to use low-enriched uranium in the new reactor, they have seen fit to extend that arrangement with ANSTO.

Senator ALLISON—Why do you think that paragraph was inserted in the contract?

Mr Cook—I do not know. I am not familiar with the background of it.

Senator ALLISON—Could you take that on notice and check that we are not wrong?

Mr Cook—Yes.

Senator ALLISON—Having seen that paragraph, we formed the assumption that the States was not going to hang on to it.

Mr Cook—It is generally recognised as international policy that countries are responsible for their own waste. Indeed, apart from that special arrangement with the US, we are accepting that responsibility for dealing with our own waste.

Senator ALLISON—So somewhere else in the contract it says that, even though that clause is in there, we do not need to take any notice of it?

Mr Walters—This was a somewhat exceptional arrangement made by the US to assist Australia. We understand that a consideration that they took into account was the important contribution that ANSTO's reactors, both current and future, make and will make to health care and scientific research in Australia and the region.

Senator ALLISON—So is your reading of that clause that it knocks out this one?

Mr Walters—The main purpose of the US program is to safeguard material which represents, in their view, a greater risk to non-proliferation. In this particular case, they are taking back fuel which is of lower risk, and they have done that as a special measure of assistance to Australia.

Senator ALLISON—Anyway, you are going to take on notice the reason that paragraph is there if it does not mean anything.

Mr Cook—We will.

ACTING CHAIR—Senator Allison, do you have any more questions?

Senator ALLISON—Not on this issue. I do have some others.

Senator Crossin—I have not finished. Mr Walters, my question to you a moment ago about when DEST was informed of the decision may well be an appropriate question for me to ask. I did not ask when cabinet decided. I did not ask about any information about a cabinet decision. I simply asked when DEST was informed of the decision. Are you telling me that it was the same day that the Prime Minister announced it?

Mr Walters—We will take it on notice.

Senator CROSSIN—Thank you. When did you become aware of the decision by the minister on 25 January to rule out a primary site on mainland Australia or Tasmania?

Mr Walters—We will take it on notice.

Senator CROSSIN—Can you tell me whether there has been any consideration of the impact of the Waigani convention? Is that the correct title?

Mr Cook—That is right. It relates to the South Pacific.

Senator CROSSIN—Has there been any consideration of that convention?

Mr Walters—It comes back to the point we made that the Prime Minister's announcement refers to Commonwealth land.

Senator CROSSIN—So you have considered that convention? Is that what you are saying?

Mr Walters—That refers to foreign countries in the South Pacific.

Senator CROSSIN—Have you provided advice to the government on the implications of that convention, or is it incumbent in that decision in January?

Mr Walters—I think we have described the position. In terms of the advice that we have provided to government, we have provided a number of items of advice. But, as I have said, they are cabinet-in-confidence and we do not feel able to go into detail about the nature of the advice that has been provided to ministers.

Senator CROSSIN—In the announcement on 25 January, the minister stated that the announcement of the location was only being delayed by a couple of technical issues. Is the consideration of that convention or the implications of convention one of those issues?

Mr Cook—The convention does not come into play, because we are not looking at any area covered by that convention. We are looking at Commonwealth land.

Ms Paul—The convention covers South Pacific countries, not Australia.

Senator CROSSIN—Are you able tell us what the couple of technical issues that were referred to are?

Mr Walters—We would not want to comment on media reports of what the minister may have said. Obviously we are looking into all of the issues.

Senator CROSSIN—So you cannot give me an idea of what is meant by 'technical issues' in the minister's announcement of that date?

Mr Walters—I think we have already indicated that this is policy advice to the minister and we are not really in a position to go into what some of the issues might be.

Senator CROSSIN—Assuming two new applications would have to be submitted to ARPANSA—one for an offshore or one for an onshore repository—do you have an idea of how much it will cost to do that?

Mr Walters—The nature of the applications that will be made to ARPANSA is going to depend on the decisions that will be made by ministers in due course. We cannot speculate on what those decisions might be and therefore what kinds of applications there might need to be to ARPANSA. That being the case, it really is impossible to speculate on what the cost of those applications might be, if and when they are made.

Senator CROSSIN—All right. We can follow that up at some stage. Have you done any work on the cost of locating a repository offshore, including the projected cost for the transportation of waste to a facility?

Mr Walters—The nature of the work we are doing to provide policy advice to ministers is really cabinet-in-confidence. Therefore, we are not able or in a position to go into the details of the nature of the consideration that has been given.

Ms Paul—We are still at that stage, unfortunately.

Senator CROSSIN—You cannot tell me if you have looked at transporting waste by ship 500 kilometres or 1,000 kilometres offshore? Is it cheaper to fly it than to boat it?

Mr Walters—We are not in a position to go into those details.

Ms Paul—Unfortunately, we are not at that stage.

Senator CROSSIN—You cannot tell us any of that information at all?

Ms Paul—No, we cannot at the moment, unfortunately.

Senator CROSSIN—Do you have an idea of what would be the preferred method of transporting the waste offshore?

Mr Walters—Again, we cannot go into that sort of detail.

Senator CROSSIN—In response to Senator Allison's question, do you have any idea of how far away an announcement is on this issue?

Mr Walters—No, not at this stage.

Senator CROSSIN—Is the work you are actually doing on the low-level waste area the same for the intermediate level one? Is there an intention to store both sorts in the same area?

Mr Walters—Yes. The Prime Minister's announcement refers to co-location.

Senator CROSSIN—So, if we are talking about the decision to rule out South Australia as a location for the intermediate-level store, I am assuming that all other states and territories have also been ruled out—is that correct?

Mr Walters—I would not want to go beyond what is already on the public record in terms of what is ruled in and what is ruled out.

Senator CROSSIN—But there has been a decision made that there will be no Commonwealth waste stored in the states and territories—is that correct?

Mr Walters—No, that is not the case. The decision has been that there will be a facility on Commonwealth land. That is what we are looking at.

Ms Paul—We are looking at Commonwealth land. I think that is the key.

Senator CROSSIN—And that may or may not be offshore—is that correct?

Mr Walters—That is correct.

Senator CROSSIN—That will include low-level and intermediate-level waste—is that correct?

Mr Walters—Yes.

Senator CROSSIN—The term 'technical issues' was actually used by the minister. It is in a transcript of an interview. It is not a media report. It is actually a term that the minister has used. You are not able to elaborate to us what those technical issues would be?

Mr Walters—No.

Senator CROSSIN—What would his answer have been if someone from the media had asked that question?

Mr Walters—I would not like to be in the position of speculating on what the minister's answer might be to a question that was not put.

Senator CROSSIN—There might be somebody out there in the press gallery who might want to ask that question at some time in the near future.

Mr Walters—There might be, in which case we might find out.

Senator ALLISON—I want to ask some questions about the Maralinga clean-up as a follow-up to my question on notice No. 54. It is a very long question with lots of answers. Dr Perkins will be aware of the questions I refer to. There has been a response to the answers to those questions by Mr Alan Parkinson in a letter which he copied to me dated 16 January. Dr Perkins, first of all, does the minister intend to respond to all of those comments on the letter in detail or should we go through them today one at a time and clarify the situation?

Dr Perkins—You may wish to go through them now, but I may have to take some of them on notice.

Senator ALLISON—So there is no intention of responding to them?

Dr Perkins—I do not believe that the minister has responded at this stage, no.

Senator ALLISON—Okay, but you are familiar with the letter?

Dr Perkins—Yes.

Senator ALLISON—We will go through it, if that is what you would prefer. In particular, Mr Parkinson points out some areas in the answers. One relates to the question about Mr Parkinson's involvement in the project. Mr Parkinson says that he was in fact appointed as the Commonwealth's representative for the contract with ACS/GHD and for the contract with Geosafe, and that that was written in the contract, but that those two roles were excluded from the answer. Can you explain why this was the case?

Dr Perkins—I believe that in the answer we went through in quite a bit of detail all the terms of reference and duties that were in Mr Parkinson's contract with us. That is why we provided that information. His other duties would have hung over those overarching criteria.

Senator ALLISON—I am sorry; why were those two particular roles not included?

Dr Perkins—They were not left off; they were covered by the general criteria that we provided in the answer to your question, which are taken from Mr Parkinson's company's contract with the department.

Senator ALLISON—The role here is about reporting and communicating. I could read it all out if you like, but it seems to me that that is not a reasonable response, given that you have for some time tried to downplay, I think it is fair to say, the role that Mr Parkinson played in representing the Commonwealth. He has argued for some time that he was not a mere engineer working on the site but was in fact the Commonwealth government's representative.

Dr Perkins—I think we provided a full answer in response to your question about Mr Parkinson's role in the project. As I said, we did draw the various duties out of his contract with us and provided them to you, so you did have a full listing.

Senator ALLISON—Okay, but you do not disagree that he was in fact the Commonwealth's representative for the contract with ACS/GHD and for the contract with Geosafe? We will just get that on the record.

Dr Perkins—I would have to take the exact detail on notice.

Senator ALLISON—You cannot indicate at this point that that was the case? I would have thought that would be something you would know.

Dr Perkins—I will take it on notice.

Senator ALLISON—The answer provided to my fourth question was that Mr Parkinson points out that it is not correct to say that one of GHD's tasks was to propose options for MARTAC and the department to consider, that they were appointed to manage the ISV part of the project and that nowhere in their contract does it say that they should propose alternatives. Can you comment on that?

Dr Perkins—They were asked by MARTAC, the technical advisory committee, to provide technical advice on various options, and that is why they provided that advice.

Senator ALLISON—But isn't it the case that they were appointed to manage the ISV part of the project?

Dr Perkins—They did manage the ISV part of the project and they also managed the—

Senator ALLISON—I know what they did, but what is in the contract, and is that proposing options in their contract, even if they were asked to do it subsequently?

Dr Perkins—They were asked by the technical advisory committee just to provide some technical information to the committee. As the project managers, that was quite an acceptable thing for them to do. They were well placed to do that.

Senator ALLISON—Yes, but it was not in their contract per se. It was not specified in their contract.

Dr Perkins—They provided advice to the department and to MARTAC from time to time as part of their general duties.

Senator ALLISON—So why, in your answer, did you not say that they were appointed to manage the ISV part of the project?

Dr Perkins—I am not sure that that was actually the direct question. You are talking about question 4(a). It was a very specific question to do with various bits of advice that they had provided to us and various options for the technical management of contaminated debris. I believe we answered that question.

Senator ALLISON—There are a number of more detailed comments. I wonder whether it is possible to get answers to them, particularly the one relating to question 6. Can we have a response to the comments that were made? I am happy to give you an extra copy of this letter if you do not have it there. Is it possible to get your response on notice to those other points?

Dr Perkins—If you provide the questions, yes, certainly.

Senator ALLISON—You do not have a copy of the letter of 16 January?

Dr Perkins—I have a copy of this letter, yes.

Mr Walters—You are asking for a response to the point about question 6 on page 2?

Senator ALLISON—Correct.

Mr Walters—Yes, we will gladly take that on notice.

Senator ALLISON—Thank you. In fact, I will leave it there and ask whether you can respond to each of those points that are made in that letter. That would be useful.

Senator CROSSIN—This question might be more appropriate for ANSTO but I want to know whether your department had any role in providing advice on the current trial shipment of uranium from Roxby in South Australia to the port of Darwin via the rail.

Mr Cook—The short answer is no.

Senator CROSSIN—And the long answer?

Mr Cook—We would not be involved in that.

Senator CROSSIN—If only we could get a long answer. That would be more ANSTO's role. Did you play any role at all in providing advice about the movement of that uranium?

Mr Cook—Not as far as I am aware.

Dr Perkins—No.

Senator CROSSIN—The safety and risk assessments involved?

Mr Walters—I think we had better take that on notice and get ANSTO to give you a response.

Senator CROSSIN—I will put these questions on notice and give them to ANSTO then.

Dr Perkins—I believe it is a matter for the Australian government's regulatory framework, not a matter for the Commonwealth.

Senator CROSSIN—In relation to the nuclear waste sites can you specifically confirm for me that Western Australia and the Northern Territory would remain possible options for the site?

Mr Walters—We would not want to go beyond what we have already said and what is on the public record in terms of what is on or off consideration, and I would not want that to be taken as meaning that they are in or out. It is simply that this is going to be advice to ministers which is cabinet-in-confidence and we do not believe that it is possible to go into any greater detail.

Senator CROSSIN—So the repository site will be placed on Commonwealth land onshore or offshore.

Ms Paul—That is what we are looking for.

Senator CROSSIN—So that could well still include the Northern Territory or Western Australia.

Ms Paul—We cannot rule anything in or out here, unfortunately, because it is still under active consideration.

Senator CROSSIN—In other words, you are failing to rule out the Northern Territory or Western Australia, is that correct?

Ms Paul—In or out. What we are saying is that we just cannot comment. We are sorry about that but we cannot comment at this stage because it is under consideration, so there is really nowhere else we can go other than the Prime Minister's statement of last July.

Senator ALLISON—Have you provided any advice to any ministers regarding Ranger and the possibility of prosecutions being conducted as a result of—

Mr Cook—You will have to ask ARPANSA. That does not come within our portfolio.

Senator ALLISON—That is not something that you advise on?

Mr Walters—No.

Senator ALLISON—Or anything to do with any of the recommendations on regulating uranium mining that were produced by the Senate inquiry?

Mr Cook—No.

[2.50 p.m.]

Schools Group

CHAIR—We will now move to the Schools Group.

Senator CARR—I will start with questions on the Australian technical colleges. Mr Evans, I believe you are responsible for them?

CHAIR—Ms Paul, is this appropriately treated under Schools Group or later?

Ms Paul—We would like it to be treated here.

CHAIR—That is fine.

Ms Paul—For your interest, in the department we have created a new branch to help support the development of the Australian technical colleges under Chris's guidance.

Senator CARR—A whole branch! How many officers are in the branch?

Ms Paul—It is not the biggest branch in the place.

Senator CARR—No; it is getting a lot bigger, though! We are about to discover that.

Mr Evans—As Ms Paul indicated, we have established a specific branch in Schools Group for the implementation of the technical colleges initiative.

Senator CARR—How many officers are in the branch?

Mr Evans—We are in the process of staffing-up at the moment. In terms of actual numbers, at the moment it would be around 12.

Senator CARR—How many do you intend to employ in respect to the program?

Mr Evans—Probably around 15 or 16.

Senator CARR—That is a total of an additional three?

Mr Evans—That is right.

Senator CARR—Can you provide me with details on the number of personnel, their levels and their salary costs?

Mr Evans—Yes, I can do that.

Senator CARR—I do not need to know the names. We can get them from other sources.

Mr Evans—I am not sure what nomenclature you would be familiar with. Will I give you the number at the EL2 level and so on?

Senator CARR—Yes, that is what I am looking for.

Mr Evans—I will take that on notice rather than give it to you today.

Senator CARR—There are administrative savings in this arrangement, are there—employing 15 officers?

Ms Paul—No, not in this arrangement.

Senator CARR—I see. It is just that the Prime Minister said that there would be administrative savings from the abolition of ANTA. They are obviously not here, are they?

Mr Evans—That is a question for the VET group.

Senator CARR—When did you first hear about this policy?

Ms Paul—The technical colleges were an election commitment by the coalition.

Senator CARR—Was that was the first time you heard about it, Mr Evans—as an election commitment?

Mr Evans—That is correct.

Senator CARR—It did not originate with the department, did it?

Ms Paul—No, although we have advised on it, of course, at various times.

Senator CARR—So you advised on it after the announcement?

Ms Paul—It was a government—

Senator CARR—You did not advise on it during the election?

Ms Paul—No, of course not.

Senator CARR—I just wanted to clarify that because that would be a breach of the protocols.

Ms Paul—Correct.

Senator CARR—So this was an election announcement by the Prime Minister—is that right?

Ms Paul—I do not know who announced it.

Mr Evans—We believe it was the Prime Minister.

Senator CARR—What was the role of the Australian Chamber of Commerce and Industry in the development of the proposal?

Mr Evans—I would not speculate to what extent the government sought advice from other groups.

Senator CROSSIN—Did you provide any advice on the technical colleges to the government before the election?

Ms Paul—Yes, we did. We provided some advice on relevant issues to do with addressing skills shortages, but the form of the resulting policy—in other words, the tech colleges—was, of course, first announced in the campaign.

Senator CARR—It is just that ACCI are claiming that they are responsible for the policy. Have you not heard that?

Ms Paul—We have a very close relationship with ACCI, as you can imagine. Certainly I spoke with ACCI after the election, but I had not heard that claim, no.

Senator CARR—Around Canberra, that is all the go—the local ACCI officers are claiming credit for the policy.

Ms Paul—To be fair to ACCI, they have certainly had a great interest in a range of the commitments that address skills shortages. These would come under the Vocational Education and Training Group, by rights. Certainly I have heard ACCI express a range of interest on all the measures which address skills shortages.

Senator CARR—How did you decide upon the locations for each of these colleges?

Mr Evans—The sites were determined on by taking into account a number of factors—reasonable working age, population base, substantial base of trades related industries in those locations, levels of youth unemployment, level and age of employment of tradespersons and related worker occupations, and skills shortage needs. Those factors, in combination, worked out the locations of the 24 proposed college sites.

Senator CARR—Just about all of them are in marginal seats, aren't they?

Ms Paul—I will not comment on that. From our analysis, all of them are regional centres of a reasonable population base which have a reasonable industry base, possibly across a range of industries—because the policy is to join up industry with these schools—which are experiencing skills shortages and where there is usually a fair amount of youth unemployment. Those are the key characteristics in each case. I can think of most of them and they are all of that nature.

Senator CROSSIN—We will come back to this in a minute, but you said 'possibly across a range of industries'. My understanding, from a recent discussion about this, is that in fact each technical college will focus on one industry only. Is this a slight change in the approach that technical colleges are going to take?

Ms Paul—No. I am sorry; perhaps I was a bit confusing. I was saying that the basis on which the statistical analysis was done in those regions looked at industries which experience skills shortage. You have to have a good industry base to make a technical college like this worth while. However, it makes sense not to start too big but to focus on the key need of that region. That is what each of these regional consortia that come together to run these colleges

will be looking to do. I was just trying to draw a distinction between what they will actually focus on in practice, which may be only one major industry or a number of trades or—

Senator CARR—But they are all one major industry, aren't they?

Ms Paul—They should start with one major industry. I think at the moment we are keeping an open mind.

Mr Evans—I draw your attention to a discussion paper that Minister Hardgrave—

Senator CROSSIN—Yes, it has been well read.

Mr Evans—Page 8 of that discussion paper says:

... the Government's broad expectation is that each Australian Technical College will specialise in a particular trade, and will offer a trade or trades from at least four industries ...

Senator CARR—And when will they get to four industries?

Mr Evans—I would not speculate at this stage. We are in the process of getting submissions of interest from particular consortia that might be interested in establishing a technical college. That closes this Friday, so we are still expecting more submissions to be put in. We have had 35 expressions of interest so far.

Senator CARR—How many of those 35 have expressed an interest in establishing a college in more than one industry?

Mr Evans—I am not familiar with the breakdown of each of the 35 proposals as to the number of industries that they would be proposing.

Senator CARR—Can you, on notice, tell me the number of colleges that will establish with more than one industry?

Mr Evans—As I say, it is still open at this stage, until Friday. I will take it on notice. In responding to you, I will probably protect the names of the industries. I will give you industry types rather than specific names of companies.

Senator CARR—We will come to that, because I have a few other questions about the tender process.

Senator ALLISON—In the criteria that you used—I did not hear it mentioned and, if it was not used, I would be interested in why it was not used—was there some sort of survey of existing government schools that might or might not have been tech schools, might or might not have had good equipment and might or might not have had teachers capable of delivering the trade skill approach to secondary schooling? Did you look at the existing schools that were there?

Mr Evans—As I think I indicated, with the criteria we looked around more on the basis of needs in a particular location. In that sense, I think it is responding to the question you are asking.

Senator ALLISON—Is it? How?

Mr Evans—If there are needs in a particular location, obviously the needs are not being met at the moment.

Ms Paul—That is one reason why we looked for a good population base. None of the 24 are in areas which are so limited that there would not be a reasonable population base to support such an initiative.

Senator ALLISON—Did you actually look at the schools? Did you go into the schools or did you just say, ‘There seems to be a high need, so obviously the schools are not meeting that need’? Is that pretty much how you made your conclusions?

Mr Evans—We did not go into individual schools.

Senator ALLISON—Did you talk with the state governments about the adequacy of their schools’ capacity to meet the skills need in their region?

Mr Evans—Not in determining the 24, but I can indicate that there has been fairly strong support for the colleges from a wide range of groups, including from state government.

Ms Paul—We have certainly spoken formally with our colleagues in the states and territories about the implementation of the initiative, and we will continue to do so.

Senator ALLISON—But what about the selection of the 24 sites? Were options discussed with the state and territory governments about where these might be sited?

Mr Evans—The government announced the sites that it had chosen.

Senator ALLISON—I realise that, but was it discussed with the states prior to that announcement?

Mr Evans—From the fact that it was an election commitment I expect that, at that time of the electoral cycle, there was no discussion with the states.

Senator CARR—So they were not selected on a marginal seat basis?

Mr Evans—No.

Senator CARR—They were a political announcement. They were not an educational announcement. You did not announce them. There were no criteria that you established.

Ms Paul—That is true, and we cannot speculate on the nature of the decision-making process. However, we can say, as we said before, that we have done a good analysis of the nature of the industries and so on in those areas, which would suggest that they can support such an initiative.

Senator CROSSIN—Are we able to get a copy of that analysis?

Ms Paul—I do not know if there is a single document, but we could certainly describe the characteristics as we have named them that go to each of those regions, and we are happy to do so.

Senator CROSSIN—You could do that, and I would be very interested if you could give me the youth unemployment levels in the areas where the technical colleges are specified, because I am interested to know how you came up with giving the Pilbara a technical college when there are only 500 year 11 and 12 students in that region. On what basis was that decision made? Where do you expect to get the year 11 and 12 students from if there are only 500 in the region?

Ms Paul—We said a range of things were looked at, and one of the things looked at was the nature of industries. There was a very important industry there. There was a high Indigenous population, a big mining industry and a good call to link technical education and training with the needs of that industry in that area. It was a similar consideration as elsewhere. I do not know if my colleagues want to elaborate on that.

Senator BUCKLAND—Before we get too far down the track—and you will understand why in a second, Mr Evans—in answer to Senator Allison a moment ago you said you had representations or submissions from a wide range of people. Who were these people?

Mr Evans—I indicated that, since the announcement, there has been a fair degree of support for the principle of the establishment of these technical colleges. That has come from industry groups, education groups and some state governments. So it is in that context. In part, some of that has been, I suppose, weighted. More weight has been given to it in the form that we now that we have received 35 expressions of interest in.

Senator BUCKLAND—Why are we still getting questions from industry groups and education groups asking us what is going to happen with this planned technical college arrangement?

Mr Evans—Because at the moment we are in the situation of accepting proposals from various groups. Minister Hardgrave is also in the process of doing consultations around Australia. He made an undertaking to visit each of the 24 sites and hold public consultations. He is part way through that process of visiting those 24 sites.

Senator CARR—Why was Canberra left off the list?

Mr Evans—It was not necessarily left off the list. The decision was taken to locate a college in Queanbeyan, which would cover the region.

Senator CARR—The Prime Minister's statement talked about all states and territories except the Australian Capital Territory. Is that the case?

Ms Paul—I think Canberra young people would expect to be able to have access to the facility for the region. Each one of these is on a regional basis.

Senator CARR—Or on a marginal seat basis, because it is a marginal seat across the border. That is the real motive here, isn't it?

Ms Paul—We cannot comment on that, because it was an election commitment—except to say again that our analysis suggests that these are areas of good industry base and so on.

Senator CARR—So the analysis was done after the announcement?

Mr Evans—No. I draw your attention to the foreword in the discussion paper, where it says:

The Australian Government has committed \$289 million over four years to establish Australian Technical Colleges all around the country, covering all States and Territories.

So it was not that Canberra was left off; it is that the location covers the ACT as well.

Senator CROSSIN—Was no consideration given to extending the VET in Schools program?

Mr Evans—This is a specific initiative that is in addition to what is going on already in schools through the VET in Schools program. This was a commitment to establish another model in the area of—

Senator CROSSIN—So it is a duplication of what may be happening in VET in Schools.

Mr Evans—No, it is not a duplication. The mere fact that they are separately badged as Australian technical colleges, along with the design features of the technical colleges, distinguishes them from, say, VET in Schools, but they are complementary.

Senator Vanstone—I might add that I personally feel very strongly, as I am sure other ministers do—albeit I was not involved in this particular decision—that it is more than appropriate that the Australian government make it crystal clear to young Australians that whether they go to university or not is not the defining criterion of their life and that the Australian government values equally people who have trade skills. We need to make that very clear. You look at the skills shortage in some trade areas and you speak to some young Australians and it is very clear that for a variety of reasons many do feel that if they have not made it to university—as if that is the goal—they are somehow lesser Australians. This initiative is one by the government to demonstrate very clearly to young Australians how valued they all are.

Senator CROSSIN—No-one is disagreeing with you there.

Senator BUCKLAND—But that facility exists now through using TAFE and VET in Schools.

Senator Vanstone—If that facility were achieving that end, you would not have young Australians feeling that unless they go to university they are not as valued as others, would you?

Senator BUCKLAND—Perhaps the government should give more attention to the needs of TAFE to facilitate exactly what you are talking about. The way I see this is that we are duplicating what exists now.

Senator CROSSIN—Complementing.

Senator BUCKLAND—You can see that when you say that it will not be until 2010 that first actual trade certificate people will come out of the technical college system. I think my date is right on that. It will be 2010. How are we going to judge that? How do you judge a person coming out of TAFE? Do you go to TAFE to get a trade certificate—trade recognition—or do you go to the technical college and get a trade certificate? Which one is actually the certificate that is recognised by industry? You see, it is all duplication.

Mr Evans—There are a couple of points I would just raise with you. First the evidence that we have—and this is not new evidence; it has been around since I was working on labour market programs long ago—is that if students stay on to complete year 12 their chance of being long-term unemployed is diminished. So there is an issue here about maintaining a connection between young people and the school environment.

Senator CROSSIN—Federal schools do that.

Senator BUCKLAND—Exactly.

Mr Evans—That is one of the different features in them coming out of there and going into TAFE. I do not see it as duplicating it.

Senator BUCKLAND—What is it if it is not duplication? What you are telling me about now is something that already exists. There is a facility there to do it now.

Ms Paul—There is a whole range of reasons why this is different but one of the things that sets this apart that appeals to me most is that it is actually a partnership between the local industry and a school—a senior college—to focus on skills shortage needs in a particular region. So it is quite a localised—

Senator BUCKLAND—You do not have to answer that any further. Again, all you are telling me is that it is about duplication.

CHAIR—Order, Senator Buckland, you keep interrupting.

Ms Paul—No I am not saying that at all. I am saying that is one of the areas why it is not duplicating. The TAFE provision is not necessarily organised on that basis and school provision is not necessarily organised on that basis.

Senator CROSSIN—But you could make it organised on that basis.

Ms Paul—Yes, and it is great if it is; it is terrific if it is.

CHAIR—Order. Could the senators please wait for the officers to finish an answer before asking the next question.

Senator CARR—Ms Paul, is it not the case that 75 per cent of students currently undertake VET in Schools subjects at year 12?

Ms Paul—I would have to check.

Senator CARR—That is the evidence this committee has been given for many years.

Senator CROSSIN—Why do you have to check that? You should know that.

Ms Paul—It is a high proportion.

Senator CARR—The VET in Schools project has been working very well. Minister, evaluation after evaluation has pointed out how well it is working. What is the evidence that this additional capacity to establish private schools of this type is actually needed? What evaluation was undertaken to demonstrate the need for this?

Senator Vanstone—Since Senator Carr has posed the question, it might be the point for me to interpose myself here. Senator Crossin, who is normally extremely courteous to officials at the table—out of her obvious interest in this issue—mistakenly made some remarks she might otherwise have chosen not to make a minute ago. ‘What’s the percentage of this?’ was the question asked. The remark that was made to the officer was, ‘Well, you should know that!’ I just do not accept that officers at the table have to know every detail when they are courteous and happy to get whatever detail they do not have in their head. I am actually more worried about someone who thinks they carry everything around in their head than I am about someone who says they can get it for you.

Senator CARR—That is apparent.

Senator Vanstone—If an officer does not know, they do not know. ‘You should know that!’ is a pejorative remark. This is not a test for officers. This is not some primary or secondary school test where you get an A, B or C; it is an opportunity for senators to quiz officials on outlays of government expenditure—and, frankly, it is not to argue with them about policy issues. There is another forum for that and the combatants are not the officials; they are the politicians.

CHAIR—Thank you for that, minister. I would ask senators to keep those remarks in mind.

Senator CROSSIN—Excuse me. I just need to respond to that.

Senator CARR—I would like an answer to my question.

Senator CROSSIN—We will get an answer to your question in a moment. I would actually expect the secretary of the department—who is advocating the benefits of the technical colleges in this estimates—to, while not being able to answer all of our question, actually have an idea of the percentage of year 12 students who are undertaking a vocational education and training course because this is directly linked to whether or not the technical colleges are a duplication, which is what Senator Buckland went to. So I do not think it is an unreasonable piece of information for someone in that position to have. Thank you.

CHAIR—Senator, as the minister indicated, you cannot expect officers to carry all the information around in their heads and they will take things on notice if they do not have them. Questions do not need to be pejorative.

Senator CARR—And Ms Paul has been untiringly generous in her answers to us—I acknowledge that as well. I must say to you, I have been here for a few years and there is no complaint on this side of the table about Ms Paul’s answers to this committee.

CHAIR—Thank you. Next question, please.

Senator CARR—But can I get an answer to the question that I actually asked. What evaluation was undertaken, given that 75 per cent of students are doing VET in Schools subjects now?

Ms Paul—The reason I said I would need to check was that I did not have in my head the number for year 12. I knew there were good numbers for VET in Schools, which I am familiar with. The numbers now in front of me say that 44 per cent of senior secondary students were experiencing VET in Schools in 2003, but we can try to get more up to date numbers.

Senator CARR—You have given me other answers already to that effect. That is not the issue. The issue is: have you undertaken any evaluation that suggested the VET in Schools project was not working and not providing the service that these new facilities will provide?

Ms Paul—We have not needed to because the VET in Schools program, as far as we know, has been very successful. The point I think we were making before was about the fact that we do not see this as duplication. That point was that VET in Schools is basically a complementary offering. Often it is work experience. You would be familiar, obviously, with the nature of some of the VET in Schools programs. Most VET in Schools programs cover work experience and they can go through to a range of experiences with TAFE and so on. These technical colleges offer a complementary offering which is a direct relationship

between the training that will be taught to secondary students and employment with local industry. That is really the only point I was making before.

Senator CARR—Mr Evans, you said you have got 35 applications so far for 24 centres.

Mr Evans—Not applications; expressions of interest.

Senator CARR—So not all can be regarded as possibly—

Mr Evans—That is what we were seeking.

Senator CARR—So you have 35 expressions of interest. They are not actually 35 people ready to run a college.

Mr Evans—Some of them are at a fairly advanced stage. Of course, we will have to go through and assess them. As I said to you earlier, we are still receiving them on a day-by-day basis up until—

Senator CROSSIN—Does this mean that there are some areas where there is no expression of interest?

Ms Johnston—As Mr Evans has indicated, the closing date is this coming Friday. This is only an expression of interest process; it is not a formal tender process or anything like that. Yes, there are some that we have not received anything from yet but I fully expect that we will receive some from all 24 within the next few days.

Senator CARR—The proposition you have been advancing—on page 12 of the booklet, for instance—is that non-government schools are able to tender to provide for these new colleges. Do I assume that all colleges will have to register as non-government schools?

Mr Evans—They could be a government school or a non-government school. We would expect that some of them might be pre-existing schools that are already registered in the state. They might be wishing to extend their course offerings and have a technical college as part of that particular school.

Senator CARR—Have you had any indications from any state authorities that they are prepared to run these for you?

Mr Evans—A mixture. One unnamed state is quite keen to be involved.

Senator CARR—Which one is that?

Mr Evans—I said it was unnamed.

Senator CARR—Yes, I know that. That is why I want to know it.

Senator ALLISON—It does not have a name?

Mr Evans—It does have a name.

Senator CARR—Which state wants to run them?

Mr Evans—I do not think I can mention it today.

Senator CARR—Why not? What is so secret about that?

Ms Paul—It is presumably because Mr Evans is being respectful of the potential state government position. We are probably not certain whether we have been told of a formal

position. We are meeting with the states and territories in the way that we do next week, so perhaps we can come back with some further information.

Senator CARR—You can take that on notice.

Senator Vanstone—Just to introduce an element of sweetness into the discussions—

Senator CARR—This has been going incredibly well all day, and you have arrived.

Senator Vanstone—I have tried to keep out of it, but I just cannot resist the contagion of pointing out that there are other areas where it is a surprise to federal Labor that state and territory governments work extremely well—in fact, hand in hand—with the Australian government.

Senator CARR—I have never known the Keating adage that you should never get between a premier and a bucket of money to be false.

Senator Vanstone—There are a significant number of areas, especially in relation to my portfolio, where the incentive to work together is not a bucket of money being dished out by the Australian government but a common interest in better outcomes for particular Australians.

Senator CARR—It will not be in the Australian Capital Territory, because they did not get one.

Mr Evans—It covers the Australian Capital Territory.

Senator CARR—But they did not get the chance to offer one, because they were not in a marginal seat.

Senator CROSSIN—Mr Evans, in relation to your answer a moment ago, I assume there are seven states or territories that have not expressed an interest. I assume in those states or territories it will not be possible for existing schools to entertain the idea of embracing this technical college—if in fact the state or territory government is not involved—in terms of sharing teachers, resources or even physical location?

Mr Evans—I would not say that they are not involved. To put it another way, a state may choose not to establish a government technical college in a state. That is not to say it is not going to be supportive of the establishment of technical colleges, including such issues as the possible release of teachers from the government system to work in a technical college. There can be arrangements like those that support the implementation of the program, but it might not necessarily mean that a particular state wants to establish a government technical college.

Senator CARR—Can I just go through this registration process? Putting aside this one state that may or may not be interested, we can expect the other colleges to be registered as non-government schools. Is that correct?

Mr Evans—They would be registered as a government school or a non-government school in the same way as a school is registered at the moment.

Senator ALLISON—The schools themselves can make an application without the state being involved? Is that what you are saying?

Mr Evans—If a particular state says that their government schools cannot, then I cannot see that a government school in that state could, but a non-government school could.

Senator ALLISON—Are you saying that all state governments bar one have said their schools cannot be involved?

Mr Evans—No, I have not said that. I said one was very supportive. Others have been supportive in different ways. I am not sure if we have had any that have ruled it out completely.

Ms Johnston—We have had no other responses at this stage.

Senator CARR—Can I continue this line of inquiry? I will try to get this question out here. I am interested in the processes by which registration will occur. Putting aside those that end up as state institutions, which may be some or may be none—we do not know—the remainder will be private institutions. The Commonwealth is not intending to run these institutions directly, is it?

Mr Evans—No.

Senator CARR—So they will require state registration as private institutions.

Mr Evans—Which is what happens with a non-government school now, as you would know.

Senator CARR—That is my point. They will have to be registered as non-government schools unless the state education department chooses to run them.

Mr Evans—Correct.

Senator CARR—If that is the case, will the normal provisions for non-government school registration apply?

Mr Evans—Yes.

Senator CARR—Will the normal provisions apply in regard to the receipt of recurrent funds from the Commonwealth?

Mr Evans—Yes.

Senator CARR—So they will have to be not for profit.

Mr Evans—Correct.

Senator CARR—When it comes to fees, what fee schedules will you be operating on?

Mr Evans—As you would know, the fee schedules that operate in non-government schools can range from nominal levels of fees up to more expensive levels of fees. I imagine that that pattern would operate in the case of a non-government school that is operating an Australian technical college.

Senator CARR—I asked a series of questions back in the earlier round to do with existing fees. Do you have any fee regime in mind at all?

Mr Evans—I do not have a fee regime in mind other than the presence of a technical college in a non-government school should not mean that there is a charge above what is normally charged in that school.

Senator CARR—On page 12 of your booklet you say:

Non-government schools are able to tender to provide an Australian Technical College. However, as with all non-government schools, Australian Technical Colleges will be required to be run on a not-for-profit basis, and no additional fees over and above existing fees will be able to be charged.

Mr Evans—I think that is what I just said.

Senator CARR—That means they must operate with the same fees that are charged in TAFE colleges.

Mr Evans—It does not say that.

Senator CARR—Doesn't it?

Mr Evans—No, it does not.

Senator CARR—Or does it imply that?

Mr Evans—No, it does not imply that, either.

Senator CARR—When you say 'no additional fees over and above existing fees will be able to be charged', what is meant by that expression?

Mr Evans—School fees.

Senator CARR—So you can charge \$20,000 a year for programs in these colleges?

Mr Evans—That is premised on the college being attached to a school that charges at that level of fees.

Senator CARR—But is it not the case that that is theoretically possible?

Mr Evans—It is. But then if I were a school I would want to be pretty sure of actually attracting students.

Senator CARR—That might be the case. But under these arrangements, if you are at Geelong Grammar School and you want to establish one of these colleges—I can just see it now—and you run the pet school with it and you allow for the training grounds and all the rest of it to go with it, you could charge fees of \$20,000.

Mr Evans—I am not going to speculate and I am not going to name schools, either.

Senator CARR—But is it possible to charge fees of up to \$20,000 at these colleges?

Mr Evans—What you are saying is theoretical. I am not saying it is possible.

Senator CARR—So it is not impossible. 'No additional fees over and above existing fees will be able to be charged.' That is what your booklet says. Is it not the case that fees of that dimension are being charged at the moment and therefore can be charged in these colleges?

Mr Evans—The government is favourable towards attracting wide access to these colleges. The notion you are putting about fee levels of \$20,000 I believe would act as an inherent impediment to attracting open entry.

Senator CARR—All I want to know is whether they can charge the same fees that private schools charge now.

Ms Paul—Mr Evans has said that the no additional fees means that if the government agrees to an existing school building a technical college they cannot charge any higher than they do already. However, I think it is really important to point out that there are quite a few processes still to go through before an announcement of actual consortia is made. Both ministers have been very clear about the priority being access for young people who want to follow the trades that have skills shortage. You would have to say that in considering expressions of interest and then later formal requests for proposal the question of access and so on would be considered. We are not even at a point yet to be able to say that it is even theoretically possible. I think we need to go through the expression of interest process and then the formal request for proposal process.

Senator CARR—All I am asking is: is it possible to charge the same fees as an Australian private school? The answer has to be yes. Am I right?

Mr Evans—The other point there, though, is that I am not sure how many high fee schools are located in EO's 24 locations.

Senator CARR—I am absolutely certain. But that is not the point. The question arises as to the fee model or schedule that you are arriving at. You are saying that 'no additional fees over and above existing fees will be able to be charged'. That is the model you are operating on, isn't it: the existing fee structure of Australian private schools?

Mr Evans—The other point that is relevant to this discussion is that there has been some discussion from industries who have indicated they might be willing to provide scholarships as well.

Senator CARR—I have no doubt that there are all sorts of ways the industry will be able to help. I want to go to the point you raised at E432. You say that these programs will have to be not only not for profit but also commercially viable. What do the words 'commercially viable' refer to in that context?

Mr Evans—You could see a situation where a school might be running a hospitality section as part of the industry type and it might be running, for example, a small restaurant to give practical training. It might be making some money, and that money is ploughed back into the scheme, so it still meets those provisions.

Senator CARR—ACPET, which has a keen interest in running these outfits, says to us, according to the *Financial Review* of 6 December:

It would need to be a commercial arrangement as with any other training course where there needs to be the opportunity to cover costs and have a return for the operator ...

How does that expression fit with the Commonwealth guidelines in regard to not for profit?

Mr Evans—Not for profit can still mean a return, and the return can be ploughed back into the operation. That still makes a return to the operator.

Senator CARR—So they just cannot make a profit.

Mr Evans—Under the rules for a school, they are not for profit. We have had this discussion on a previous occasion.

Senator CARR—We will have it again later on, because I have a whole lot more information for you, which I am sure you will be able to assist me with. You also say in answer to question on notice E330 that ‘commercially viable’ does not mean viable from their own funds and from fees and other non-government sources. Given that, and given that ACPET is clearly saying it needs a return for the operator to run this college, what does ‘commercially viable’ refer to? I am trying to get from you an understanding of what commercial viability refers to.

Ms Paul—I may need to be corrected, but I think we meant it needs to be viable as a school and be able to be registered as a school and so on.

Mr Evans—That is correct. It needs to be able to operate in its own right. In terms of the salaries that it is paying and its operating costs, there must be sufficient funds so that it does not go under. The last thing we want here is to be funding an organisation that is not going to be able to operate with the recurrent funding it is going to receive.

Senator CARR—What is the recurrent funding that it is going to receive? How are you going to finance this?

Mr Evans—I cannot say that at the moment, because we are looking at expressions of interest, and some of the issues regarding how much they are going to receive could be impacted on in the decisions we take as to which organisations get approved.

Senator CARR—Are you going to fund them on the same basis that you fund schools?

Mr Evans—They will receive some schools funding and some of the almost \$300 million that the government has announced for these colleges. So there is a mixture of sources of funding.

Senator CARR—Will money be available for recurrent funding and for capital?

Mr Evans—For recurrent and for capital.

Senator CARR—Will individual colleges also get grants for other purposes?

Mr Evans—Yes.

Senator CARR—How is that going to be decided?

Mr Evans—That is what I just indicated to you. I cannot be public on that today given that we are still looking at how we are going to make decisions. Some of those decisions are going to be influenced by what prices and costs are put to us in those expressions of interest.

Senator CROSSIN—What if a school does not have an existing fee?

Ms Paul—Then we would not expect them to charge one. The principle of access is really very important. Access and very strong links to local industry are certainly things which we will be looking at in looking at these expressions.

Senator CROSSIN—So if the existing fee at a school is \$100 a year, that would be the existing fee that would stay?

Mr Evans—I assume if it is an existing school and it is operating with a fee of \$100, then there is nothing that I can see here that should cause them to have to increase that fee.

Senator ALLISON—But if you have a requirement that non-government schools must stick with the fee that they have, however defined, will you also apply the same rule to government schools?

Mr Evans—I did not say that they would have to stick with a fee. I said that in the course of there being a college there they would not increase the fee.

Senator ALLISON—Isn't that the same thing?

Mr Evans—Not necessarily.

Ms Paul—They could charge less.

Mr Evans—They could charge less if they felt that the recurrent funding they were getting—

Senator ALLISON—Not go beyond the current fee being charged.

Mr Evans—Correct.

Senator ALLISON—For that year? Can they set a different fee just because it has technical equipment and so forth? Can they establish a separate fee for this, which might be different from the mainstream courses they offer?

Mr Evans—I would see that the fee level would be a fee level that is comparable for a year 11 or year 12 student at that school.

Senator ALLISON—But, as I understand it, there are often different fees charged if you take into account the course. I am not sure what they are called in private schools but, as I understand it, there are different fee levels depending on what subject you take. Some subjects are more expensive than others. Do you go to the highest fee for a particular year level or do you take the lowest? How do you determine that?

Mr Evans—That has not been put to me in the discussions that I have had with some organisations about the colleges. My own feeling on this—my personal observation rather than direct policy—is that the recurrent funding that we would have would mean that they would not have to charge more than what would be expected of a normal student in year 11. So I would not be seeing—

Senator ALLISON—Whatever a 'normal student' means.

Mr Evans—You are right: some do charge for additional higher cost subjects, but I am not seeing that there is a cause for them to do that here.

Senator ALLISON—Will the bids which show what the funding arrangements are be made public?

Ms Paul—Do you mean the expressions of interest?

Senator ALLISON—Yes.

Ms Paul—I would not have thought so, Senator.

Senator ALLISON—So we are not going to know what level of funding is going to what school?

Ms Paul—At the end of the day with the result and the schools that are put in place, I am sure the funding will be, in our normal way, quite transparent. I am sorry, I thought you meant the expressions of interest, which is more a tender sort of process, although not formally.

Senator ALLISON—Are there likely to be any competitive bids in this tender process? Do you have any areas where there are two schools going for the—

Mr Evans—I believe there will be. If there are 35 expressions of interest for 24 locations—

Senator ALLISON—I see. I am sorry—I did not catch that.

Mr Evans—But at this stage I would not speculate as to how many might be for a particular location. As Ms Paul said, at the end of the day, I am sure that there will be total transparency back to the Senate committee—

Senator ALLISON—With the final selection?

Mr Evans—Correct.

Senator ALLISON—Not with the competition. So we will not be able to see all the bids in order to, for instance, make sure that you made the right decision?

Ms Paul—This is just an expression of interest, so it is really a gathering of information on which to continue to work with potential groups—Ms Johnston or Mr Evans can expand on this—and then we will move into a more formal process, which will be a request for proposal. At that point, we will go into a more formal tender-like approach to the matters. Mind you, I think in each community and region it will be fairly clear what sorts of grouping of interest or consortia are coming together. And, as Minister Hardgrave holds these meetings around the country, you will see in the room the various parties that are interested in coming together. I think in each community there will be a reasonable amount of knowledge. But, meanwhile, there will be a point where we will have to go through a more formal selection process.

Senator CARR—Ms Paul, there has been considerable conversation in this building about the discretionary programs that are run by the government with respect to the Regional Partnerships program. Can you assure the committee that this program will not be like that?

Ms Paul—We have very clear guidelines and the assessment process will be extremely rigorous.

Senator CARR—So there will be established criteria for funding. What will the level of discretion be for funding for each of the colleges?

Ms Paul—I do not know whether discretion is really relevant here; it is really what comes in through the expression of interest and then the request for proposal, I think.

Mr Evans—You could get a proposal from a particular consortia that is offering an already existing facility that requires some fit-out or whatever to be able to provide training in those four industry types or it might be a greenfields site that requires it to be built from the ground up. They are the sorts of issues that we are going to have consider when we are looking at what might be the supported proposals.

Senator CARR—The fact is that the existing allocations of moneys in the schools program is quite discrete and is provided on a per capita basis.

Mr Evans—Correct.

Senator CARR—That is the standard arrangement.

Mr Evans—For general recurrent grants, yes.

Senator CARR—So that is recurrent grants. Now we could argue the toss about the block grants for capital, but essentially there is a procedure there.

Mr Evans—Correct.

Senator CARR—You and I can have this discussion across the table at every estimates about how fair that is but, nonetheless, there is a definite procedure there?

Mr Evans—Yes.

Senator CARR—What is the definite procedure going to be for these colleges?

Mr Evans—We will have clear guidelines on how they will operate. As Ms Paul said, there will also be criteria as to how they would be selected.

Senator CARR—Are they written yet?

Mr Evans—They are in the process.

Senator CARR—When will they be ready?

Ms Paul—When we go out for request for proposal, we will have a very detailed set of criteria et cetera that the proposers will have to answer. I think it will be very clear. We will then go through a very formal and rigorous tender process, which we do in the department with correct legal advice and all the rest of it. I think it will be well managed.

Senator CARR—When do you expect the tender process to begin?

Ms Johnston—By the end of March.

Senator CARR—And you will have all the due diligence tests in place by then?

Ms Johnston—We expect to be ready to go by the end of March.

Senator CARR—You would not be able to issue the tender without those, would you?

Ms Paul—You mean to have our probity people in place et cetera?

Senator CARR—Yes.

Ms Paul—Yes, we would have to have that in place to be able to proceed.

Senator CARR—The reports in the paper suggest that local business and industry representatives have been conspicuously absent from Minister Hardgrave's road show. Can you confirm that?

Ms Johnston—There has been a wide range of participants in the forums. Many of the local industry groups have been represented. A small number of actual employers have been there. As you would expect, those people are running businesses and do not always attend, but there is really strong interest from the groups that represent them.

Senator CARR—So these are just the industry bureaucrats?

Ms Johnston—No, I think they would say that—

Senator CARR—That they are the heart and the soul of the nation.

Ms Johnston—they represent their members.

Senator CARR—I know what they would say, but they are professional lobbyists for business.

Senator Vanstone—I do not think you meant to interrupt Ms Paul in mid answer but, with your enthusiasm, Senator Carr, I think you might have.

Senator CARR—I mean to interrupt you.

Senator Vanstone—I have no doubt about that. I was trying to be pleasant about it. I do not think you meant to interrupt. I think the enthusiasm simply overtook you. It is hard for officers who obviously show courtesy and respect to senators, as is appropriate, when they are interrupted.

Senator CARR—Let Ms Paul finish. She was about to explain what the heartbeat of the nation from ACCI and the like have done to provide us with advice on this question. They are the ones turning up at these meetings, are they not? They are not local businessmen; they are business representatives, are they not?

Mr Evans—I was at the launch of the discussions paper and I believe that it was not only the groups that you described. I am heartened that included in the 35 expressions of interest that we have at the moment are clear indications from quite a number of industries themselves. They felt comfortable enough to be attached to an expression of interest, whether or not they happened to attend a public consultation.

Senator CROSSIN—Have either of you attended any of these meetings? Where were these meetings that the minister has had?

Ms Johnston—I attended the meeting in Queanbeyan. Other DEST staff attended the other meetings in the other states.

Senator CROSSIN—Mr Evans and Ms Paul, have you attended any of the minister's meetings?

Ms Paul—I have not attended any.

Mr Evans—I have not had the opportunity yet either.

Senator CARR—You will enjoy them.

Ms Paul—They are still in progress.

Senator ALLISON—Will schools be able to discriminate—I mean that in the positive sense—about the students who come to these technical colleges? Can they, for instance, look for students who may be particularly suited to the trades as opposed to some other measure of suitability like results from schools? Is the Commonwealth likely to set any rules with regard to which students can be selected?

Mr Evans—I am not sure that we have set that down in the specifications.

Ms Paul—In the discussion paper we say that the students will be selected through an open and competitive process on the basis of capability and interest in pursuing a career in the

trades on offer at the college. So, yes, there will be an opportunity for them to select students who have that strong interests in the trade.

Proceedings suspended from 3.15 p.m. to 4.02 p.m.

Senator CARR—This is my penultimate question, I trust. On page 9 of the discussion paper you say:

Colleges will therefore need to be registered in the relevant state to provide courses leading to year 12 certification.

Is that correct?

Mr Evans—Correct.

Senator CARR—So any business just cannot take up these programs; they have to be able to run a year 12 certification. Is that right?

Mr Evans—That is right.

Senator CARR—The last question goes to parental involvement. What level of parental involvement has there been and will there be in these new entities?

Mr Evans—We have already discussed the colleges concept with peak parents groups. We are meeting with parents groups again shortly, so we will be providing information to them on the opportunities that would be offered through these technical colleges.

Senator CARR—I take it the answer, though, is that there is not much.

Mr Evans—At the moment we are looking to see the expressions of interest that are coming in, so there is some of that as well.

Senator CARR—But there must be governing bodies. Will there be parent representatives on the councils?

Mr Evans—I would expect the answer to that one to be yes because, if you take the example of non-government schools, with most non-government schools the councils are fairly representative of the parent groups of the school body. Again with government schools you find there are usually consortiums of parents that meet at the particular government schools. So the answer again is yes. Another thing, though, is that in some part there has been an indication that some parents might not view TAFE as being as attractive as an option for their children. Here what I would like to see is that we are trying to create some almost centres of excellence that will encourage parents to want their kids to go to these particular centres.

Senator HARRADINE—I will deal with your answers to question E441-05. You have provided figures in that response, based on a small sample in the longitudinal survey of Australian youth, that indicate that 11 per cent of all female early leavers who were not in the labour force were involved in home duties or looking after children. That indicates that parenting could be a substantial reason—10 per cent of all early leavers—for young women not completing their schooling. That is a significant number, wouldn't you say?

Ms Tchacos—I think the answer we provided could be misleading in the way it was answered. We were talking about the cohort of those aged 19 that were interviewed in 2000. The real figures are that 78 out of 4,016 females were early school leavers without a job,

which represents 1.9 per cent; 60, or 82 per cent of those 78, were in home duties. That is 1.59 per cent. I think the way we answered that question could be misleading, and they are more up-to-date figures.

Senator HARRADINE—So it is something like four to five per cent.

Ms Tchacos—No, we would say more along the line of two per cent.

Senator HARRADINE—I took the two figures that you mentioned—1.9 per cent and 1.59 per cent.

Ms Tchacos—Yes, but it was 78 out of 4,016 females—that is, a total of 78 females in that survey who were aged 19 reported that they were early school leavers out of the work force. Out of those 78, 60 were in home duties—that is, two per cent of that sample.

Senator HARRADINE—What is the actual estimated number of young women not completing their schooling because they have a child?

Ms Tchacos—In the longitudinal survey of Australian youth—

Senator HARRADINE—I am talking about not only the 19-year-old cohort.

Ms Tchacos—We can only answer that question in terms of the longitudinal survey of Australian youth. I think we did mention in response to the question that the department does not collect that data nationally in terms of what percentage of early school leavers were female and left school for that reason. We can give you an estimate from our longitudinal survey of Australian youth, which is a representative sample of young people in school.

Senator HARRADINE—In the 19-year-old cohort only.

Ms Tchacos—Yes.

Senator HARRADINE—So this is only one year out of the whole period of time of teenagers at school.

Ms Tchacos—That is right.

Senator HARRADINE—I note that the education minister—no doubt with the support of the department—is approaching state and territory education ministers for information on what they are doing regarding sex education. I also note that you now say that the department is not collecting data on pregnant or parenting parents in each state or territory. Wouldn't that also be important information to have?

Dr Mercer—On 10 February, our minister wrote to all his ministerial counterparts and to the heads of the independent school sector and the National Catholic Education Commission to ask about the form and content of their sexual health education programs. He specifically asked about the form and content of those programs taking place in schools. He asked them to state how they were being delivered and to provide information about the extent to which community views, especially those of parents, were taken into account in developing and delivering those programs. In regard to the request, he has asked for that; he has not asked for any statistical information.

Senator HARRADINE—That is the point that I am going to. Wouldn't it be very important also to have that information: the number of teenage girls who drop out of school

because they have a child or are pregnant? Isn't that a very important matter to be informed about?

Dr Mercer—I can see that it is an associated issue, and we can certainly work with the research part of our department to see what information is available. In writing to the education authorities, he was looking to see what is happening inside the schools in terms of their programs. I am not sure that they would be the appropriate people to ask the question about those statistics that you are looking for.

Senator HARRADINE—Who would be the appropriate authority to provide that information so that one could ask the appropriate authority? I would have thought it would be the department of education. In seeking this other information, I am assuming—it is possibly a wrong assumption—that sex education would limit that particular number.

Dr Mercer—I do not think they would always be advised of the reasons that young people leave school, particularly past the compulsory years of schooling, so that is why I do not think they would hold comprehensive statistics. We can certainly take that on notice and see what information is available but I believe it is a very complex area to attempt to find information on.

Ms Tchacos—The longitudinal survey of Australian youth collect some information. They ask, 'What is your main reason for leaving school before year 12?' So we do collect some data on that. Young people have reported parenting as the reason for leaving school but it is only a sample of young people representative of all schools in Australia, so it is not a complete response. I guess it gives you an indication of how young people are reporting. I can say that roughly we know that it is a very low number but again there are problems with that in that, being a fairly sensitive issue, some young people may choose not to report that as the reason for leaving school.

Senator HARRADINE—Wouldn't you say that it is a problem if young students say that having a baby is the reason for their dropping out? If that is the reason wouldn't you see that as a problem that should be addressed? How are you addressing that problem? What is the department going to do to counter that problem and to help young women with social, emotional and structural barriers—such as money and child care—to completing their education?

Mr Davies—The department has two existing programs which seek to assist the young women that you are referring to. The Jobs Pathway Program is targeted at young people who may be at risk of dropping out of school. It supports young people from 13 to 19 years—that age group that you are talking about—who are at risk of leaving school. They get supported to stay in school and complete their education. Obviously, for young women who are pregnant, the barriers to successfully staying in school are quite significant, and it is recognised as a major problem for those young women to get the support they need to stay in school if they choose to. Some of them choose not to, and they choose to leave school and focus on their parenting responsibilities, and then many of those may seek to take up education or other pathways later. The department also has programs—and there are other parts in other portfolios—that support people should they try to re-enter education or employment

pathways. There is also a project that you may be familiar with—the Partnership Outreach Education Model, POEM.

Senator HARRADINE—Yes, I have got a question about that.

Mr Davies—That one in Newcastle, the DALE Young Mothers Program, is specifically focused on young mothers—

CHAIR—An excellent program.

Mr Davies—It seems to be.

CHAIR—My wife is the patron.

Mr Davies—I did not know that, Senator. That is great. It seems to be incredibly successful and I have got some information on that, if you would like to go into a bit further detail on that.

Senator HARRADINE—Thanks, I would appreciate that. As I understand it, you referred me to that particular program.

Mr Davies—In the answer—that is right.

Senator HARRADINE—In the answer at the estimates committee. Thank you for that. I note that the pilot study found what other studies have found—the need for on-site child care and a comprehensive network of support. Isn't the POEM program's money running out at the end of this financial year?

Mr Davies—The current contract ceases at the end of this year. That is correct. There are some shared responsibilities in this area. The primary responsibility for trying to make sure the schools support the young women to stay there, should they choose to, is with the education authority, whichever that is. The Australian government, as I mentioned, has some additional initiatives to try and support their retention in school, should they wish to stay. But getting the school environment right and getting the mix of factors in school to support those young women is probably where the solution is. You would be familiar with examples such as Plunkett high school and others where attempts are being made to get the right set of teaching, counselling and other supports and connections in the community to make sure those young women have the right mix of factors. It is not a simple, single-project type of response to those young women's circumstances that is required.

Mr Evans—Most government systems have processes in place for young mothers to be able to continue at school. They can take the form of specialist schools such as Bidwell High School, which specialises in providing assistance for young mothers to complete their schooling. It has on-site facilities for child care to support them as well. Also, the government systems provide modules so that a young mother can undertake education at home through distance learning. So there are a number of these mechanisms. We see Minister Nelson's letter, which Dr Mercer referred to, really as the start of Minister Nelson being able to obtain advice from state jurisdictions about what they are actually doing. We do not see this as the end of it; we see it as more the start of being able to see where the responses are and whether or not they are complete around Australia.

Senator HARRADINE—Could the department provide us with copies of the material received from the states and territories on that particular matter?

Mr Evans—That should not be a problem but, as I said, the letter has only just gone out, so we have not received any responses at this stage. But there should not be a problem to meet your request.

Senator HARRADINE—On that particular matter, what evidence do you have of the success of sex education in reducing the number of abortions in Australia and in the school population?

Mr Evans—I have not done any investigations in that area. I am not sure whether there has been work in that area in the department.

Senator HARRADINE—But the minister is obviously wanting to know what states are doing about sex education.

Dr Mercer—I think that would probably be a question that we could ask the Department of Health and Ageing, who have done some work in this area, as I understand it, to look at sex education.

Senator HARRADINE—What have they done?

Dr Mercer—They certainly have an interest in this area to see what outcome and what link, more broadly, family planning has in both schools and the community.

Senator HARRADINE—So you have no evidence on which to base the success of sex education on the issue of abortion that has been raised recently.

Dr Mercer—In this department we do not have any information on that. As Mr Evans has said, it could be that the Department of Health and Ageing may have some information.

Senator HARRADINE—Is it possible to prove that sex education has an impact on the abortion rate, when the only evidence you would have is whether there is a reduction in the number of teenage mothers?

Ms Paul—I have two comments. Firstly, we would need to seek the information from another portfolio, as Dr Mercer said. It is not an area that we have inquired into. In this portfolio we generally inquire into student outcomes, literacy, numeracy and so on. But we can certainly follow that through, so that is fine. Secondly, it is a very complex area, so I do not think I could hazard a guess here as to what the causal chain is really like. I suspect that it is a very complex area where there are all sorts of judgments made and matters to be considered. Anyway, in short, we will be happy to follow up with the other portfolio about whether there is any information which may be relevant to your interest.

Senator HARRADINE—Thank you. Is it possible that a reduction in the number of teenage mothers could indicate a higher abortion rate?

Ms Paul—I do not know enough about the area.

Senator HARRADINE—You have no idea how many teenage parents there are in the schools. Do you have any idea what programs are in place in the states to assist student parents?

Mr Evans—That is, in large part, what is behind the minister writing to each jurisdiction.

Senator HARRADINE—We are talking about teenage parents. What programs are available? You mentioned the child-care situation and a network. I was not able to hear the example you gave. What school was that?

Mr Evans—That was Bidwell High School.

Senator HARRADINE—Is that being copied in various other places? Has anybody done an assessment of that program?

Mr Evans—I do not have a list of all the examples that might be in place around Australia, and I think that is what we are trying to get at in terms of writing out to the states. It is not a data collection item that is part of our normal collection of education statistics. It is a bit unique in that sense.

Senator HARRADINE—Wouldn't it be just as important—if not more important—to find out about the number of teenage parents who are dropping out of school. Obviously, that impacts on them throughout their lives.

Ms Paul—I think we have said we do have some inkling of that through the longitudinal survey of Australian youth. Ms Tchacos was talking about the questions which are relevant in terms of whether the young person who is surveyed has children and whether they are in or out of school. So there is information we can provide about how young women are placed in terms of whether they have children at a certain age. So I think we can go to your question. I was making a point about a different question, which was the link to unplanned pregnancies and so on, which we do not have information on. But we do have information through LSAY on the question you are talking about now.

Senator HARRADINE—But I want to know precisely, if that is possible, the number of teenage parents who are leaving school prematurely.

Ms Paul—We can give you a sense of that by taking the question on notice and interrogating the longitudinal survey of Australian youth that Ms Tchacos was describing.

Senator HARRADINE—I think Mr Evans mentioned one of the reasons the information on sex education was requested by the minister. Is the department aware that, according to the University of Nottingham's Professor David Paton, who published a paper on this in the *Journal of Health Economics* in 2002, there is no evidence that the provision of family planning reduces either underage conception or abortion rates? According to Professor Paton in that article, the evidence indicates that family planning services expand the problem amongst younger teens and that there was an increased incidence of sexually transmitted infection. Just to quote him verbatim:

Over the past few years, we have had a massive expansion in family planning services for young people ... yet there is no evidence that this has reduced either underage pregnancy or abortion rates. Although family planning may make sexually active teenagers less likely to get pregnant, it seems that it also encourages others to start having sex. Some of these will get pregnant through contraceptive failure and, if anything, the overall effect of expanding family planning services for under-16s has been to increase pregnancies and abortions

Is that a matter that should concern the department, bearing that sort of information in mind?

Ms Paul—Probably the matters of policy and interest around unplanned pregnancies and so on tend to be handled by the Department of Health and Ageing. Our policy interests tend to lie in matters of education provision such as curriculum, educational outcomes such as literacy, numeracy and so on. The minister's letter really goes to a matter of curriculum, or programmatic offerings, in schools. So I would have to say that we are probably now straying into the policy domain of the Department of Health and Ageing.

Senator HARRADINE—I will stick to the sex education programs. Do you support or fund any programs which advocate abstinence as the only guaranteed way of avoiding pregnancy as well as a host of health related problems like sexually transmitted diseases? Do you fund any of those programs at all?

Ms Paul—We tend not to fund curriculum directly. Curriculum is delivered by the relevant school authorities, like a state government.

Senator HARRADINE—But your minister has asked for the information.

Ms Paul—Yes.

Senator HARRADINE—Is that one of the matters that he would be examining, or not?

Ms Paul—Mr Evans may want to expand on this, but I imagine he will be interested in the responses back from states and territories and school authorities—which go to your question actually—about what is being offered out there by way of these programs.

Senator CARR—I will return to areas we are perhaps more familiar with: this area of the portfolio. Mr Evans, departmental answer E004-05 went to Reddam House. You may recall that my concern there went to whether or not the guidelines were being enforced properly and to the not-for-profit provisions. You tell me that there seems to be no legal connection between Reddam House school and the full profit company Reddam House Holdings. Have I understand you correctly in that regard?

Mr Evans—I am just refreshing my memory of the answer.

Senator CARR—Do you want a copy?

Mr Evans—No, I have a copy of it here, thank you.

Senator CARR—I ask you whether or not you would agree that there appear to practical and actual connections between the school and the company Reddam House Holdings. They share the same trading address. They are incorporated bodies formally known to DEST that operate from the school and have the same registered company address. The three persons managing the school and finances on a day-to-day basis and identified on the school web site—Mr Crawford, Mr Balios and Mr McLeod—are the same persons who variously are the principal office holders of the private company. Would the department agree that an examination of the ASIC records of the two companies shows a concurrence of dates of lodgment of documents and other events that would imply a practical organisational connection between the two entities?

Ms Wall—We did look at this again after you asked us last time. As we have indicated there, we could see no legal connection between the school and that entity, except that both

entities share the same trading address. We did not uncover the information that you are referring to.

Senator CARR—It is not just the same trading address; it is the same people, the same dates on which there was the lodgment of documents. There is a practical organisational and actual connection between the two entities. Furthermore, I draw your attention to an article that appeared in the *Australian*—this is not exactly secret stuff—on 1 November last year which points out:

But behind Reddam House are two companies—one not-for-profit and one money-making corporation, and both owned by Crawford.

The for-profit arm, Reddam House Holdings Pty Ltd, owns the school's two eastern suburbs campuses and leases them to the not-for-profit arm, Reddam House Limited (RHL), which applies for and receives government funds.

RHH also operates “services” such as the school buses.

Despite holding the lease on the two properties—described on the school's website as “luxurious”—Crawford insists RHH doesn't make a large profit.

I wonder whether or not there is clear evidence there of circumvention of the Commonwealth guidelines in regard to the recurrent funding of schools in this particular case.

Mr Evans—We do not believe we have been able to uncover that there is. I note your connection about the similar address and the similar members of the two companies. That still does not preclude one company operating not for profit and other elements of the organisation operating for profit.

Senator CARR—They are making an ass of you, aren't they? They are making a complete ass of the guidelines. They are now publicly flaunting the fact that they are making an ass of you insofar as in the *Australian* on 1 November they made it perfectly clear what the arrangements were.

Mr Evans—I do not always believe everything I read in the paper.

Senator CARR—With the worldwide resources of DEST you cannot establish the simple facts that we seem to have been able to establish. Are you telling me that?

Mr Evans—The school has to sign off that they are operating not for profit, otherwise they will be in breach of the agreement and they will be subject to other actions.

Senator CARR—If we could rely upon a signed statement we would never have an accountant ever sign a declaration that was incorrect; we would never have a company failure; we would never have a fraud in this country. Haven't you got the capacity to undertake an independent investigation of the actual practical structure of this company and its operations in regard to this particular school?

Mr Evans—I think you can see from the answer that we gave you to that question that we have done some investigations.

Senator CARR—And you have discovered there is no legal connection between the two, which is clearly a joke.

Mr Evans—There can be legal separation. There can be separations between companies.

Senator CARR—They do not even have to employ smart accountants here. This is making a laughing-stock of you. How much money did they get last year?

Ms Wall—I do not have that information with me.

Senator CARR—It is not an insignificant amount, is it?

Ms Wall—I can take that on notice.

Mr Evans—I might be able to find that for you in a moment or two.

Ms Paul—You are making a claim which we have investigated to the extent that we can—and we have the same interest in these matters as you—and our investigations suggest to us that these are separate legal entities. They share location and so on but our investigations suggest to us that they are separate legal entities.

Mr Evans—The general recurrent funding for 2004 was \$1,101,084.

Senator CARR—There is a broader policy question emerging here because I see that the ABC Learning Centres are establishing private schools and have announced that for the purpose of subverting the intentions of the Commonwealth school funding legislation they are setting up one or more non-profit bodies to apply for DEST funds. To what extent will you be able to examine whether the ABC Learning Centres are in fact genuine not-for-profit operations?

Mr Evans—I do not believe I have seen a firm proposal from ABC for the establishment of a school.

Senator CARR—So you have not received an application.

Ms Wall—No, we have not.

Senator CARR—So you cannot act until you have received an application.

Mr Kriz—I may be able to assist the committee in its questioning. It is quite possible for two legal entities to have the same people behind them but to, in fact, be separate legal entities. That is what the Corporations Law of Australia allows. That is what it is designed to do. It is also quite possible for the first company, the school, to receive funding and for it to purchase services—for example, cleaning services—from any other company that might provide them. That cleaning company might in fact make a profit out of it but the school will still be operating as a not-for-profit organisation. If, as in this case, a separate company which happens to have some of the same people behind it and so on provides cleaning services it is quite proper and permissible under the rules for that cleaning company to make a profit and still quite possible for the school to operate as a not-for-profit school.

Senator CARR—And is it equally possible for the guidelines to be subverted.

Mr Kriz—I do not think the guidelines suggest that anybody who provides services for the running of the school—for example, the cleaners—cannot make a profit. The guidelines do not say that; they merely say that the entity itself, the school, must be a not-for-profit entity.

Senator CARR—But what you have here is an existing school dividing itself into profitable and non-profitable arms and attracting in 2001 \$321,000 worth of Commonwealth money but now attracting nearly \$1.2 million worth of Commonwealth money.

Mr Kriz—That is what the Corporations Law of this country allows. Corporations are set up and they have a separate legal personality to individuals. If I set up two companies, they are different legal persons to myself and from each other.

Senator CARR—So, Mr Kriz, you would agree with me then that it is a joke, is it not, to have a not-for-profit regulation like this if you can establish a front organisation that actually contracts out the services to a profitable company?

Mr Kriz—It would only be a joke if nobody could make a profit out of providing cleaning services to a school. Presumably, it is not the intention of establishing not-for-profit schools that cleaners who provide cleaning services to the school do not make a living.

Senator CARR—In fact, it is now government policy. Dr Nelson said that the government is satisfied for money making corporations to operate alongside a school so long as the school's non-profit arm continues to apply and receive the funds.

Mr Kriz—I will not comment on that. I just wanted to make the point that this is quite permissible and—

Senator CARR—But we are making exactly the same point. The operations of these companies make an ass of this whole proposition of this not-for-profit schools where you can establish side by side exactly the same entity—the same legal address, the same people, the same business operation—but artificially divide it.

Mr Kriz—It is not the same legal entity. That is the whole point of the Corporations Law of Australia.

Senator CARR—It is the same practical entity.

Mr Kriz—For a few hundred years, the whole idea of the Corporations Law has been to set up separate legal entities. As I said, I could set up two companies and they would be separate from each other legally and from me as an individual—each having a separate legal personality. That is the whole basis of commercial transactions in this country when they are undertaken through corporations.

Senator CARR—When was the last time you had a look at Taylors College in Melbourne?

Mr Evans—I am not aware.

Senator CARR—I am looking at the question of overlapping directorships or personnel within companies which have a non-profit and a profit name which are effectively one in the same companies.

Mr Evans—I cannot recall having looked at Taylors in recent times. I can have a look at it for you. I will take it on notice.

Senator CARR—Thank you.

Mr Evans—I think I will probably find something similar to the response that you got to Reddam.

Senator CARR—And the former Sunshine Coast Grammar School which was, prior to taking over the Presbyterian and Methodist Schools Association—

Mr Evans—I believe we gave you an answer to that one at a previous hearing. I cannot recall the number, though, Senator.

Senator CARR—But it is the same proposition, is it not? This is for actual and practical sense one and the same entities?

Ms Paul—I think we considered it a couple of hearings ago but I cannot recall what our investigations found.

Senator CARR—I draw your attention to the article in the *Australian* of 1 November 2004, where it is quite clear what Reddam House are asserting that they are doing. The government has announced a new \$1 billion capital funding program for schools.

Mr Evans—Correct.

Senator CARR—What additional staff will be required to run that program?

Mr Evans—I can answer that question for you.

Senator CARR—I am pleased to hear that.

Mr Evans—Around 30 staff.

Senator CARR—Another 30?

Mr Evans—Correct.

Senator CARR—What is the cost of 30 staff?

Mr Evans—I do not have that in my head.

Senator CARR—Can you take it on notice?

Mr Evans—I will take it on notice in the same way as you asked about the HSC one.

Senator CARR—And I want the usual breakdown, if I could, please.

Mr Evans—Yes.

Senator CARR—What is the process for applications or approval of funding under this new program?

Mr Evans—There will be an application form that will be available for government school communities to apply for assistance under the program.

Senator CARR—Is that form now available to the committee?

Mr Evans—Not at this stage. It is still being put through our business rules, and I will check that with our legal group.

Senator CARR—Can I have a copy of that when it is available, please?

Mr Evans—Yes.

Senator CARR—Will the applicants be notified to the local member of parliament?

Mr Evans—Successful approved projects will be notified to the local member of parliament.

Senator CARR—Will there be advice tendered to the local member of parliament about those that apply?

Mr Evans—Successful ones I believe would be.

Senator CARR—I appreciate that, and I appreciate the confirmation that all members of parliament will be notified of successful applicants in their electorates. Is that right?

Ms Paul—I think we follow our normal processes about announcements.

Senator CARR—That was my point. Will non-government members be advised?

Ms Paul—I do not think it is settled yet. I think we are still working out our business process—

Senator CARR—Can I put that on notice, please?

Ms Paul—but I suspect it will be a normal sort of process.

Senator CARR—It is just that that is the point.

Ms Paul—Yes, I understand.

Senator CARR—I understand that non-government members are not always advised.

Ms Paul—I understand, yes.

Mr Evans—I will get some advice and come back to you.

Senator CARR—Thank you.

Mr Evans—We will take it on notice.

Senator CARR—Thank you. If they will not be advised, why not? If you do not intend to tell the local members of parliament, why not? Do you have an indication of when principals and school communities will have the program guidelines available to them?

Mr Evans—Fairly shortly.

Senator CARR—In E446_05 you told us it was going to be in February. We are halfway through February, so ‘fairly shortly’ is presumably in the next fortnight.

Mr Evans—That is what we are aiming at.

Ms Paul—Yes.

Senator CARR—I take it that the committee will get access to that as well.

Mr Evans—Correct.

Senator CARR—Will the guidelines go to the issue of the criteria for funding?

Mr Evans—They will, yes.

Senator CARR—Are they disallowable?

Mr Evans—I do not believe they are. They are just normal program guidelines. You will recall that the \$1 billion was appropriated as part of the states grants money going through late last year. You would be familiar with the fact that we have normal program guidelines for the states grants programs. The guidelines in respect of the \$1 billion infrastructure program will be an addendum to those particular program guidelines that are operating for 2005-08. So, as you would normally be able to access to guidelines online, you will be able to access the guidelines for the infrastructure program.

Senator CARR—Thank you very much. Given that this is normally the function of the states, how are you going to be able to distinguish between competing bids? For instance, if a school would like repairs to a particular facility or to purchase new equipment, what rationale will be used for prioritisation of the use of funds?

Mr Evans—Firstly, this is an additional \$1 billion over and above the \$1½ billion that already was going out from the Commonwealth for capital over the period 2005-08. You are right, in the sense that proposals from state governments for the mainstream capital program usually come to the Australian government as a schedule outlining what are seen as some of the priorities for the forthcoming year or two. We have had discussions on several occasions now with state government officials about how we can coordinate the \$1 billion program to ensure that projects that are funded are not at the expense of another project that might have been funded by the state government anyway. So we were talking about how we can coordinate the \$1 billion program with existing capital programs. Our approach on this is to have state assessment panels, which would have a state government official on them so that we can ensure that, if you are talking about an air conditioner or carpet or some minor refurbishment work, it still accords with state requirements.

Senator CARR—The state assessment panels will be made up of one state official; how many others?

Mr Evans—At this stage I envisage there will be an official from DEST, a representative from parent councils—

Senator CARR—From all the councils?

Mr Evans—No, mainly from a peak council.

Senator CARR—So from ACCSO or an organisation like that; is that right?

Mr Evans—Correct—and a representative from the principals association as well.

Senator CARR—What about the region?

Mr Evans—In essence, the expertise from the principals association and from ACCSO can make contact with regional groups that know the school and know whether that is a priority for a particular school.

Senator CARR—There will be one state official.

Mr Evans—That is our thinking on it at this stage.

Senator CARR—Will you be paying people to participate in these panels?

Mr Evans—I would not be paying a state official.

Senator CARR—What about the parents and the principal?

Mr Evans—At the moment, that has not been addressed with us. If the principal were already in the pay of the state government, I would see that we would not be paying twice.

Senator CARR—Will there be any needs based assessment?

Mr Evans—That is what is behind the program.

Senator CARR—I understand that, but my next question is: how will those needs be assessed?

Mr Evans—Through the criteria that will be in the guidelines.

Senator CARR—Will there be some sort of formula established, some sort of objective assessment?

Mr Evans—There will be an assessment process, yes.

Senator CARR—Will it be subjective or objective?

Mr Evans—I would see it as being more objective.

Senator CARR—How will that be assessed?

Mr Evans—It is knowing relative need for particular schools in particular locations.

Senator CARR—So will there be an index of disadvantage or a measurement of capacity to meet targeted equity groups? How will you assess need?

Mr Evans—It is more about the capital state of schools.

Senator CARR—I am an old teacher, so I can tell you that there are some schools in my experience that have greater needs than others. You would agree with that assessment, surely.

Mr Evans—Correct.

Senator CARR—So how are you going to tell whether a school that requires assistance from a depressed area should be given it over a school from another area?

Mr Evans—That is why we are having state panels and having on those state panels some representatives from principals groups and from peak parent groups who would also know and be able to get advice from schools in various locations or from similar groups in other locations as to what are the needs. And you are right. We came to the same conclusion as you did that some schools are in greater need than others; we know that.

Senator CARR—I wonder why it is that the Commonwealth is now establishing a process to bypass the normal distributive mechanisms.

Mr Evans—Again I am not going to explain all that is behind the government's decision here, but what has come to light is that there are particular aspects of school facilities that some states do not fund. It can range from shade to issues around air conditioners and other things like that. To that end, responding directly to the school community is a way in which some of those much needed and much valued items can find their way into schools.

Senator CARR—That might be worthy, but why aren't the states doing that now? What is your evidence that that is not happening now?

Mr Evans—As I just mentioned to you, under some rules, some of these things will not be provided by the state.

Senator CARR—Can you give me some examples of the things that are not provided by the states—

Mr Evans—I would prefer not to shame states.

Senator CARR—You have had no reluctance in the past to argue this position. I wonder why you are so coy all of a sudden. Is this a new regime in part as well that, since you have the new job, you do not do this sort of thing?

Mr Evans—No, I do not think I have changed—

Senator CARR—You are the creator of those great press releases that I have commented upon over many, many years.

Mr Evans—I have had to point out in the past that I do not produce press releases.

Senator CARR—No, you provide advice for press releases.

CHAIR—Do you have some questions, Senator?

Senator CARR—I am just wondering what particular facilities will not be provided by the states—for example, repairs to toilet blocks, books for the libraries, computers, shade cloths, play equipment. These are all things that have been mentioned.

Mr Evans—Some of those things are not necessarily—

Senator CARR—So, in primary schools, play equipment is not provided?

Mr Evans—We have evidence that some of these things are not provided or they are needed by a school community.

Ms Paul—The government has decided that a \$1 billion injection into schools is needed because of the physical state of many of Australia's schools, and that has been known for a while. The policy notion is to be able to relate directly to school communities as being the people who know what the need is in their local community.

Senator ALLISON—Did the Commonwealth do some sort of audit of schools before determining what schools are needy and what are not? Don't you run the risk of responding to school communities where there is an active parent group, when some of the most needy schools do not have one? One of the reasons that they are needy is that they do not have people advocating on their behalf. What sort of work have you done to determine whether some of this money is going to go where it is needed?

Mr Evans—We have undertaken some discussions with peak parent bodies, both government and non-government, and to have, in addition to this program, some complementary training to assist some of those communities that you talk about that might not be as readily able to prepare a proposal as to what their school community might need. We have been quite conscious of the variable expertise that rests in schools around Australia.

Senator ALLISON—But that will not allow you to judge need, will it? Will someone from the Commonwealth go out to these schools after they have made an application for a shade cloth and really check it out and see whether or not it is needed or whether they have already got three?

Mr Evans—We were going to rely on the expertise of the state official and on the advice that would come through the representative from the principals association and from the peak parent body who would have the capacity to go out to those local locations.

Senator CARR—Very brave indeed!

Senator ALLISON—Why not just do it through the states? If you are dealing with the principals, why not just let the states manage it?

Mr Evans—As I said to you earlier, Senator, some of the evidence we have is that some of these items are not necessarily available through—

Senator ALLISON—But you could give it to the states and say that it is for shade cloths or airconditioning.

Ms Paul—But the objective here is to be able to respond to needs that are seen by a school community and by parents in that school community—to be able to have a direct relationship with those parents in terms of what their needs are. We will need to assess their applications against some rigorous criteria, which we will make available to you, as we said.

Senator CARR—How do you know that we need shade cloths in schools? Have you done a survey of parents?

Mr Evans—Yes.

Senator CARR—I thought that might be the case. When did you do the survey of parents?

Ms Paul—I think we have discussed this before. It was a piece of research from a couple of years ago. I cannot remember the exact date.

Senator CARR—How long ago was the research undertaken?

Ms Paul—It was not an audit of schools like Senator Allison is talking about. It was some research—which would be on our web site—on parental attitudes, what they found to be important in their school and so on. That was one of the things that came up. So we know some things that parents find important. But with this program we are really more going to our work with the peak parents groups as being absolutely essential for us to be able to manage this program in the best way we can.

Senator ALLISON—How many in that survey said that they thought a basic school facility was a multipurpose indoor space?

Ms Paul—I do not know. I do not even know if we asked that. It is going back a while now. I am not sure.

Senator ALLISON—So you gave them the list of possibles?

Ms Paul—Yes, but, as I say, this is a bit tangential to this discussion here. We are really going through a process of engagement and so on.

Senator ALLISON—I understand.

Mr Evans—Senator, you asked why we did not just give the money to the states. Can I just come at it from another way. Since the announcement the states have shown strong support for, and willingness to participate in, the program.

Senator CARR—Of course. There is \$1 billion on the table. It is the same principle we have discussed many times. The point here is that the Commonwealth is duplicating an administrative structure. This must have an additional administrative cost—it must. How much is that administrative cost?

Ms Paul—It is a whole new program for us—

Senator CARR—There are 30 additional staff for a start.

Mr Evans—It is a \$1 billion program.

Senator CARR—It is 30 additional public servants. What do you administer now—\$32 billion in a quadrennium?

Mr Evans—\$33 billion, plus the annual appropriations.

Senator CARR—And you did not feel the need to put on extra staff to do that.

Ms Paul—We gather that 30 is quite modest relative to the states' support for their capital programs, and this is a new way of being able to respond directly to school communities.

Senator CARR—I look forward to seeing these guidelines and returning to this.

Senator ALLISON—How will the money be dished out? Will there be competitive arrangements for the bidding for this money? Presumably it is not open-ended.

Mr Evans—It is not open-ended. It is \$1 billion over four years. Particular funding rounds will take place to approve particular rounds of projects to be undertaken. Again, because of the way the money is appropriated, some schools may not get any money in the first year. They might get money in year 2, year 3 or year 4. It is worked out that way.

Senator ALLISON—How open will that selection process be? Will schools know why they missed out on their bid and which schools got them and under what conditions?

Mr Evans—Yes. We would have to advise them of that, and whether the bid was out of scope with the purpose of the program or whether, picking up Senator Carr's point, we know that there are some schools that might have much higher quality equipment and facilities at the moment that may not measure up against apparent physical need at a school.

Senator ALLISON—Will the bids be publicly available?

Mr Evans—The approved ones would be. I am not sure about the unapproved ones.

Senator ALLISON—I asking about all the bids.

Ms Paul—I do not think we would normally make applications to us for a funding round publicly available. I cannot think of any circumstance or program for which we would.

Mr Evans—At the moment, we do not ask a state, for example, to show us the items that fall below the amount of available funds, even though—

Senator ALLISON—But you are dealing directly with the schools. I would have thought that there was a need for some level of scrutiny to make sure that you are not just funding schools in marginal electorates or whatever. How do schools know that they are getting proper treatment? How do we know that there is a fair distribution system in place?

Mr Evans—Again, this program requires that there be a report to parliament on where the money has been spent.

Senator ALLISON—I know where it has been spent. We need to know where it has not been spent.

Mr Evans—I cannot speculate on that at this stage either.

Senator ALLISON—But the bids will not be made public?

Mr Evans—Consistent with how we act at the moment, unsuccessful bids are usually not made public.

Senator ALLISON—We are talking about government schools here though. We are talking about an otherwise very public process.

Ms Paul—I cannot think of any program in which unsuccessful bids—in other words, bids which were out of scope or did not have the same level of need—are made public. Normally the applicants would not like that either. I imagine that, at the end of the process, we can certainly provide aggregated data on successful and unsuccessful numbers. That would be a normal thing for us to do, but we would not normally say, ‘School X in town Y was unsuccessful for these reasons.’ However, we would tell them, which is our transparency to them. We would be accountable to them.

Mr Evans—Picking up Ms Paul’s point, I expect that we could come back to you to say that, for the state of Victoria, X number of proposals were approved, and it was for these items, and Y number were not approved for one or more of the following reasons, and then group them under the reasons but without identifying the individual school. Our expectation is that a very large number of schools throughout Australia will receive assistance through this program.

Senator ALLISON—How have you arrived at your assumption that it will be a large number? Have you got a percentage on the number of schools?

Mr Evans—At this stage, we are looking at possibly capping the level of assistance at a maximum of about \$150,000 a school. So it could mean that in the order of 70 per cent of schools might get assistance.

Senator ALLISON—Going on to the flagpole grants program, how much interest has there been in this program?

Mr Evans—There has been strong interest.

Ms Wall—To date, we have had 962 applications.

Senator ALLISON—Do you call that strong, out of 15,000 schools?

Ms Wall—The program is open to both government and non-government schools.

Senator ALLISON—On average, what is the cost?

Ms Wall—Do you mean per project?

Senator ALLISON—Yes.

Ms Wall—We will reimburse up to \$1,500. I do not have the exact figure, but my recollection is that the average reimbursement is around \$1,200 or \$1,300. I can check that for you.

Senator ALLISON—Are these 900 flagpoles mostly replacement ones or are these flagpoles mostly for schools that did not have one in the first place?

Ms Wall—The schools must demonstrate they do not have a functioning flagpole. Most of the applications are from schools that do not have a flagpole, although I am aware that some of them have had one in the past but it has been broken so they wish to replace it.

Senator ALLISON—Do these flagpoles have to be erected in the ground, as it were, in the grounds of the school, rather than up on a roof, sticking out of a window or something of that sort. Is there a specification for them?

Mr Evans—I believe there might be some examples where it is at an angle off the front of the building, and it might be the feature of the school's design that causes that.

Senator ALLISON—So you do not restrict it to the ones that stick up out of the asphalt?

Mr Evans—No.

Senator ALLISON—I am jumping about here, but I have a question about the number of Catholic systemic schools that are funded under the SES and the fact that that appears in the budget to remain constant over the period 2005-08, as opposed to the independent school sector, which is shown to increase. Can you provide the committee with some assumptions that you used for that budget?

Mr Evans—Just before I start on the non-government and Catholic schools, the average cost of a flagpole that we have funded so far comes in at \$1,154.

Senator ALLISON—What is the total budget for that project?

Ms Wall—Senator Allison, \$183,000 was rephased last financial year, which had been assigned to this program but not spent, and an additional \$620,000 was appropriated at additional estimates. So if you added those two together, you would get the total.

Senator ALLISON—If you took 962 schools, at an average of \$1,100 each, wouldn't that be more than that amount?

Ms Wall—They are the applications I quoted. We have had 962 applications. Only 229 have been funded to date because there is a lag—it works on reimbursement. There is quite a considerable time lag between when we approve and—

Senator ALLISON—What is the total budget overall?

Mr Evans—Ms Wall is giving you the advice of specific moneys that have been separately appropriated for flagpoles. Under the arrangements that apply for 2005-08, we can fund flagpoles out of the capital program as well. These were specific appropriation items that up until now we have used to fund flagpoles, but if the demand continues and they meet the criteria then we can fund it out of the capital program.

Ms Wall—The allocation to date, combining those two figures, is \$803,272.

Mr Evans—If we turn now to your questions on Catholic non-government schools—I believe you indicated you thought that the funding for the Catholic schools was not increasing over the quadrennium?

Senator ALLISON—No, the number of Catholic schools, not the funding.

Mr Evans—I have a listing here for 2004 that shows there might be 1,610 Catholic systemic schools. I do not have projections as to the increase in the number of Catholic schools over that quadrennium.

Senator ALLISON—You do not have a figure for 2005-08? We cannot take this out of the budget documents?

Ms Wall—Are you talking about dollars or schools?

Senator ALLISON—The number of schools. I am sorry I cannot give you a reference. I will try to do that and you can answer that on notice.

Mr Evans—All right.

Senator ALLISON—When does the department expect that all Catholic systemic schools will be funded according to the SES model and not be funding maintained?

Mr Evans—Funding maintenance continues through this quadrennium.

Senator ALLISON—I know, but some must progressively come off it.

Mr Evans—No, they will not, actually. Funding maintenance is not like a funding guarantee, where they are grandfathered and their funding might not be indexed and eventually they are phased out and put onto the SES arrangements. With funding maintenance, they receive their full supplementation each year, so it maintains them at that pre-existing level.

Senator ALLISON—The funding they would receive if the SES model were applied to them—does it ever reach that funding maintained figure?

Mr Evans—Not under funding maintenance. They continue to have that same level of benefit above their SES score maintained throughout the quadrennium in real terms.

Senator ALLISON—I have got some questions about sex education. I understand Senator Harradine canvassed some of these, but they were probably not the same as mine. I am just wondering whether the material on sex education programs that the minister is collecting from the states will be made public. It would be of quite a lot of interest to some of us, I think. Is the agreement with the states that it will not be made public, or can it be?

Mr Evans—We have not gone that far yet. The minister only wrote out on 10 February, so we have not had a response from the states or from the non-government sector.

Senator ALLISON—Can you make a plea on our behalf? The minister has made some remarks to suggest that there may be different kinds of sex education appropriate for different schools, different children or different systems. What sort of work has the department done on sex education in the curriculum? Does it have a view that there ought to be a national approach? I gather the minister is talking about that. To what extent is there an argument for at least some uniformity?

Dr Mercer—The minister has clearly indicated that he believes it is important that we recognise religious and philosophical views and the influence they will play in schools and in the approach they adopt to sexual health education in their curriculum. He has indicated that in the letter. At the moment it would be fair to say that we have very little information on what is happening currently and that this will provide us with the opportunity to update that information. It will of course differ across states and across sectors, because in some states and territories—for example, the ACT—the curriculum is predominantly developed at the local school level under a broad framework. In other states—perhaps New South Wales is an example—it is more syllabus driven. So what we get back will give us some information, but

it will also indicate that to some extent a lot of this information is developed at local school levels and that it is done involving school communities.

Senator ALLISON—Is the department doing any work on overseas examples of sex education curricula? In particular I am thinking of the Netherlands, which is probably held up as a very good example, if you look at teenage pregnancy rates, the average age of first sexual activity et cetera. Will the department prepare some comparative analyses?

Dr Mercer—We have started to look at what information we can get and to talk to the Department of Health and Ageing about this. I think there is some information on UK policies that they were hoping to get more information on but at the moment we do not have much.

Senator ALLISON—Will you prepare a discussion paper or some sort of document that will be useful in this respect?

Dr Mercer—At this stage, as Mr Evans has suggested, we plan to see what we get back from the jurisdictions and to see how far that informs us about the national picture to undertake our own research to see what we can discover, and then we will put that up to the minister to see what direction he would want to take.

Senator ALLISON—In your discussions will you also look at contraception being made available in schools? Will it go that far or is it just sex education as in curriculum?

Dr Mercer—I think at this stage it is to start to get the picture. We indicated earlier that obviously there is a lot of crossover with the policy of the Department of Health and Ageing, and we will need to talk to them about initiatives. They have commissioned some reports—one was with La Trobe, I think, a couple of years ago—to help schools deal with sex education policies. Certainly it is a learning curve for us.

Senator ALLISON—Will you also look at teacher training? Will you attempt to discover whether and how teachers are prepared for sex education?

Dr Mercer—That is not encompassed at the moment in the letter that has gone to the school systems but I think it is an area that we also need to look at: the extent to which teacher training does pick up this area.

Senator ALLISON—My home state of Victoria has a program of placing trained nurses in schools, which appears to work very well in conjunction with sex education. Is that an area that you will look at as well?

Dr Mercer—It certainly sounds like that sort of information we need to gather. At the moment there is nothing that we are aware of that has come to light about how it is handled in the various faculties of education. As well as the letter that has gone out, we are contacting the state systems to ask what sorts of practices they have. I would expect those sorts of examples to come to light.

Senator ALLISON—We look forward to the results of that.

Senator CARR—Dr Nelson indicated last Sunday that he is proposing another teacher education review. Is that right?

Ms Paul—He is considering having a look at teacher education. That is still under consideration.

Senator CARR—This is despite the fact that a review was completed only relatively recently?

Ms Paul—If you are referring to Professor Kwong's review, that had a particular focus. I think he is now interested in the quality of teacher education in a general sense.

Senator CARR—He says that he is going to conclude negotiations. Who is he negotiating with?

Ms Paul—I am not sure what he was referring to there; I would need to ask. Certainly, it is still under consideration in terms of how it proceeds.

Senator CARR—Have you had any indications from teacher organisations or universities following Dr Nelson's comments on Sunday?

Dr Mercer—We have certainly seen some publicly quoted comments—I think there were some today from the president of the college of deans. Going back to your earlier comment, the review of teaching identified a number of areas where it was felt there needed to be more investigation done in the area of teacher training, such as the selection of students, the high attrition rates, and particularly the models for the practicum.

Senator CARR—I see, and that is what Dr Nelson has in mind, is it?

Dr Mercer—He has certainly made it plain in his public comments that he is looking for a broad ranging inquiry in areas such as literacy and numeracy, which would link in with the national inquiry into the teaching of literacy—there would be a connection there. He is also interested to see the extent to which students are given adequate training to deal, for example, with the incidence of bullying in the classroom.

Senator CARR—So it is a broad ranging review. Given the Commonwealth's limited constitutional powers in this area, what capacity does the Commonwealth have to implement any of these sentiments?

Ms Paul—Similar to the review that Professor Kwong Lee Dow led, it is really a national leadership role. Normally we find that in these areas, whether it is through the National Institute for Quality Teaching and School Leadership or through Professor Kwong Lee Dow's review, all the relevant parties welcome the fact that we can draw together a national focus.

Senator CARR—MCEETYA undertook a study in these areas. In their agenda for action proposals they highlighted that there were a number of problems driving people out of the profession, including poor remuneration, poor resources, heavy workloads, lack of professional standing in the community, large class sizes and poor student behaviour. In Dr Nelson's press release of 9 October 2003, he indicated that these are worthy things but he referred them off to the states for consideration. He said:

However the Australian Government has already acted in the areas in which it has responsibility.

Is that still the position of the Commonwealth?

Ms Paul—I think we are always acting in areas of responsibility and this is an opportunity that the minister sees to offer some national leadership in looking at the quality of teacher training and the needs for the future.

Senator CARR—Part of those recommendations from the agenda for action were recommendations concerning Indigenous teachers—section 5.2 on page 21 of the document. Has the Commonwealth taken action to consider those recommendations? Would you like to take that on notice? It is action 16 on page 21 of the agenda for action.

Ms Paul—Is that from the 2003 one?

Senator CARR—Yes, it is directly from the report. On the one hand the Commonwealth is saying that it has done all it needs to, given its responsibilities. It is a series of actions requiring the Commonwealth to act. I am wondering whether that has been done. And now, on Sunday, we had an announcement from the minister that there is going to be a new review and the Commonwealth is going to show new leadership. It seems to me that he is moving away from what he stated previously.

Ms Paul—There have been a large number of initiatives in all areas. One of the key ones was the establishment of the National Institute for Quality Teaching and School Leadership, which was a direct response to the previous review. In the Indigenous teaching area, there has been quite a lot of reform, as you know, but in terms of addressing that particular recommendation, we can come back with the precise details of that.

Senator CARR—It says:

All initial teacher education programs promote as a core competency in qualifying teachers, an understanding of the diversity of students and their communities—most especially in relation to Indigenous students—and provide in-school experiences in a range of settings, including rural communities.

In the past the Commonwealth has said, ‘Really, that is a matter for the states.’ So are we changing that position now?

Ms Paul—I would imagine what happened there is that we would have communicated on the priorities from that finding and then that sort of work would have informed the reforms that are being implemented now, which we may discuss under the Indigenous education part, in terms of supporting Indigenous students to get better outcomes. I would not mind coming back with the details.

Senator CARR—I would appreciate it if you could do that for me. In regard to the proposal for the Australian certificate of education, I understand that the minister is commissioning work on this—he said so on 8 February. Is it right that he is commissioning some work on the proposal for an Australian certificate of education?

Dr Mercer—Yes. The minister has asked the department to tender for a consultancy to investigate options for introducing the Australian certificate.

Senator CARR—That is next month.

Dr Mercer—Yes. Over February and March we intend to advertise for that consultancy.

Senator CARR—And the consultancy would be concluded by the end of the year?

Dr Mercer—There would be a report by the end of the year.

Senator CARR—What will the consultancy cover?

Dr Mercer—The minister is keen for this consultancy to enable us to look at different options for implementing the certificate. That would include whether it was an alternative certificate, whether there were prospects for being able to achieve uniformity across the eight states and territories for an Australian certificate and also whether there would be a role for something such as an Australian scholastic test; an aptitude test which would test general skills. He has indicated that he is interested in a range of models and options and in being able to get all the issues on the table, such as how we can get greater consistency for year 12 certificates.

Senator CARR—What are the models that he is proposing to look at?

Dr Mercer—I have just indicated the scope he believes that we would be able to explore. But what he wants the consultant to be able to do is examine the current situation in Australia, look at models that might apply overseas, look at what has been happening in Australia to move towards greater consistency at the state and territory level and then present a range of options for taking the certificate forward.

Senator CARR—So this is a consultancy that is about to be issued. Are there tender documents?

Dr Mercer—We are in the process of developing those.

Senator CARR—So it will be an open tender.

Dr Mercer—It will be an open tender.

Senator CARR—What is the value of the consultancy?

Dr Mercer—At the moment, we have just agreed—

Mr Evans—That is a bit confidential. We do not usually advertise the size of a consultancy because it can influence the bids that come in. So we do not usually make it public.

Senator CARR—I take it that it would be substantial.

Mr Evans—It is fairly substantial, yes.

Senator CARR—I look forward to that. I have a whole series of questions that I will place on notice. But in general terms, is the Commonwealth proposing the introduction of a fit and proper persons test for schools in receipt of Commonwealth funds?

Mr Evans—I am not doing any work in that area.

Senator CARR—So who is?

Mr Evans—I am not saying that any work is being done.

Senator CARR—So we have a situation at the moment where the Commonwealth is funding schools. Do we require police checks to be undertaken, for instance, on people who might have committed child sex offences?

Mr Evans—As you would be aware—and this is where you are leading with the question—most of this is managed by those who register schools, which is the states.

Senator CARR—We get back to this old problem of what the role of the states is.

Mr Evans—At that level, there are requirements in each state now to ensure that anyone who has any connections with school communities has been checked.

Senator CARR—Okay. I am going to put some questions on notice about a particular school in Victoria where the principal's brother had some convictions and the principal claimed not to know anything about it and employed that person in the school. I will let you answer those questions. But it goes to the fundamental policy question of at what point the Commonwealth starts to take an interest in fit and proper persons tests for entities in receipt of recurrent funding. The Commonwealth does it in regard to international programs without direct recurrent funding. It takes the view that there is a role for the Commonwealth in that matter. I am wondering whether it is appropriate for those issues to be raised in regard to schools. I will leave that with you. The rest of the questions on schools I will put on notice. I understand the ANTA people want to get going. Is that right?

CHAIR—Yes. Are there any more questions on the Schools Group?

Senator ALLISON—I just want to raise some questions about the national literacy benchmark. As I understand it, there was a report about some students with disabilities of some sort being able to pass the national literacy benchmark. I am not suggesting that students with disabilities should not be able to pass it, but the debate at the time was: is it too low? Has the Commonwealth looked at this question? It is also the case that our benchmarking system was criticised by a visiting academic who argued that such measures are pretty useless in the scheme of things. Is there any suggestion that we should look again at the benchmark testing on literacy?

Ms Weddell—You raise the issue around the benchmark as it exists now. There are a number of benchmarks across literacy and numeracy. Those benchmarks were set in relation to looking at a minimum standard that students needed to reach in order to work on through school.

Senator ALLISON—I understand that, but is the minimum too low, as it were? That is the question.

Ms Weddell—I suppose the response to that is: too low for what? Some of the work that is being developed now around looking at standards across the range of performance indicates that there is a lot of interest in other kinds of standards, not just the minimum ones, in order to try and not so much track but at least capture the range of performance across a whole cohort, for example. That work is certainly in its infancy and is of great interest to the group nationally that works through MCEETYA to look at literacy and numeracy standards.

Senator ALLISON—To what extent will the Tutorial Credit Initiative provide you with information to assist with benchmarking and understanding why it is that some students do not make the benchmark test?

Mr Evans—One feature of the model that you have just mentioned is that there will be a complete evaluation at the end of that pilot to look at issues around the level of literacy before the tutorial assistance was provided to the student, what it is afterwards, what we have learnt through that, how it has been able to work to inform parents on views about how their child has improved, and how views feed back to the school as well. I believe we have a proposal in place as to how we would actually be able to do that.

Senator ALLISON—So you will simply do a pre-tutorial test and a post-tutorial test and you will compare the two. Is that how it will work?

Mr Evans—That is one feature of the evaluation.

Senator ALLISON—What are other features?

Ms Weddell—Other features include making sure that the evaluation team is able to access the views of certainly the tutors, the brokers, the parents—

Senator ALLISON—How will that be done? Will they be interviewed? Will they write a report?

Ms Weddell—We have an evaluation strategy in place. We had a selection process, a select tender, for that work and we are currently working through the successful group to run that evaluation. There is a great deal of interest in the initiative and of course the evaluation, and we think that will be running through to the end of the year to give us some better information about just how successful the initiative has been.

Senator ALLISON—To some extent, will you make this a longer time frame than we have just been talking about? Will the results of the students be compared with the average, the benchmark or something else in six months time or a year's time? If you are just testing before and after, don't you run the danger of not actually measuring some aspects of literacy accomplishment?

Ms Weddell—Indeed. As an evaluative tool of the initiative, we are looking at pre test and post test. You are right: it is over a relatively short time. Some of the other information may bear on how successful the program might be and gauge, as you are doing, how much growth may have taken place during that time. We will look at other assessments to give us a fix and some context for the kinds of judgments that the team comes together with.

Mr Evans—This is a pilot on those who were in year 3. They will undertake years 5 and 7 literacy tests. So there is capacity for us to make contact to see whether—

Senator ALLISON—I know there is capacity but will you examine it? It is one thing to have it there but it is another thing to use it in some evaluation.

Mr Evans—Yes.

Ms Weddell—I think that is one of the broad kinds of assessment that would be available, particularly nationally, that the evaluation team would be able to draw on to look at the outcomes of this initiative.

Senator ALLISON—So to what extent do you expect the tutors to be able to do diagnostic work? As a former teacher, I know there are a lot of different reasons why children do not learn to read at the same rate as their peers—some mature a little later and some have a deep-seated learning disability which will be with them for the rest of their lives. To what extent are you going to collect information about that? Are there going to be any instructions or any expectations on tutors to try to understand what might be the underlying problem?

Ms Weddell—Indeed. Part of looking for suitable tutors, if you like, would be their understanding of those kinds of issues in early learning, in literacy, in terms of our guidelines.

I can certainly make the guidelines available to you. We explicitly state that that knowledge and understanding are things that tutors should have. In addition to that, we are—

Senator ALLISON—If I can interrupt again, how realistic is that? As I understand it some of these tutors will be final year undergraduate teachers or they will be teachers who might be partially or fully retired.

Ms Weddell—There will be a range, yes. We are anticipating a range.

Senator ALLISON—Again, as a former teacher, I was given no preparation whatsoever in special education. Can you comment on that?

Ms Weddell—We are certainly providing to the brokers some materials in terms of pre and post testing—there is a range of materials in the pre testing—to assist the tutor to do exactly what you are suggesting: to get an appreciation of the needs of the child. In addition to that, I would expect that the brokers will try to do some matching, if you like, to offer parents some advice around the special qualifications or experience that some tutors may have in terms of being able to meet the requirements of individual children.

Senator ALLISON—And you are confident that an undergraduate teacher could do this?

Mr Evans—The evaluation also picks up how the responses are taken, so part of the evaluation might be that for people to do work in this area we need to change the form or the tutors. We are not necessarily setting it up for perfect models; we are setting up various models of delivery. That is part of the evaluation. It might throw up some evidence that in future the only people you have dealing with children who have particular learning needs are of a particular style. I am not afraid of having that as a feature of the pilot.

Senator ALLISON—Will there be any instruction for this tutor to work with the classroom teacher?

Ms Weddell—We envisaged this initiative as one where the parent works with what is going on with the school program. Again, through our guidelines, which I am happy to make available to you, we provide support and guidance in terms of the tutor making that kind of knowledge available to the school.

Senator ALLISON—What kind of knowledge?

Ms Weddell—The program that the student is going to be doing, for example. Certainly, at the end of the program that the student has completed, we suggest that the tutor make that available to the parent, of course, and that the parent have the ability to have that ongoing liaison and be able to integrate what the student has done back to the school.

Senator ALLISON—Will the teacher know what this program is?

Ms Weddell—If the parent chooses to work with the teacher in that way, yes. The parent really would be the central contact.

Senator ALLISON—Why is that?

Ms Paul—Because the initiative is focusing on supporting parents to access some additional assistance for their children. That was the nature of the initiative. The parents are at the centre of the initiative and are able to access this special tutoring, up to this value.

Ms Weddell—Also, at this stage, while all the processes have not been completed just yet in terms of who will be brokers, schools themselves can be tutors. We think we are going to see quite a range of ways that the tutoring can be delivered and, therefore, a range of ways that the tutoring may be integrated with what is going on in the classroom.

Senator ALLISON—Could a school, for instance, opt to be a broker and organise for tutors to come in during or after class time to conduct this tutoring within the classroom or within the school somewhere, provided that the parents knew and agreed to that as a process. Is that a possibility?

Ms Weddell—We have managed the initiative in terms of a broker being responsible for a whole state, but I can see the situation where a school, for example, goes to a broker—and this is what is happening—and offers the services of those teachers who want to be a part of this, as individual tutors, the opportunity to work within the initiative.

Senator ALLISON—Let me get this right: the school would offer up its own teachers to work out of school hours?

Ms Weddell—If the schools would like to do that, yes. We have a hotline as part of the initiative and some 5½ thousand calls have been received so far, and certainly the information we are getting through that hotline indicates that there are many schools that would like to do this. It is one of the questions that we get: ‘Can we do this?’ And under certain models, yes, that can happen.

Senator ALLISON—So there are no restrictions that would stop that, even though it is a parent centred thing and we are talking about the schools taking it over?

Ms Weddell—I do not know about the schools taking it over; it is not quite like that. But working in conjunction with schools, of course, has been an approach that has been a part of the initiative. It is parent centred but, again, working with schools is important. As part of that, right at the end of the tuition that the children would have completed, there is a strong sentiment within what we are doing—and you see it throughout our guidelines—about making sure that the parents are in a position to be able to go back to the school and have that very important communication around ‘where to next’ in integrating it further.

Senator ALLISON—So in what sense is it a pilot, apart from collecting data on particular students? How long does this go for? Does it finish at the end of this year?

Ms Weddell—It is very much a pilot. It is the first time that the department have done something like this. We are going to see, as I have indicated, a range of providers across the states and territories, and that information will be vital to the consideration of the success of the initiative. In terms of timing, the timing is really a roll-out of the initiative. You would probably be aware that the initiative has already been announced in Western Australia, and as agreements are finalised and as the selection process is finalised in the other states and territories we will be announcing those as well.

Senator ALLISON—So Tasmania will come on board?

Ms Weddell—Tasmania will come on board in the sense that those students who are eligible under the scheme will have an opportunity to be part of the scheme. We are certainly negotiating with a broker and are in a selection process in Tasmania. The timing of the

initiative is for terms 1 and 2 of this year. It may, in terms of understanding local conditions, be a little longer than that, but essentially that is for the first half of this year.

Senator ALLISON—So it is a one-year program—

Ms Weddell—Yes, it is.

Senator ALLISON—and it will be evaluated at the end of this year for possible continuation.

Ms Weddell—Yes. We have a very careful evaluation strategy, and we hope to bring that together by the end of the year. The government will consider that evaluation, and we will go from there.

Senator ALLISON—What are the costs in setting it up?

Ms Weddell—The project is some \$20 million in terms of—

Senator ALLISON—What about administration costs?

Ms Weddell—The departmental costs?

Senator ALLISON—The costs in schools if they are doing brokering and so on. The business of setting it up must be quite expensive, given that it is available in every state.

Ms Weddell—The business of setting it up is expensive and has been a big consideration in terms of the potential brokers coming forward with their tenders to do this work. Overall, understanding that the voucher is \$700 worth of tuition, the administrative fees would be about 20 per cent of the total dollars. We have seen that as a fair representation of, as you pointed out, the complex work of brokers being able to find and assess tutors and bring that work together.

Senator ALLISON—You said that tutors will be given some sort of material. Will it be textbooks? Will you have year 3 specific texts which will be useful and provided to tutors, or will it go down to lesson plans? What are you supporting them with?

Ms Weddell—The materials that tutors may use to develop their programs, once they have had an opportunity to look at where the child is through some pretesting, are really up to the tutor. We are providing some guidance as to the kinds of resources that would be available, and part of what the tutor might be able to be reimbursed for would be some kinds of materials—textbooks and those kinds of things—up to a particular value. I cannot think what the value is at the moment, but I will certainly provide that to you.

Senator ALLISON—Would you collect data on whether these children have been to preschool?

Ms Weddell—We have not thought of that at this stage, but we will certainly consider it.

Senator ALLISON—Will you collect data on whether they are from a non-English-speaking background?

Ms Weddell—Yes. We will look at the demographic indications around this cohort, and that will be very much part of what we do in terms of collecting data.

Senator ALLISON—Who will collect that data—the tutors or the Commonwealth?

Ms Weddell—The brokers will collect that information.

Senator ALLISON—Can we have the form which brokers would fill in for each child so we can understand what sort of data is being collected?

Ms Weddell—Sure. I can also give you the demographic indicators that we are using in those definitions.

Senator ALLISON—For a child without English as a first language or perhaps even no English at all, will there be a requirement to match the tutors to the language skills?

Ms Weddell—Yes. We are certainly providing advice to the brokers about the various resources that they can use to achieve that outcome.

Senator ALLISON—When do you expect to have the evaluation completed?

Ms Weddell—Towards the end of the year.

Senator ALLISON—Do you mean this year?

Ms Weddell—Yes.

Senator ALLISON—So that would be in time to make a decision as to whether to continue it the following year?

Ms Weddell—Yes. We are trying to bring the evaluation to an end as quickly as we can while understanding that it has to be a good and robust process. Part of the work of the evaluation team will be to start collecting data concurrent with the initiative rolling out. So we are very mindful of not waiting too long and having too long a lag, if you like, between the finalisation of the initiative and having some evaluation ready.

Senator ALLISON—Are you using a consultant to do that evaluation or is it being done in-house?

Ms Weddell—We are not doing it in-house. We have run a select tender for that work. I think we have something like 12 or so applications in. We will be working through those to finalise the group or organisation that will run that tender.

Senator ALLISON—Are the tender specifications or guidelines for tendering or whatever you call them available publicly?

Ms Weddell—I can certainly provide you with the terms of reference and criteria that we are asking the evaluation team to look at.

Senator ALLISON—Thank you, that would be useful. I raised the question of the number of children in child care of preschool age who are not receiving formal preschool education in those child-care centres. I was told this was an education matter, so do not blame me if you are the wrong people to ask. Does the department have a view about the seriousness of the situation? I had it suggested to me that 80 per cent of children in child care are not getting formal preschool education conducted by a teacher with preschool training. Has the department done any work in this area? Does it have a view about what ought to happen with regard to standards in child care?

Ms Weddell—We certainly take a strong policy interest in early childhood, particularly around the language and literacy development of children before they start school. In terms of the running of preschools, that is a state responsibility—

Senator ALLISON—I am not talking about the running of preschools; I am talking about the running of child care. I know that it is all a state responsibility, but is the Commonwealth developing an interest in this? You prepare all sorts of policy material. Have you done any work in this area?

Ms Paul—Child-care funding and policy interest lies in Family and Community Services.

Senator ALLISON—I have just spoken to them and they sent me to you. That is why I am asking you. It would not be the first time.

Ms Paul—We have a policy interest in early learning, but we do not fund child care.

Senator ALLISON—I understand that you do not fund it.

Ms Weddell—There is an early childhood national agenda which our colleagues may have talked with you about. Our colleagues in FaCS are steering that one. We have a policy interest around early learning and we certainly take a close interest in what learning is provided to young children.

Senator ALLISON—Do we have the data? Is the figure of 80 per cent for four-year-old children in child care not receiving preschool education realistic? Do you know of any other work which would suggest it is not?

Ms Weddell—I am not sure that we have that data. I might have to take that on notice and look into what data we may have access to—possibly not only our own DEST data but what other departments may have brought together.

Senator ALLISON—This data is difficult to collect, but it seems to me it is an important area for us to know a bit more about. Thank you, that is all from me. I will put the rest on notice.

CHAIR—I thank the officers from the Schools Group.

[5.55 p.m.]

**Australian National Training Authority
Vocational Education and Training Group**

CHAIR—The committee is considering estimates relating to ANTA and the VET Group.

Senator JOHNSTON—I would like to talk about the industry skill training centres. I have been provided with a copy of the Ernst and Young review of November 2003 entitled *Skill centre program for vocational education and training infrastructure: future directions—final report*. Are you aware of that report? I have only got a photocopy of it.

Ms Arthy—Yes, we commissioned that report. I do not have a copy here with me, though.

ACTING CHAIR (Senator Johnston)—It is dated November 2003. When was it actually published?

Ms Arthy—I do not think it has actually been formally published.

ACTING CHAIR—So it is an internal document.

Ms Arthy—It is not exactly internal. We have provided it to all the states and territories and to the Commonwealth, and we are working through all the recommendations of it with the officials.

ACTING CHAIR—You have, quite thankfully, provided it to me and I am obliged to you for it. Why did we commission this report? I am interested to know why we got Ernst and Young to do this.

Ms Arthy—It was around the time of the Cole royal commission—you are aware of that—when issues were raised. It was a combination of that and the fact that it was time to have another look at the skills centre program to see whether there was a better use of the \$15 million of Commonwealth funding that was being put in. That was really the basis on which we commissioned the review.

ACTING CHAIR—Ms Arthy, are you aware of the contents of this report?

Ms Arthy—I am, but I must admit it has been a while since I have read it.

ACTING CHAIR—I will take you through some of it. We had a 1999 review, and that did not touch on any of the matters or uncover any of the matters in terms of accountability that the Cole royal commission focused upon. Is that correct?

Ms Arthy—I think that is correct. I was not here in 1999, but I am pretty sure that is correct.

ACTING CHAIR—In each instance—in the review of 1999 and in the review of 2003—there was no benchmarking undertaken with respect to the outcome of the industry based training centres. Do you follow me on that?

Ms Arthy—Can you explain a bit more about what you mean by benchmarking?

ACTING CHAIR—Sure. The 1999 review looked at the process by which the Commonwealth provided the funding and the states provided the administration of the program. I am focusing only on the industry based skills centres, because I do not have so much of a problem with the schools based ones. I am not so much concerned with the Indigenous aspect but I do want to come to that in a moment. The 1999 review did not attempt to come at the outcome from the perspective of industry. There was no engagement of the end user with the person undertaking the training. In the 2003 review again there was no engagement. Indeed, the report said on page 13:

There is a general consensus that demand for this sub-component has ‘softened’ in recent years—

and the heading here is ‘Industry based skill centres’—

particularly in metropolitan locations. Specific comments from some States/Territories indicate that the sub-component in its current form has ‘outlived demand’ and that there is a strong sense of ‘declining interest’ from industry.

Balanced against this view is the sense from all States/Territories that demand is more likely to remain strong, active and ‘real’ in regional Australia.

One possible indicator of softening demand is the apparent declining interest from industry partners as represented by the fall in the level of real industry contributions. In particular, States/Territories report

fluctuating access by proponents to debt financing as part of this trend. Debt financing peaked in 2001 when 25% of total industry contributions were derived from this source. The proportion fell to 11% in 2002, before trending upward again in 2003 ...

Industry supporting the skills training centre is on the decline.

What I saw when I read this is that the people who conducted the review did not engage in any polling or surveillance or review of industry. Industry is contributing a sizeable percentage to these training programs. That percentage is diminishing. But we have never focused in any of our reviews on whether industry is happy with the product. Why is that?

Ms Arthy—That was a flaw in the review. That was something that we were looking to rectify last year. We had started by writing letters to each of the peak industry groups to start opening up conversation about what the value of the skills centre program and what industry wants from the program. We are also working with the NCVER, which is the National Centre for Vocational Education Research, to see what information we can get about the outcomes and the outputs of these skills centres. All I can say in answer to your question is that you have a point in terms of the reviews and we are looking to rectify that.

ACTING CHAIR—What they said to you in November 2003, on page 7, was:

In addition to the absence of data in relation to the outputs of the Program, the most significant gap in the information gathered as part of the approach to the review, in terms of drawing conclusions relevant to the terms of reference, related to the absence of a systematic and direct view from the actual clients of the Program (being industry, Indigenous learners and senior school students) of the relevance and quality of training provided under the Program and the levels and nature of future demand. It is suggested that a survey to gather such views should form part of future evaluations of the Program.

Have we run a survey?

Ms Arthy—No. That is what we were working towards last year with the states and territories and with the National Centre for Vocational Education Research. We were talking about the most cost-effective way of getting that. We were also building into the guidelines that we were developing for the 2006 and onwards skills centre program better reporting of outcomes by the skills centres so that in the future we would have better data on that.

ACTING CHAIR—How much did that review cost?

Ms Arthy—I do not remember. I will have to take that on notice.

ACTING CHAIR—I would be obliged if you would. It was done by Ernst and Young, and I would expect there would have been some considerable amount of money expended upon it. Surely you would agree with me that any review would be virtually pointless if we did not address the skills training centres' effectiveness from the point of view of industry.

Ms Arthy—I agree, and I was concerned about that.

ACTING CHAIR—This has happened twice—in 1999 and in 2003. We still have not got a response from industry. We are funding how much per annum?

Ms Arthy—There is \$7 million a year going into it.

ACTING CHAIR—Into what?

Ms Arthy—Into the industry based skills centre program.

ACTING CHAIR—It is \$7 million a year?

Ms Arthy—Yes.

ACTING CHAIR—I would like you to correct me if you think I am wrong, but these reviews have been a whole exercise in navel-gazing into process—nothing more or less. What happens to the money? We give it to the states, we like the objectives, the objectives are good but as to whether it works or not we have not got a clue. Isn't that the bottom line?

Ms Arthy—I think it is a matter of interpretation. I cannot add any more than what I have already said.

ACTING CHAIR—Someone in Ernst and Young agrees with me.

Senator Vanstone—Someone in Ernst and Young may, but the officer can only oblige with the limited factual information available to officers. It is just not fair to ask officers to draw conclusions.

ACTING CHAIR—What feedback do we get from the state administrative body? The \$7 million goes out to the state departments, and they then dole it out to these training centres.

Ms Arthy—No, that is not the process. The industry proponent puts a proposal to the state training authority, and the state training authority then works with the proponent to make sure that it meets all of the criteria. Once the state signs it off, it then comes to ANTA. Then we work with the state to make sure that all the checks and balances are done. Then the money is released.

ACTING CHAIR—They have put forward a project plan—I think that is what it is called—to you.

Ms Arthy—It is just called a project proposal.

ACTING CHAIR—But we never follow up on the project proposal to see that all of the items as attempted to be achieved by the project, by the proponent, are in fact achieved. Correct?

Ms Arthy—That is not true. We have a reporting regime in place where the state is responsible for making sure that the money that we put out is actually spent according to plan. I cannot remember the exact reporting requirements, but it is either yearly or biannual reporting.

ACTING CHAIR—I think you will find it is biannual.

Ms Arthy—There is also a requirement for an auditor to go in—and the state puts the auditor in—to ensure that funds are acquitted properly.

ACTING CHAIR—But isn't that what Cole complained about? He said that that just was not accurate, what the states were telling you was not true and they were not surveilling the money.

Ms Arthy—There were really only two instances, and each of those cases had special circumstances. We fund a lot of proposals every year, and I would not necessarily say that applies to all of them.

ACTING CHAIR—There were special circumstances: one was in Western Australia and one was in Victoria, and they were both operated by the CFMEU. Isn't that right?

Ms Arthy—No. They were both in WA. I am not aware of the Victorian one.

ACTING CHAIR—One was an electrical trades training centre and one was the CFMEU Welshpool training centre.

Ms Arthy—That is correct.

ACTING CHAIR—That was the \$1 million we talked about last estimates?

Ms Arthy—That is correct.

ACTING CHAIR—You would be interested to know that that skills training centre is currently the major sponsor of a drag-racing motor vehicle at Kwinana in Western Australia.

Ms Arthy—I would not know that.

ACTING CHAIR—Isn't that something that the Commonwealth should be aware of? They spend \$400,000 a year to keep this car on the road. I have an article here from a newspaper that shows that the skills training centre is the principal sponsor of it. I am just wondering whether we have a view about whether that is a legitimate acquittal of the Commonwealth funds we put into this project.

Ms Arthy—I think the issue comes down to how long after a grant is given does the skills centre remain Commonwealth property, so to speak. In this particular instance, the approval was done in 1999, so it is five years after. I think it was acquitted in 2001. The funds have been acquitted so the question is: how long after should you keep monitoring? The decision under this one, I think, is five years.

ACTING CHAIR—How much did we spend on that particular training centre all up?

Ms Arthy—Just under \$1 million—\$996,000.

ACTING CHAIR—In the report we have some recommendations as to how the Commonwealth can get some leverage in terms of the money it is putting into these industry based programs. Does the department have a view about how well the whole project is travelling in terms of these industry funded levies—because it is a levy, isn't it?

Ms Arthy—No, it is a grant; it is not a levy.

ACTING CHAIR—Yes but the industry contribution is a levy out there in industry, isn't it?

Ms Arthy—No.

ACTING CHAIR—For instance, the CFMEU levy is a contribution to the skills training centre.

Ms Arthy—No, that is not strictly true. That was a specific case because it is a construction. The construction industry has a building levy scheme.

ACTING CHAIR—That is right.

Ms Arthy—And in that one instance—this is from what I have read from Cole—they were supposedly going to use the levies to fund the skills centre. But that is not a requirement.

Most of the industry contribution is either in the form of cash from industry or debt financing from the proponent. That is usually all we allow; it has to be cash.

ACTING CHAIR—This report says that the cash component from industry is waning quite dramatically.

Ms Arthy—It is. Most of the proposals that we are getting are the skills centres raising finance through debt but it is still classified as an industry contribution.

ACTING CHAIR—As to the waning of the industry contribution, what is the department's explanation for that? What is the reason for that? Why is the industry falling off the back of the bus, so to speak?

Ms Arthy—I find this one very difficult to answer, because we were undergoing a major change to look at totally repositioning the industry skills centre because we saw the increase in debt financing, because we saw fewer and fewer industry sectors being involved. That is why we were starting to talk to the industry peak associations about how we could get it more effective. A lot of it was about the program not being advertised correctly—it could be a whole range of factors. But I am finding it very hard to defend the old program.

ACTING CHAIR—The Ernst and Young report, as I read it, recommends a new set of guidelines, that we survey industry and that the department that provides the money on behalf of the Commonwealth has some capacity to exercise some leverage over the outcome. Can you tell me how far advanced we are in making any of those changes or pursuing some of those recommendations?

Ms Arthy—We had developed a position that we had put to the Commonwealth, states and territories and we were part way through a process of working through those issues when, as you will probably be aware, the announcement was made for ANTA's functions to wind up. So we have not proceeded with that particular aspect of the review, and we had already made the approaches to the industry associations to look at what happens next. There is a whole raft of working papers about what the possible future program could look like.

ACTING CHAIR—So you are in the process of a transition to a whole new program?

Ms Arthy—I think so, yes.

ACTING CHAIR—That leads me to the next question: Aboriginal Torres Strait Islander people were the beneficiaries of a particular aspect of the scheme. Where is that going to go given the new changes with respect to mainstreaming of Aboriginal matters? What is happening to that?

Ms Arthy—As far as I am aware, as it currently stands it is still a separate program within our infrastructure program. However, given that our functions are transferring to the department, they may want to add something else about what the future plans are, but at the moment it is just a separate program.

ACTING CHAIR—So that is not affected by the transition?

Ms Arthy—No, not that I know of.

Senator CARR—Are you going to ask whether the department is going to continue the program?

ACTING CHAIR—Let us ask that—it is a good question. Is the department going to continue the program? The program is called—

Ms Arthy—The VET Infrastructure—

ACTING CHAIR—Partners in Learning Culture?

Ms Arthy—No, that is the blueprint for a whole range of Indigenous issues. The specific skills centre component is called VET Infrastructure for Indigenous People, and that is \$4 million a year.

ACTING CHAIR—So what is happening with that?

Ms Cross—The allocation of funding between infrastructure and recurrent funding is determined by the ministerial council as part of the ANTA agreement, so that is an issue that will be considered when the new Commonwealth-state funding agreement is negotiated with the states. We have not begun that process yet; it will be considered as part of that process.

ACTING CHAIR—And what is the time schedule for that? When is the next Commonwealth-state meeting and resolution?

Ms Cross—The ANTA agreement has been extended until 30 June, so we would expect some time around March or April to begin negotiating the new Commonwealth-state funding agreement.

Senator JOHNSTON—Coming back to you, Ms Arthy, if I said to you that we have a huge problem with skills training of Indigenous people in Western Australia, you are going to say to me, ‘There’s not much we can do about it because the whole system is going to be changed in June.’ Is that right?

Ms Arthy—I do not know how else to answer it. There are only four months to go.

Senator JOHNSTON—So the whole thing is up in the air? If it is not working now, we just have to sit and wait until we resolve how to handle it under the new regime? I think that is probably an acceptable position, by the way. I cannot see any other alternative. But the point I am making to you is that, in the short time available to you to administer this, all of the training centres that speak to me in Western Australia say that it is very difficult to find Indigenous people to participate in these things. If I could say anything to you, it would be this: could you just have a look behind the scheme. In both of these instances we did need to survey the industry, as an end user, to find out whether the system that we are putting this money into was working. And, in the Aboriginal matter, we have a lot of problems in getting people to participate in the scheme. There is no shortage of jobs in Western Australia at the moment, with 4.8 per cent unemployed. Thank you.

Senator CARR—Mr Byrne, I understand that you have rejoined ANTA. Why is that? You retired and we wished you well. Why have you come back?

Mr Byrne—I was invited by the board of the Australian National Training Authority to return to fill a gap temporarily, with the Prime Minister’s approval, pending the appointment of a new chief executive officer after the resignation of the previous one. That role was to complete about now but, following the decision to abolish ANTA, my term was extended until 30 June.

Senator CARR—So what position do you currently hold?

Mr Byrne—I am the Chief Executive Officer of ANTA.

Senator CARR—That is quite a turn-up for the books, even in these circumstances. Earlier today we asked Ms Paul whether or not we were able to get some advice on some contracts that surveyed long-term New Apprenticeships outcomes. One consultancy undertaken by the Social Research Centre cost nearly \$47,000 and a further project undertaken by the same group cost nearly \$243,000. Ms Paul indicated that we could ask later on about those matters. Can the officers tell me what those projects were about?

Mr Johnson—Of the three particular research proposals which you raised earlier with the department today, two relate to research which was commissioned by the Strategic Analysis and Evaluation Group within the department. Their representatives were responding to your questions earlier today. Those two areas of work—a survey of New Apprenticeships outcomes and a survey of longer-term outcomes for New Apprenticeships—were to research projects initiated to help inform an evaluation which the department was undertaking last year on the New Apprenticeships incentives program.

Senator CARR—Are the reports now available?

Mr Johnson—I would have to take that on notice and confirm whether the reports are available. The reports were completed last year, as I understand, and they were provided to the department late last year by the consultants.

Senator CARR—Is there any reason why they could not be made available? I did ask these questions earlier this morning; there has been plenty of time to find out.

Mr Johnson—The only constraint that I am aware of in providing information that is prepared in respect of market research is issues that go to the methodology engaged or used by consultants or any intellectual property issues around the substance of the report. Subject to that, we certainly can make them available to the committee.

Senator CARR—Thank you very much. The other issue, of course, is the findings. That tends to be a bit of a problem for decision makers as well. You would not want to hold back these reports because the findings were inconvenient, would you?

Mr Johnson—My recollection of the reports is that they had very strong outcomes to report with respect to New Apprenticeships arrangements and I am sure that the department would be able to make those reports available to the committee. I do not have them with me.

Senator CARR—I am delighted to hear that. When do you think that could be done?

Ms Paul—As soon as we can. That is fine. I am happy to look at it. I do not think the results of that evaluation have been completely pinned down yet but they have been very positive.

Senator CARR—If it is good news, I have no doubt they will be available quickly.

Mr Johnson—Could I just clarify in respect of the third element of your question. The department frequently samples the satisfaction levels of both individual new apprentices and employers. You would be aware that we have done that on an ongoing basis since 1998, and

the third contract with the Social Research Centre was to effectively initiate that research again last year.

Senator CARR—It is normally published in the ANTA annual report.

Mr Johnson—It is. I believe a summary of the findings are. I believe Minister Nelson has already released information about the levels of satisfaction of employers, which included record levels of satisfaction with New Apprenticeships outcomes.

Senator CARR—I am looking for the rest of it, though. Do you have the rest of it there for us?

Mr Johnson—I do not have it with me this evening, but, again, I can certainly provide it to the committee.

Senator CARR—Thank you very much. I am very pleased to hear that. Mr Byrne, I would like to ask you about the transitional arrangements, as you understand them. Who is going to undertake the annual national report of the VET system when ANTA is removed?

Ms Arthy—We finish on 30 June, so we are working with the states and territories, and the National Centre for Vocational Education and Research, to get it to a point. A lot of the data is not available until probably about July. So, as part of our handover, it will be handed over to the Australian government to finalise.

Senator CARR—Ms Cross, will it be the case that the department will undertake responsibility for the publication of that report?

Ms Cross—We will be releasing a discussion paper shortly on how we will run the future national training system, and issues such as who will take on responsibility for the annual national report will be canvassed in the paper.

Senator CARR—When will that paper be produced?

Ms Cross—We are expecting it to be released quite soon.

Senator CARR—When is ‘quite soon’?

Ms Paul—February.

Senator CARR—Will a copy be made available to the committee?

Ms Paul—We hope so. That is our aim. Of course we can provide it. We would be happy to.

Senator CARR—It is inconceivable that you would not provide a copy to the committee.

Ms Cross—It will be publicly released.

CHAIR—She is saying she will.

Senator CARR—She said she hopes so.

Ms Paul—The ‘hope’ was about the date, not about the offer.

Senator CARR—What is happening to the respective committees that the ANTA board ran with regard to the National Training Quality Council, the Australian Indigenous Training Advisory Council, the Australian Disability Advisory Training Council, the National Training Statistics Committee and the Enterprise and Training Provider Working Group?

Mr Byrne—They are still all in existence, until at least—

Senator CARR—So I can ask the department: what do you intend to do with those committees?

Ms Cross—We will be releasing a discussion paper shortly on this.

Senator CARR—You have thought this through well, haven't you?

Senator CROSSIN—What is the timeline for the feedback on the discussion paper?

Ms Cross—We are expecting to have consultations with key stakeholders throughout March. This will then inform the Commonwealth-state funding agreement and the new legislation for the new national training system, which has to be in place by 1 July. We are expecting the consultations to take around a month.

Senator CARR—Will there be any legislative requirement to support these changes?

Ms Cross—New legislation will be introduced to replace the ANTA Act and the VET Funding Act.

Senator CARR—When will that legislation be available?

Ms Cross—We expect that would be introduced in the May sittings of parliament.

Senator CARR—We are away for April, you have to do your consultations in March, and you want this bill passed by when?

Ms Cross—It will need to be in place for funding to flow from 1 July.

Senator CARR—So we will have plenty of time for the normal processes through the Senate, will we?

Ms Cross—We would expect that it will be introduced and debated in the normal manner.

Senator CROSSIN—We might have a year-long inquiry into it.

Senator CARR—I doubt it—not if the money is due to flow in July.

Ms Cross—The training system does have to be established and funding does need to flow to the states and territories.

Senator CARR—You do not think that you are cutting it a bit fine?

Ms Cross—The decision was only taken by the Prime Minister on 22 October. Given the need to consult with stakeholders, which we are about to do, and the need to set the parameters in place, I do not see any way that we could have done it more quickly.

Senator CARR—But it does highlight the problem in unilaterally abolishing ANTA, doesn't it? There is no legislative framework to back up the decision, no administrative framework in place with the states, and consultation is at best perfunctory.

Ms Cross—I think we are expecting to have very detailed consultations with stakeholders of the system. We are confident that, in the time set aside, we will be able to get consensus on the sort of national training system that we are setting up and introduce the legislation.

Ms Paul—We should say that there has been a lot of interaction to date. Our first action, of course, was to work with ANTA and Mr Byrne in particular on a detailed transition plan. Both

parties have talked with a range of stakeholders right through. Now we will go into a more formal stage of consultation. The timing is tight. It is quite challenging for us, but I think we can do it because there has been an awful lot of work done between the announcement and now by us and ANTA.

Senator CARR—It seems to me that it has taken a couple of years to get the ANTA agreement replaced. You are saying that you will get consensus inside of a month—in such a short period of time—about the destruction of a national institution like ANTA. Who are these stakeholders? Are they state governments?

Ms Cross—They are state governments, industry stakeholders, the ACTU and training providers. There is a range of people. The minister has said that he wants to build on the successful arrangements that ANTA has put in place, so it is not a complete upheaval or throwing-out of the training system that exists. It is really building on the successful elements.

Senator CARR—Who will be producing the national report? I have asked before about the annual national report, but who will be producing the report on directions and resource allocation?

Ms Cross—All of the planning and reporting arrangements will be canvassed in the discussion paper, including whether we continue to need to have a directions and resource allocations report.

Senator CARR—I suppose that, if the Commonwealth is running the lot, you probably do not need it.

Ms Cross—I expect that we would still want public accountability and reporting of performance.

Senator CARR—Who will be doing the statistical collections now?

Ms Cross—Again, that is canvassed in the discussion paper. Certainly NCVR is very highly regarded for the work that it currently does so, consistent with the principle of building on the successful elements of the current system—

Senator CARR—I see. And I take it that the future of the National Training Information Service will be canvassed in the discussion paper?

Ms Cross—The management of that—that is, where it is managed from—will be. But that is a key underpinning element of the quality assurance framework, so it would need to continue.

Senator CARR—How many staff will be kept on from ANTA?

Ms Cross—All ANTA staff have been offered a job in DEST.

Senator CARR—Is that DEST in Canberra?

Ms Cross—Yes.

Senator CARR—There will be no regional office in Brisbane or Melbourne?

Ms Cross—No. The function is being brought to Canberra.

Senator CARR—So it is a take it or leave it proposition—come to Canberra or take a redundancy?

Ms Paul—The offer was to come to Canberra because all of the functions that ANTA runs obviously are national by their very nature, so the incorporation into DEST makes it important for those functions to be in our national office here in Canberra.

Senator CARR—But that is the proposition, isn't it? It is a take it or leave it matter.

Ms Paul—I would be absolutely delighted to have as many staff as possible who are currently with ANTA join us here. We have guaranteed that anyone who says they would like to join DEST is able to do so. We and our human resources people have worked very closely with Mr Byrne and his people to talk with everyone in ANTA and offer them top level support in terms of their own preferences and future. I hope I do not overstate that, but we have really put a lot of effort into the people.

Senator CARR—I will need to come back to that matter later.

Proceedings suspended from 6.30 p.m. to 7.38 p.m.

Senator CARR—I want to return to the issue of the transfer of staff. How many staff does ANTA currently employ?

Mr Byrne—Approximately 84.

Senator CARR—Where are they located?

Mr Byrne—Approximately two-thirds of them are in the Brisbane office and one-third are in the Melbourne office.

Senator CARR—Is the government offer that all of those positions be transferred to Canberra?

Mr Byrne—The offer is that any of those who wish to transfer would be welcome.

Senator CARR—Would those who do not wish to transfer take redundancy?

Mr Byrne—Yes.

Senator CARR—So it is a take it or leave it proposition?

Mr Byrne—That is the option on the table.

Senator CARR—Do you expect the full 84 to transfer?

Mr Byrne—We will not know that until the final date for applications to take up the offer arrives, which is in May.

Senator CARR—Do you have any indication at this time of how many will transfer?

Mr Byrne—I do not have any definite indications.

Senator CARR—Will the persons so employed be transferred at their existing classifications?

Mr Byrne—I understand that it will be as close to that as practicable, but perhaps the department could tell you.

Ms Paul—We always use a no disadvantage approach, so that is the basis on which we would be working with each of those people.

Senator CARR—Will any relocation allowances be paid?

Ms Cross—ANTA staff will be assisted with relocation costs.

Senator CARR—How much will they be provided with?

Ms Cross—I believe that will depend on individual circumstances, including whether they have a house in Brisbane and how they intend to travel to Canberra. It would depend on their circumstances but they would be assisted with uplift costs, travel costs, temporary accommodation in Canberra—the normal assistance that is available.

Senator CARR—Do you have a schedule for the assistance provided to Commonwealth public servants required to transfer?

Ms Paul—Yes, we would.

Senator CARR—Can I have a copy of that?

Ms Paul—Sure.

Senator CARR—Does the assistance go to just accommodation? Does it go to anything else?

Ms Cross—As I understand it, it depends on the individual circumstances. You take into account their circumstances, and then they get a reasonable level of assistance in the uplift and in the move to Canberra.

Senator CARR—Uplift. Are we putting them in planes? What are we doing?

Ms Cross—That is the cost of packing up their belongings and shifting them to Canberra.

Senator CARR—Okay. Does that include their families?

Ms Cross—I believe it does.

Senator CARR—So you provide assistance for kids to transfer schools and that sort of thing?

Ms Cross—I would have to take that on notice. Again, I expect it would depend on the particular circumstances of each family.

Senator CARR—What about accommodation in Canberra?

Ms Cross—I believe they would get assistance with short-term accommodation in Canberra while they were making permanent living arrangements.

Senator CARR—There is a housing shortage in Canberra at the moment. Would people be provided with temporary housing accommodation or do you put people up in motels? What do you do?

Ms Cross—In the past we have tended to use short-term accommodation, including furnished apartments.

Senator CARR—Does the department have a number of those available?

Ms Cross—At this stage we have no firm indication of how many people will be transferring to Canberra but we will make the necessary arrangements when that is clear.

Senator CARR—Do you have anyone in the department responsible for this or would you subcontract that out?

Ms Cross—We have set up an ANTA transition team within the department. As we get closer to 30 June this would all be coordinated between that transition team and our people management branch.

Senator CARR—What will the cost be, do you expect? Do you have a budget for this?

Ms Cross—We do not because we have no indication yet of how many people are transferring to Canberra.

Senator CARR—Ms Paul, is there an appropriation you could call upon, given that we do not know the size of the demand? Is there a finite resource that is available?

Ms Paul—I would imagine that it would come out of our staffing appropriations because it would not just be for ANTA. We have particular guidelines which are relevant to anyone we hire who has to move. So perhaps when we give you the guidelines we will give you those details as well, if you would like them.

Senator CARR—Thank you. I would like to know what your expectation of the cost is.

Ms Paul—That will be harder. We can certainly give you something approximating a unit cost but we simply do not know the extent, given that we do not know how many people will choose to come to Canberra yet.

Senator CARR—The assistance: is there a finite period for which the assistance is available?

Mr Burmester—The arrangements for transfer of staff would be covered by the certified agreement that the staff are currently employed under. I am not sure of the full details but they would have provisions in there.

Senator CARR—Mr Byrne, what provisions are available in that agreement?

Mr Byrne—I am not sure about the transfer arrangements

Ms Paul—We are talking about our agreement.

Senator CARR—Your agreement?

Ms Paul—Yes.

Senator CARR—They are currently employed under ANTA, so presumably that would be the conditions of employment that you would be looking to.

Ms Paul—No. We would be looking to our own certified agreement for the transfer of ANTA staff. I do not know if Mr Townsend wants to add anything. I was just explaining that, in terms of transferring ANTA staff to DEST, we would use the normal guidelines that fall under DEST's certified agreement. I was also explaining that the appropriation used will be our normal departmental appropriation for staffing allowances and that we could give Senator Carr both the guidelines and the appropriation but that we cannot estimate the cost to us until we know the numbers.

Mr Townsend—Absolutely. That is correct.

Senator CARR—The Prime Minister's statement where he announced the abolition of ANTA said that there would be administrative savings. What are they? I am trying to establish what they are, because all I have heard so far is about expenditures.

Ms Cross—That will be considered as part of the budget process. It is expected that there would be savings on not having the two offices to maintain in Brisbane and Melbourne and efficiencies from having corporate functions in ANTA combined with corporate functions in DEST. That is the nature of the administrative savings.

Senator CARR—Will these administrative savings go to the department or into programs for vocational education?

Ms Cross—The savings would be returned to the budget.

Senator CARR—Presumably they would fund these transfer costs.

Ms Paul—If it is a return to budget, then it is a return to budget, but as the costs and potential savings become clearer we have to work through what those savings might be. As Ms Cross says, we expect they will come from an alignment of corporate functions and accommodation cost savings that this will allow.

Senator CARR—In this transitional unit you have established, can you please indicate to me where areas of overlap exist between ANTA and DEST functions?

Ms Cross—We have identified that in some of the corporate areas with financial units and HR units there is overlap in terms of corporate support. We have not identified overlap between the business functions that ANTA undertakes and the functions that DEST undertakes.

Senator CARR—So in a program sense there is no overlap?

Ms Cross—No, but there may be some working groups that both ANTA and DEST are represented on, so in future you would possibly only need one representative, but that is fairly minor in terms of overlap and the associated resources.

Senator CARR—So far we have a list of items that go to the removal of corporate support for the two offices and, presumably, rent on the two offices.

Ms Cross—There will be a replacement rental cost in Canberra for housing for the staff that come here.

Senator CARR—There will be obviously offsetting costs with the transfer of staff and their administrative housing here, not to mention the other costs for their physical transfer which the Commonwealth has to bear. I wonder where these administrative savings are going to come from. It does not strike me at first glance that there are substantial savings.

Ms Paul—The costs are basically one-off by way of moving people. The savings are ongoing by way of removing potential duplication of corporate functions and of long-term savings on leases.

Senator CARR—Mr Byrne, what are the current costs of your corporate functions that will no longer be required?

Mr Byrne—We will have to take that on notice; I am sorry.

Senator CARR—Have you been able to identify any overlap between the two organisations?

Mr Byrne—Certainly in the areas that have been mentioned.

Senator CARR—Is there any overlap in terms of programming?

Mr Byrne—Not to our knowledge.

Senator CARR—For instance, who is going to undertake the negotiations regarding the training plans?

Mr Byrne—That will be a DEST function.

Ms Paul—It now comes to us.

Senator CARR—Will the department undertake that function?

Ms Cross—Yes.

Senator CARR—Will the way it is done be part of that discussion paper?

Ms Cross—I expect the discussion paper might touch on that.

Senator CARR—You say these new arrangements are going to lead to maintenance of a central role for industry. That is the position that the government puts, is it not? Where do I find reference to the role of the unions and training providers? This was always a tripartite system. Where do I find that in the new arrangements?

Ms Cross—If we look at some of the components of the national training system, which the government has indicated it will build on—for example, the industry skills councils—the membership of those councils clearly involves both employer and employee association representatives.

Senator CARR—That is true, but on the ANTA board there are representatives of government, unions, employers and the states. Where will there be a replication of that function?

Ms Paul—One of the things that government will need to consider is what sort of advice it seeks and from whom and the shape of a new Commonwealth-state ministerial council as well. So those two things are also there to be considered. As Ms Cross says, I think the fundamental building blocks are there and they are very important and the skills councils are a very central part of that.

Senator CARR—So there will be a new MINCO, will there?

Ms Paul—There needs to be because the current MINCO is established around ANTA and its board. So we also need to offer advice on options for a new ministerial forum.

Senator CARR—Where will the trade unions be in this new set-up?

Ms Paul—That has not been decided yet.

Senator CARR—Ms Cross, will that issue be addressed in your discussion paper?

Ms Cross—Yes.

Senator CARR—I am talking about the ongoing role of tripartite governance structures—I am talking not about consultative structures but about governance structures.

Ms Cross—The paper will discuss the nature of future advice to the ministerial council.

Senator CARR—It was more than just advice.

Ms Paul—And the structures as well. It will go to the structures too.

Senator CARR—So there will be an ongoing role for the trade unions in this?

Ms Cross—I think we would have to wait for the discussion paper to be finalised and released, but certainly every indication has been that that would continue. The ACTU will be consulted on the directions paper, and the minister in establishing an interim advisory group has included on that all members of the ANTA board, including the ACTU representative.

Senator CARR—So Julius Roe will still be involved, will he?

Ms Cross—He has certainly been invited to join the minister's interim advisory group.

Senator CARR—But you cannot give us any further advice as to how long that interim process will last.

Ms Cross—The interim advisory group was established to provide advice on the future national training system and on Australian technical colleges.

Senator CARR—I look forward to a long life for Mr Roe in this regard! I will bet you he is not quite so optimistic. How will the consultations be undertaken?

Ms Cross—After the directions paper is released, there will be a series of meetings with key stakeholders held by the department to get feedback on the directions paper. The outcomes of that will then feed into the Commonwealth-state funding agreement.

Senator CARR—This is all to be done before legislation is introduced—within six weeks, eight weeks?

Ms Cross—I think it is around eight weeks before the legislation is introduced. I have not got the parliamentary sitting schedule with me.

Ms Paul—But it will not be the first time that the possibilities have been discussed, because of course we have been in discussions with all the relevant players since the announcement was made.

Senator CARR—Thank you for that. I take it, Mr Byrne, morale is high in ANTA. Is it?

Mr Byrne—People are getting on with the job.

Senator CARR—When were you consulted about the abolition? Did you just read about it in the papers?

Mr Byrne—We were informed on the day the announcement was made.

Senator CARR—When were the states advised?

Mr Byrne—I think everybody was informed on the same day.

Senator CARR—What was the reaction of the ANTA board?

Mr Byrne—I think they were very surprised and disappointed.

Senator CARR—Did they carry a resolution?

Mr Byrne—No.

Senator CARR—This is legal, isn't it—for the Commonwealth to abolish ANTA in this way?

Mr Byrne—It is an act of the Commonwealth parliament; I presume it is.

Ms Paul—It is a government decision which will be effected through a change to legislation; that is right. So, yes, it is legal.

Senator CARR—But it is not legal yet.

Ms Paul—No, it is still business as usual of course. ANTA continues its business until the end of June.

Senator CARR—And if the parliament does not carry the legislation, what happens? Or are you going to do it like ATSIC, where the transfer has occurred effectively and there is no choice? Is that what happens?

Mr Byrne—ANTA is operating fully up until 30 June with all our normal responsibilities. We are cooperating closely with DEST on the potential changeover, but we are still carrying out all our responsibilities in a normal way.

Senator CARR—Thank you very much. Can I ask about the government's proposal for an \$800 tool kit for apprentices. Who is handling that?

Mr Johnson—The department.

Senator CARR—That is not through ANTA?

Mr Johnson—No, that is the department.

Senator CARR—How are we going with the introduction of that proposal?

Mr Johnson—You will be aware from the Australian government's announcement last year that the tool kits are expected to be available for provision to individual employers and new apprentices from October this year.

Senator CARR—How do you get one if you are an apprentice?

Mr Johnson—The government is still considering the implementation arrangements for that measure.

Senator CARR—Will you buy the tools? How will you do it?

Mr Johnson—At this stage a number of options are before the minister.

Senator CARR—When are we likely to see an options paper on that?

Mr Johnson—We do not expect to issue any options or discussions paper; however, I would expect that the minister would be making an announcement about that in the coming months.

Senator CARR—When will the minister be making the announcement?

Mr Johnson—In the coming months.

Senator CARR—Is it still the intention to issue a voucher and let—we still call them students, do we, in the system, or is that term going to change or has it changed now?—

Mr Johnson—I understand that the issuing of a voucher is still one option which the government is exploring.

Senator CARR—You would not keep all those tools stored, would you? You would not have warehouses all over the country run by DEST?

Ms Paul—We would prefer not to; that is exactly right. So we are having to work out what is the best way of getting the apprentice to be able to access the tools that they need and want for their trade in the most efficient way possible.

Senator CARR—Of course, the requirements vary between trades.

Ms Paul—Absolutely.

Senator CARR—Do you have schedules for the distribution of tools?

Ms Paul—Have?

Senator CARR—Schedules for who gets what. How are you going to measure \$800 worth of tools? You would have thought about that before the announcement, I suppose.

Mr Johnson—Again, we are exploring a number of options around implementation.

Ms Paul—We have to think about who the potential suppliers are, how we get the tools to the apprentices and so on in the most efficient way.

Senator CARR—Will they be Australian made tools, or will you be importing the tools?

Ms Paul—It is hard to say. I am not sure. But there are quite a few operational challenges that we have to work through, including of course the relevant tools for the relevant trade.

Senator CARR—That is my point. I was just saying to you that I can just imagine DEST officers working out the size of the screwdrivers to be issued and all the various other instruments that people use.

Ms Paul—We are hoping to do it in a way where the apprentice gets a fair amount of choice so that they can access that—

Senator CARR—So we are having user choice.

Ms Paul—rather than us designating the right size of tool et cetera.

Senator CROSSIN—Why wouldn't you just give them an \$800 voucher that they could go and cash in at Mitre 10 or something?

Ms Paul—That is one option that we are working through.

Senator CARR—What will the relationship be between these tool kits and the Institute for Trade Skills Excellence? Will they be responsible at all for the distribution of tool kits?

Mr Johnson—There is no proposed relationship between the role of the institute and the issuing of tool kits.

Senator CARR—And the technical colleges? Maybe they are distribution points for tool boxes.

Mr Johnson—It is my understanding at this stage that that is not an option which we are exploring.

Senator CROSSIN—But would students at a technical college be eligible for the \$800 tool box?

Mr Johnson—If they are undertaking an apprenticeship in the relevant qualification in an area of skills shortage.

Senator CROSSIN—So hairdressers could get \$800 worth of scissors and clips?

Mr Johnson—Yes.

Senator CARR—So \$800 worth of scissors?

Mr Johnson—We are certainly working with industry associations to seek advice about the relevant tools for relevant trades. So, yes, it may well comprise a set of scissors and other equipment.

Senator CARR—Would you get a tool box at AQF1 level or at 2 or 3 or 4? Would you have to meet a certain criteria before you get a tool box?

Mr Johnson—The individual would have to be participating in an apprenticeship in one of the areas of skills shortage, so it certainly would be focused—

Senator CARR—Skill shortage: so it is not all tradesmen.

Ms Paul—No. It is a skills shortage targeted measure.

Mr Johnson—And it will be targeted at certificate level.

Senator CROSSIN—So to encourage you to take up a trade in a skills shortage area, you will get an \$800 tool box?

Ms Paul—Correct.

Senator CROSSIN—That makes sense.

Senator CARR—I am not quite clear about this; at what AQF level do you regard the commencement of an apprenticeship?

Mr Johnson—A commencement?

Senator CARR—Yes.

Mr Johnson—We are actually referring to certificate level III and IV qualifications. A commencement date would be determined for those individuals who commenced a new apprenticeship from 1 July 2005.

Senator CARR—Would those people who are already in apprenticeships, finishing off their QF4—I am thinking about others—get a tool box as well? Would there be a finite number of hours?

Mr Johnson—At this stage, the measure would be available to those individuals commencing an apprenticeship from 1 July. So, where an individual has already commenced participating in a new apprenticeship, they would not be eligible for the tool box.

Senator CROSSIN—Even if they had just started yesterday?

Mr Johnson—Yes. As with the implementation of any given government measures, we have to identify a specific commencement date.

Senator CARR—When did you say we will see this options paper?

Mr Johnson—I did not say that there would be an options paper. I expect that the minister will be making further information available through the department about the acquisition arrangements for the tool kits in the next couple of months.

Senator CARR—When did you find out about the tool kits proposal?

Ms Paul—It was an election commitment.

Senator CARR—So that was the first time the department heard about it?

Ms Paul—We had offered some advice on the ideas about tools but, yes, that was the first time we had seen the announcement.

Senator CARR—You had offered advice prior to the election on tool boxes?

Ms Paul—Yes.

Senator CARR—What was the date on which you offered that advice?

Ms Paul—It has been an issue under consideration for a long time, in terms of whether it would be a way of attracting young people to take up an apprenticeship in a skills shortage area.

Senator CARR—What date did you provide the advice?

Ms Paul—I could not say. It would have been at various points over a long period—probably a couple of years.

Senator CARR—Do you want to check that and take it on notice? You said you have been providing advice for a couple of years.

Ms Paul—We can be more precise, certainly.

Senator CARR—What was the list of skills shortages that you have identified? Are we able to see, for the purposes of the tool boxes, the list of skills shortages?

Mr Johnson—The measure will be informed by information from the Department of Employment and Workplace Relations on their skills shortage list, which they publish annually.

Senator CARR—So it can vary from year to year?

Mr Johnson—It can.

Senator CARR—So, just because you are on the list one year, it does not mean you will get a tool box the next year?

Mr Johnson—That is the intention. The measure will be available for those areas experiencing a national skills shortage.

Senator CARR—It is a one-off offer, is it not? It is a first tool box. You will not be entitled to double up?

Mr Johnson—The intention is that the initiative will be available for individuals for the commencement in the new apprenticeship, so it would be only available three months after their commencement.

Senator CARR—They would have to be on the job for three months. If they transfer to another trade, will they get another tool box?

Mr Johnson—There are a number of options that we are still exploring with respect to where individuals convert to other qualifications or convert to other employment arrangements.

Senator CARR—That sounds like another well thought out policy!

Senator CROSSIN—Mr Byrne, in the last, say, two years, has ANTA done any work on skills shortages in this country?

Mr Byrne—I will ask Ms Arthy, because she looked after research at the time. I am not sure of the detail.

Ms Arthy—We had undertaken some research with industry skills councils as they came on board, looking at the skills shortages within their industries and the reasons why the shortages existed. We have completed, I think, four draft reports, which are out there. We are working with the other skills councils. Through our research program—through the National Centre for Vocational Education and Research—we have also commissioned, I think, a \$750,000 research project, which began last year, trying to take a much longer term view about skills shortage research and what the factors are that underpin skills shortages.

Senator CROSSIN—Those draft reports are draft reports between ANTA and the skills council, are they?

Ms Arthy—That is correct.

Senator CROSSIN—On skills shortages in that industry?

Ms Arthy—It is actually called ‘future skills needs’, so it takes a wide look at the future skills needs of the industry and specifically looks at where there are areas of skills shortage.

Senator CROSSIN—And is there a plan to consolidate that research into one document?

Ms Arthy—Yes. The original plan was that once a year, after we have a national industry skills forum, we would produce a consolidated report with national trends, and flowing out of that would then be action plans on how the training sector could address the skills shortages.

Senator CROSSIN—So where is that work going to be picked up? Is there a plan that the department will continue that work?

Ms Cross—That function transfers to DEST on 1 July.

Senator CROSSIN—And it will transfer directly as it is now, in cooperation with the skills council?

Ms Cross—That is what will be transferred to DEST.

Senator CROSSIN—In any of your research with the skills councils and the reports you have, was there any suggestion that the way to alleviate the skills shortages might be to build a technical college in different states, territories or regions?

Ms Arthy—It does not mention that.

Senator CROSSIN—Was there any discussion about that with the skills councils?

Ms Arthy—Not to my knowledge.

Senator CROSSIN—Did business representatives ever raise that in the skills councils?

Ms Arthy—Not to my knowledge, no.

Senator CROSSIN—Did they ever raise the view that providing potential students with a \$800 voucher for tools might alleviate the skills shortage problem?

Ms Arthy—Again, not to my knowledge.

Senator CARR—I come back to the tool boxes. You indicated that you had advised the government on previous occasions about the value of this project. I take it that that is what you have done; I will not ask you to comment on the nature of your advice. I am going to presume you were recommending that. What research did you draw on?

Ms Paul—I would have to look into what research we might have drawn on. Certainly the commitment that we now have before us is in the nature of an incentive, as are all the other election commitments. There are about 10 or 12 election commitments which all go to offering an incentive for people to start an apprenticeship or continue an apprenticeship in a skills shortage area.

Senator CARR—I am not quibbling at the fact that it is an election announcement; I appreciate that the Prime Minister was struck by ACCI in these matters and encouraged to make these announcements. I was surprised, though, that you said that you had advised the government in the past. I am not asking you what the nature of your advice was. I would like to know what research you drew upon on the provision of tool boxes.

Ms Paul—I would have to take it on notice. It really does go back a fair while.

Senator CARR—Thank you; I appreciate that. It might be out there; I am just now aware that this was a question that had been widely canvassed amongst researchers. Those areas where apprentices are currently provided with tools—and there are a number of trades where that occurs and a number of state governments provide incentives for tools—

Mr Johnson—Certainly the department's discussions with the minister's office, around not this specific measure but the broad issue that Ms Paul has touch on, included consideration of the range of current state and legislative and tax incentive arrangements for tools allowances to individual tradespersons.

Senator CARR—That is good. What I want to know is what impact those will have on the entitlement that the government announced during the election campaign. Will people be able to get a tax incentive for the purchase of tools? Will they get continuing support from states or from current employers?

Mr Johnson—The department is well aware of the suite of other support measures to assist individuals in respect of the costs associated with acquiring tools for their trades and pursuing this from the principle that those individuals are not further financially disadvantaged by accessing the \$800 tool kit.

Senator CARR—So what consideration has been given to the fact that people might be disadvantaged when those benefits are withdrawn now that the Commonwealth is going to provide a new tool kit?

Mr Johnson—We are certainly mindful of those current arrangements in exploring the options that we are presenting to government in taking this measure forward.

Senator CARR—I guess I will see that in this option paper which will not be produced. This will become clear to me in due course. Is that what you are saying? All will be revealed?

Mr Johnson—I would expect that when the minister makes an announcement about implementation arrangements it will make very clear the intersection between the \$800 support for the tool box and existing arrangements in the states and territories.

Senator CARR—I am pleased to hear that. I will look forward to that and perhaps raise that again with you in the future. Are the prevocational places delivered through group training with ANTA?

Mr Johnson—No, that is with the department again.

Senator CARR—What is the department doing about that?

Mr Johnson—Again, that initiative will be considered through the budget.

Senator CARR—So I have to wait for the budget. Is that another election promise?

Mr Johnson—Yes, it will be considered through the budget.

Senator CARR—So you cannot tell me anything further than that?

Mr Johnson—Only what was announced by the government in the election commitment on that measure.

Senator CARR—I will put my question on notice. ABS has told me that the increase of Indigenous students in VET was 60 per cent in the quadrennium prior to 2000. Has that trend continued? Do you have any information on that?

Ms Cross—The most recent statistics that we have show a three per cent increase in Indigenous students on the previous year. So the increase has continued over the last several years.

Senator CARR—Has ANTA got an Indigenous unit? What information do you have about the increased participation of Indigenous students in VET?

Ms Arthy—I am just trying to find it. It is in our annual report.

Senator CARR—Ms Cross, how does it compare with non-Indigenous participation rates? It is a three per cent increase for Indigenous students. What is the increased participation rate for non-Indigenous students?

Ms Cross—I do not think I have that breakdown. I can get it for you.

Ms Paul—When Mr Greer comes in shortly to talk about Indigenous issues, I think he has these numbers at his fingertips. My own recollection is that the increase in participation in vocational education and training by Indigenous students has been at a higher rate and that there is now a high level of a representation in vocational education and training. But I do think Mr Greer can probably help us here too.

Senator CARR—Are you able to assist me on this, Mr Byrne? Do ANTA have any figures?

Ms Arthy—All we have on hand is in our annual report which says that, in 1999, 3.3 per cent of all students were Indigenous and in 2003 that number had risen to 3.9 per cent.

Senator CARR—Do you believe the participation rates are increasing more rapidly among Indigenous than non-Indigenous people?

Ms Arthy—It would have to have an increase in the percentage share.

Senator CARR—What about non-completion rates for Indigenous students?

Ms Cross—I think generally that Indigenous students do not have as high outcomes as other students in the VET system, and that would include completion rates and pass rates.

Senator CARR—Mr Byrne, do you know by how much that would be?

Ms Arthy—All I have is some fairly outdated figures, because it is very difficult to get the non-completion rates. What I have is for 2002, when 7.7 thousand Indigenous students completed a qualification compared with 7.4 thousand the previous year. I do not have anything more recent.

Senator CARR—Mr Greer, are you able to help me here? Are the participation rates for Indigenous students higher or lower than non-Indigenous students in VET?

Mr Greer—Let me just have a quick look at my notes.

Senator CARR—Do you want to take that on notice?

Mr Greer—I know where the data is.

Senator CARR—Okay. Mr Byrne, has ANTA undertaken any studies on non-completion rates for Indigenous students?

Ms Arthy—I will have to take that one on notice because there is a large Indigenous research element, and I am just not sure.

Senator CARR—I would like to see what you have before you go—in particular, the causes of noncompletion and, if there are any research reports, recommendations for future action.

Mr Greer—The most recent data I have on participation rates is for VET. The enrolment was 3.5 per cent in 2002. For equity you would need to close that gap by another 2.1 per cent, if you were closing the education divide.

Senator CARR—You would need to increase enrolments by 2.1 per cent?

Mr Greer—Yes. Those details were outlined in the discussion paper that was circulated for the Abstudy impact review—on page 6, I think.

Senator CARR—Do we get a copy of that?

Senator CROSSIN—It is on the web site. I have a copy.

Senator CARR—So a 2.1 per cent increase is needed.

Mr Greer—That would be an approximate percentage required for equality of participation.

Senator CARR—Over what length of time would the 2.1 per cent be needed?

Mr Greer—As we mentioned in other areas, a driving aspiration from the Commonwealth is to try to close that educational divide over the next two quadrennium. That is our aspiration, so that is essentially what we would be looking for.

Senator CROSSIN—From where did the figures in this Abstudy document emanate? Where did you take them from? This document does not say from where the figures are taken.

Mr Greer—They arrived from DEST. I am just looking at the notes below that table. It was not one that our group prepared. Our policy sage may be able to identify that. If you look at the notes, you will see (a), (b) and (c)—(c) relates to VET participation. It is not clear from this footnote where the VET numbers come from. Certainly the higher education numbers were derived from ‘Achieving equitable and appropriate outcomes: Indigenous Australians in higher education’, 2002. We can certainly take that on notice.

Senator CROSSIN—Common feedback I have had about this Abstudy discussion paper is that people who want to comment on this paper do not know the source of the figures that are in it.

Mr Greer—I thought the source of the figures was well referenced.

Senator CROSSIN—The graph you are quoting from is on what page of this document?

Mr Greer—On page 6. You can see a table there.

Senator CROSSIN—My page 6 might be different because I have run it off the web site.

Mr Greer—It is the first page of part 1, table 1, ‘Indigenous enrolments as a percentage of all enrolments’.

Senator CROSSIN—But there is a series of graphs in the document that are not sourced. We might go to that later.

Mr Greer—Certainly.

Senator CARR—Do you have statistics on noncompletions?

Mr Greer—Looking at 2003—at some unpublished data at this stage—I have some figures that show a slight increase in the overall Indigenous module competency completion rate to 68.8 per cent. That compares to a non-Indigenous rate of 81.7 per cent. There is an improvement in literacy and numeracy outcomes—this is in the VET area—in government systems, with a module completion rate of 55.6 per cent, up from 49 per cent in the previous two years.

Senator CARR—That is in the same report, is it? I can read that in there?

Mr Greer—No. This is unpublished data, which will be available to the parliament in the third national report to the parliament on Indigenous education and training.

Senator CARR—When will that be available?

Mr Greer—I would have thought by March.

Senator CARR—So in a couple of weeks?

Mr Greer—Probably towards the end of March.

Senator CARR—Are these comparisons like with like or are they total completion rates?

Mr Greer—I would need to have a fuller look at the document. I just have some headline numbers here. I am happy to take that on notice.

Senator CARR—While you are looking at that, can you tell me what the improvement rate would have to be to get a like with like comparison in equity terms?

Mr Greer—On participation, I thought that the table on page 6—or whatever page it is in your version—refers to 2.1 per cent.

Senator CARR—I appreciate that. That is enrolments. I am talking about completion of units, of modules. We will not know that, unless we have a like with like comparison. If AQFs are all at the same level, for instance, and one presumes that one AQF at 1 would be across the board of equal standing. Would that be right?

Mr Greer—An increase in the overall number of—that is, new apprenticeship completions at the AQF certificates III and IV in 2003—48.9 per cent. There were 1,350 students in an IESIP target group of AQF3 or higher. This compares to the non-Indigenous rate of 73.7 per cent.

Senator CARR—So there is a very sharp gap.

Mr Greer—I am happy to take it on notice and come back to you with some apple and apple comparisons.

Senator CARR—Thank you. I think it is an important set of statistics. I have a couple more questions here on VET trends for Indigenous students. Presumably, given that you have that sort of detail, I will put them on notice because I think I will probably get a better answer on them, if that is all right.

Mr Greer—Okay.

CHAIR—I thank the officers.

Senator CARR—Thank you very much and all the very best.

[8.25 p.m.]

Indigenous and Transitions Group

Senator CROSSIN—I will start with questions about the review into the Abstudy changes. Submissions close, I notice, on 25 February. Have you had any responses to that document yet?

Mr Greer—As we have mentioned here before, that review is being conducted at arms length from the program area by our analysis and evaluation group. Ms Borthwick, who is here, could perhaps comment more fulsomely on that.

Senator CROSSIN—What sort of response have you had to the paper?

Ms Borthwick—So far we have had three written submissions, but we have also had consultations in all state and territory capitals. Over 100 people have participated in those.

Senator CROSSIN—Where did that document get sent to? Who received a copy of it?

Ms Borthwick—It went to everyone we invited to the consultations, and that included all universities, representatives of peak Indigenous education bodies and a range of other

individuals whom the department had identified. We can make a list available, if that would be helpful.

Senator CROSSIN—All right. Did it go to the national students union, to CAEPR or to the Indigenous students' body?

Ms Borthwick—I believe it went to the National Tertiary Education Union. I am not sure whether the other one received a copy as well. They certainly came to our consultations.

Senator CROSSIN—Who was that? The NUS came to your consultations?

Ms Borthwick—Yes, I believe so.

Senator CROSSIN—CAEPR?

Ms Borthwick—I do not have the list of all the participants with me, but we are happy to take that on notice.

Senator CROSSIN—Could you provide me with a copy of that? I assume that it covers not only Abstudy in higher education but also Abstudy eligibility as it applies to kids in post-primary or senior secondary schools.

Ms Borthwick—The discussion paper looks at Abstudy recipients across all sectors and, indeed, participation more generally across all sectors as well.

Senator CROSSIN—Did a copy of this go to, say, schools? Did every school in this country get a copy of the paper?

Ms Borthwick—No, they did not.

Senator CROSSIN—Did any schools in this country get a copy of the paper?

Ms Borthwick—I do not believe we sent it to individual schools. We would have sent it to the state education authorities.

Senator CROSSIN—Did peak parent bodies get a copy, for example?

Ms Borthwick—I would have to check that, but I am not sure that the peak parent bodies would have got a copy.

Senator CROSSIN—What about state or territory Aboriginal education consultative committees?

Ms Borthwick—I believe they did, yes, but again I will check that.

Senator CROSSIN—Would Batchelor college have received a copy of this?

Ms Borthwick—Yes, they would have.

Senator CROSSIN—Can you tell me the source of the figures that you quote in it? Is it correct that the figures that you quote come from your annual reports and your annual report to parliament on Indigenous education in this country?

Ms Borthwick—What data are you referring to?

Senator CROSSIN—Most of the data from chart 1 onwards.

Ms Borthwick—It comes from a variety of sources. As I said, some of the data goes to Abstudy recipients and that would have come from the Abstudy database, which has recently

been transferred to the department, and some of it is from our administrative collections, as in the higher education student collection, and other student collections—the NCVR collection, for example.

Senator CROSSIN—Were no figures used from the ABS?

Ms Borthwick—There may have been. Off the top of my head, I do not recall every figure in the report.

Senator CROSSIN—The source of the figures quoted in each chart are not sourced at the top or the bottom of each chart. It is very hard to ascertain what particular figures you are using in each particular instance.

Ms Borthwick—Indeed. That is an oversight. For the most part, I think you will find that it is described in the text. If you have any specific questions, again I will be happy to take those on notice.

Senator CROSSIN—What was the actual intent of this discussion paper?

Ms Borthwick—The intention was to present the picture as far as we knew it at the time. Indeed, the purpose of the review was to look at the impact of the Abstudy changes in 2000. We were obviously limited when we put together the paper before we had actually done the consultations to the data available to us. We have had a lot of feedback during the consultations about other sources of information that we might want to take into account, and we will certainly be doing that. We have also had some suggestions—most of them are very helpful—about how we might want to dissect this data further to get a better diagnosis of what happened over that period.

Senator CROSSIN—Can you give me an idea of how many copies were actually posted out around the country?

Ms Borthwick—As I said, I think around 110 copies went to the people we invited specifically to the consultations.

Senator CROSSIN—So the document has not been distributed wider than that?

Ms Borthwick—No, but it has been available on our web site.

Senator CROSSIN—Yes, that is true. What sorts of people have turned up to your consultations? Where have they been held?

Ms Borthwick—As I said, in each capital city around Australia. We have had a reasonable turnout at most of those. I think that, all together, over 100 people came to those consultations.

Senator CROSSIN—Can you provide me with a list of how many people came in each capital city?

Ms Borthwick—Yes.

Senator CROSSIN—Your paper comes to the conclusion that the policy changes to Abstudy in 2000 were not a contributing factor to the decline in enrolments.

Ms Borthwick—I think we said that it would be difficult to ascribe it to that single cause and that there were a range of things happening at the time that may have contributed to that decline.

Senator CROSSIN—So that is a view the department has put together in this discussion paper—is that correct?

Ms Borthwick—That is the view that we put together based on the information available to us at the time.

Senator CROSSIN—Based on your own statistics in this discussion paper?

Ms Borthwick—That is right.

Senator CROSSIN—People are making written submissions to you. Is there a public summary of the concerns that have been raised in your consultations around the country?

Ms Borthwick—Not at this stage, but we will be doing that. As is our normal practice, we are happy to make available submissions when we get them. As I said, we have had only three so far, but we usually make those available as part of our consultation process.

Senator CROSSIN—The number of Abstudy administration centres has actually been reduced from 14 to four. Is that correct? It might have happened six months or so ago.

Ms Bennett—There has been a reduction in the number of processing centres to four.

Senator CROSSIN—Where are those centres now located?

Ms Bennett—I do not know where they are.

Mr Greer—The delivery centres we are talking about are managed by Centrelink. I do not have the relevant information here, but I do believe we have a Centrelink officer in the anteroom. We would be able to get that information for you shortly.

Senator CROSSIN—Perhaps you might be able to get that to me. We have been talking about Abstudy and the problems—

Mr Greer—I am sorry; I do have that information. They have been consolidated into four dedicated sites in Cairns, Darwin, Perth and Mount Druitt.

Senator CROSSIN—Why was a decision made to actually change the number of administration centres prior to any review of the impact of the Abstudy changes? Why would you not wait and make that decision based on the review of Abstudy?

Mr Greer—The decisions in relation to service delivery are not for this department.

Senator CROSSIN—It is a decision that Centrelink has made?

Mr Greer—It is a decision for Centrelink. Without having the timelines here, my expectation is that those decisions may well have been in train before a decision was taken to proceed formerly with this review. But I am happy to take that on notice and clarify that with our Centrelink colleagues.

Dr Jarvie—The issue of Abstudy processing units is a matter for Centrelink. However, we do consult regularly with Centrelink. They did raise the issue of the service delivery project with us in one of our joint meetings. They explained it to us in terms of improving and

streamlining processing, which was perfectly understandable. It was back-office operations only. But we can certainly take on notice the details of that.

Senator CROSSIN—Have they been part of your consultation with this discussion paper?

Dr Jarvie—Yes, certainly.

Senator CROSSIN—Will they be providing some response to this discussion paper?

Ms Borthwick—They have not done that so far, but we can certainly check with them to make sure that they have that opportunity.

Senator CROSSIN—We look forward to perhaps pursuing that a bit further at the next estimates and getting your answers. Once submissions close at the end of February, what is intended to happen then?

Ms Borthwick—We will be putting out a final paper with our findings, which would take into account both statistical analysis and feedback we have had during the consultations.

Senator CROSSIN—Will that be a public document?

Ms Borthwick—A decision is yet to be made on that, but so far we have had a very open process.

Senator CROSSIN—At estimates last year, when we were first exploring the changes to the IEDA programs, DEST in fact was working on new guidelines. That is correct, isn't it?

Mr Greer—That is correct.

Senator CROSSIN—Have those guidelines been finalised?

Mr Greer—Yes. The Indigenous education program guidelines were in two parts—part A and part B. Part A included all of the elements except mixed-mode away-from-base and ITAS tertiary tuition funding. An exposure draft was circulated for comment in July and August 2004—

Senator CROSSIN—Who was it circulated to?

Mr Greer—It was circulated to providers. We can certainly come back and—

Senator CROSSIN—To state and territory governments?

Mr Greer—Yes, and non-government providers. Certainly, work on that went into abeyance, of course, when parliament was prorogued. The guidelines were finalised during December and made available on the DEST web site on 8 December 2004.

Senator CROSSIN—The part A guidelines relate to the methods by which application can be made for ITAS tutors, is that correct?

Mr Hoffman—Part A of the guidelines includes information about eligibility for ITAS.

Senator CROSSIN—Can you provide the committee with a copy of those guidelines?

Mr Hoffman—Certainly.

Senator CROSSIN—Other than being available on the web site, were they sent to all schools?

Mr Hoffman—They were sent to all providers.

Senator CROSSIN—So they have gone to the state and territory education departments?

Mr Hoffman—And letters were sent to all school principals in December informing them that the guidelines were available—13,341 principals.

Senator CROSSIN—So if a school is after funding for an ITAS tutor it now needs to apply?

Mr Greer—It depends on what ITAS tutoring we are talking about, because the new arrangements—

Senator CROSSIN—Let us take the common mode, say, for primary school.

Mr Greer—The common arrangement for primary school is what we have in the new arrangement: taking from pilot to mainstream the notion of in-class or in-school tuition. In that context we had multilateral negotiations with states and territories in early December around the new arrangements. Following that we have nearly completed bilateral negotiations with all states and territories other than New South Wales, the ACT and Tasmania, to enter into a new Indigenous education agreement for the quadrennium. Part of those negotiations was the state or territory taking on board the responsibility for in-class tuition. As soon as we can finalise the Indigenous education agreements with jurisdictions those funds can flow. For instance, in the Northern Territory we had bilateral discussions with the Northern Territory government and non-government sector on 28 January this year—very constructive discussions in which a preparedness to take this on was signalled. The Northern Territory government is convening a follow-up meeting of that on Friday.

Senator CROSSIN—So under this new plan the arrangements will be that the money for ITAS tutors will become part of those agreements, so technically the money will be handed to the state and territory governments?

Mr Greer—That is correct.

Senator CROSSIN—Schools will need to apply through those providers to access those funds.

Mr Greer—That is correct. That is for years 4, 6 and 8. The flexibility that is now provided within that for years 10, 11 and 12, to the extent that a jurisdiction wished to take that on board as well, would happen. To the extent that a jurisdiction does not wish to do that, the department will enter into direct arrangements with those years 10, 11 and 12 tutors.

Senator CROSSIN—What are schools meant to do in the meantime, though, if these bilateral discussions take months to conclude? We have had reports in the Northern Territory of 11 tutors who have been put off. We are now almost into week 4 up there in the Territory, so tutors are out of work. We have had reports of schools who desperately needed these tutors to be in place and employed to assist kids from the start of the year but none of this money is flowing through to where it is needed most. Has any contingency plan been made to try to alleviate some of the pressures that schools are going through?

Mr Greer—Certainly. We have discussed some of the flexibility with jurisdictions. When you look at the discussions that we may want to have around the negotiation of targets and stretch targets and what have you in respect of, say, our per capita ISIP funding, what we have discussed with all jurisdictions is that we will have an umbrella Indigenous education

agreement and then different schedules under that can be activated in advance of others. So the opportunity is there so that having struck an Indigenous education agreement you can activate immediately the ITAS provisions whilst a jurisdiction could conduct further negotiations around stretch targets and so forth in relation to ISIP per capita funding. So you are not waiting for the last target to be negotiated on a separate schedule before you can free up and access funding in relation to ITAS or homework centres and the like.

Senator CROSSIN—I understand what you are saying, but there is some desperate need out there in the bush for some of these principals to access their funds. With all due respect, they do not want to sit around and wait until a bunch of bureaucrats and the state government actually come to some agreement, even if it is the first layer out of 100. Some people are actually saying to me that they do not believe they will get access to funds for these tutors until at least the first term is over. Have there been no contingency arrangements made whereby they could apply to the state government and you would reimburse the government in the meantime or whereby they could apply directly to your DEST officers in this interim period? There are kids actually missing out on help here while pieces of paper are being negotiated.

Mr Hoffman—In relation to the in-class tuition element, as long as providers have the numbers of the students in years 4, 6 and 8 who failed to meet the benchmarks in 2004 and can apply the formula they can calculate how much funding they would be entitled to and on the basis of the fact that we are negotiating in good faith assume that at the time of signing the agreement the funding would be backdated to the beginning of the school year—as they do for supplementary recurrent assistance funding already. They do not put off people who are employed under that program simply because they do not have an agreement.

Senator CROSSIN—They are putting—

Mr Hoffman—They keep them employed on the basis that they will have an agreement.

Senator CROSSIN—They are actually putting people off because they do not actually have the money to pay those tutors. That might be okay in the case of, say, a large school like Kormilda, that will dip into its reserves. But what are little schools out in the bush who do not have that cash reserve supposed to do in the meantime? What if your agreements aren't signed off until, say, May and a semester is wasted? What are people out there trying to do? It is becoming quite a significant problem.

Mr Hoffman—We do not expect the agreement with the Northern Territory to be delayed until May. But, even if it were, there is no reason why the Northern Territory government could not assume that there would be an agreement from the beginning of 2005.

Senator CROSSIN—I understand that. So who do the number of schools that are contacting our officers make this application to now? How can they be guaranteed the funds will flow? It is quite a bottleneck situation out there.

Mr Greer—The act provides that we must have an agreement before we can release those funds. It is the same as the way the schools legislation and so forth operates. The legislation for the appropriation was passed on 14 December. As to the bilaterals, if we just look at the Northern Territory, they were done as soon as practicable after that. As I said, those bilaterals were most constructive. We have been awaiting a formal response from the Territory, as I

have mentioned. The Territory government has convened a follow-up meeting in Darwin on Friday. We would hope that, given the flexibility about triggering differential schedules, as soon as we can reach agreement in relation to the cover agreement, we can activate one or two of the others.

Senator CROSSIN—What is happening in the states which have not come to the party? You named three states which do not seem to have even started the ball rolling.

Mr Greer—No—

Senator CROSSIN—What pressure is coming to bear on those states?

Mr Greer—The multilateral discussions we had with all states and territories—other than New South Wales, which did not participate—on 3 December were quite welcoming, in fact, of the government's revised package and arrangements. At that meeting most if not all saw the benefit of taking on board the administration and management of the in-class tuition funding, because it provides greater flexibility in there. Of course, we have had follow-up discussions over the last three weeks, as I said, with Western Australia, South Australia, Victoria, Queensland and the Northern Territory, with both government and non-government bodies, and the New South Wales Catholic Education Office. They have all been very constructive. In Western Australia, as you can understand, there is an election at the moment which is precluding that. But the other point we need to make on this is that these are supplementary funds. These are funds over and above the funds available to jurisdictions in their own right.

Senator CROSSIN—I realise that. But this is a program that people have particularly come to depend on in terms of giving Indigenous kids extra assistance out there. You are saying to me that there is nothing stopping the state and territory governments from flowing those funds to those schools now, knowing that, when they sign the agreement, you will backdate that funding?

Mr Greer—We would be looking at providing those funds or that entitlement for the calendar year.

Senator CROSSIN—But what is to stop the Commonwealth from actually providing the states and territories with some initial funding or seed funding in the interim knowing that, when they sign the agreement, the rest of the funds will flow?

Mr Greer—I will have to take some counsel on that, but my understanding is that we cannot provide funds to education providers in that sense without an Indigenous education agreement.

Mr Hoffman—Regardless of how funds are provided, we would need to have an agreement. I really do not think that there needs to be undue delay in negotiating agreements with most providers for the in-class tuition. I am optimistic that we will be able to negotiate agreements with most providers within the next month or so.

Mr Greer—We accept that there may be some argy-bargy around stretch targets that we would like to put on a per capita basis. We are trying to pave the way for that by saying that we can continue discussions and negotiations on those until we reach agreement without necessarily holding up the flow of ITAS, homework centre funding, PSPI funding and so forth. In discussions to date, the concerns around the agreement have been at the margin. A

couple of discussions were around IP and, if we wanted to release information to the Productivity Commission, whether we would do that after consulting with the jurisdictions.

Senator CROSSIN—Now that you have raised the issue of IP, I understand there is a standard Commonwealth clause regarding intellectual property being in fact owned by the Commonwealth. We have seen that in DCITA with funding to arts centres. Has there been concern raised about that standard clause in contracts for tutors?

Mr Greer—There has been an issue. I am not sure of the full detail of it, but there has been. For instance, we can look at one jurisdiction—the Northern Territory. As their department goes through this they are certainly bound to go through some due process. I understand that, in the course of that due process, one issue that came up centred on IP. I understand that jurisdiction's legal people are talking with our jurisdiction's legal people. I do not think there is an impassable issue on that. I would have thought that, given that the Territory has in fact convened this follow-up meeting for Friday, there may be consensus on this.

Senator CROSSIN—Can you take on notice what that issue around the IP would be?

Mr Greer—Absolutely.

Senator CROSSIN—I am interested in pursuing whether it is the same issue that was raised in a contract with the Indigenous arts centres.

Mr Hoffman—I might be able to clarify that now. Our Indigenous education agreements give the intellectual property rights to the provider. Clause 14(2) says:

... subject to the rights of any third party, you—

meaning the person we are having the agreement with—

own the funded material and the intellectual property rights of the funded material, and therefore the right to commercially exploit it.

However, we also require them to give us a permanent, irrevocable, free, worldwide, non-exclusive licence to the use of that property.

Senator CROSSIN—I can see where that might cause a little bit of a problem.

Mr Hoffman—But that is not the issue that they are concerned about. The issue is that we also require any third party to provide us with that licence.

Senator CROSSIN—I do not have much time. We absolutely will come back to this, as you know, because we have an inquiry happening. I want to go to the issue of the ASSPA funding. Have the guidelines for ASSPA committees been finalised? Are they available now?

Mr Greer—Absolutely. The parent-school partnership guidelines, for instance, and homework centre guidelines, which was the whole-of-school intervention, were on the web site on 24 December.

Senator CROSSIN—I am sure everybody was reading them that day!

Mr Hoffman—They may not have been, but they were available from 24 December. Parent-school partnership initiative applications were available during January. We are running five rounds of those and applications for the first round will finalise on, I think,

25 February. My understanding from the Territory is that 117 bodies—read ‘schools’ or ‘schools in partnership’—have already applied, involving 649 separate projects. They may be of variable quality and what have you. So the message is getting through and the concept plans are coming in.

Senator CROSSIN—Are the guidelines over 200 pages long?

Mr Hoffman—They are not 200 pages long.

Senator CROSSIN—How long are they?

Mr Hoffman—Part A of the guidelines consists of 82 pages.

Senator CROSSIN—If you want to apply for ASSPA funding, would you only have to read the 82 pages?

Mr Greer—No, you read the relevant area in there about whole-of-school intervention.

Mr Hoffman—The guidelines are broken up into the various elements. There is a summary page for each element and there is an appendix, which has the description. The actual application forms are not part of this package; they are separate.

Senator CROSSIN—Are the application forms about 11 or 12 pages long?

Mr Hoffman—There is a two-stage process for the parent-school partnership initiatives. The first stage is a concept plan. I believe that is about a four-page form.

Mr Greer—I have a copy here, if you would like one.

Senator CROSSIN—If we could have a copy of the application form and the guidelines, that would be very useful.

Mr Greer—Certainly. I will table the concept plan and I am sure I have—

Senator CROSSIN—How many pages are in the second stage? You have to fill in stage one—is that right? You have to fill in the concept plan.

Mr Hoffman—That is right.

Senator CROSSIN—And submit that to your DEST officers in each state and territory?

Mr Hoffman—That is correct.

Senator CROSSIN—Who ticks, crosses, bins or assesses it?

Mr Greer—In the Northern Territory, we have a process whereby the department, the Northern Territory department and the ICC or OIPC managers are engaged in looking at these proposals and making recommendations for—

Senator CROSSIN—The ICCs—the new coordination centres—are involved in this now?

Mr Greer—Yes.

Senator CROSSIN—We have not got time to explore this, but technically you fill in this and then you get a tick and you fill in this. Is that right? Is it a two-stage process?

Mr Greer—It is a two-stage process. Fill in the concept plan—let us work with them and see what looks positive in those. In some cases it might not be a full project. In some cases it

might be elements of a project. In other cases the project itself might be part of a broader whole-of-government response in a particular community to an issue.

Senator CROSSIN—Last year during the estimates process I raised with you the issue of breakfast programs or nutrition programs. I have the transcript here with me but not the exact wording. I was reassured by officers that there was not a reason to believe that that would not be supported. Has the department changed its view about that?

Mr Greer—Not necessarily. I would see a number of projects of the ilk that you are talking about—nutrition and so forth—could really, if you stand back and look at them, be seen as initiatives for attendance. There are attendance strategies and, of course, attendance is a major priority of government, not only in its Indigenous specific programs but certainly in its mainstream programs. You will recall I think from our earlier discussions that I was indicating that as a condition of funding for our mainstream schools programs all jurisdictions will be required to introduce reporting on school attendance—for all children, not just Indigenous children.

Senator CROSSIN—I proposed I would stop at 9 o'clock. I could keep going. We will no doubt come across each other during the Indigenous education inquiry.

Mr Greer—Thank you.

CHAIR—I assume that we have now finished with the Indigenous and Transitions Group. There being no further questions, I thank the officers.

[9.04 p.m.]

Higher Education Group

Senator CARR—When was the application for the maths and science unit at the University of New England considered by the department?

Ms Paul—I think the department considered an application in late May, but I might ask some officers from Schools Group who are still with us, who were the ones most involved, to come back in if they are available.

Senator CARR—This is a university project though.

Ms Paul—Yes, but it is about teaching. Anyway, it was late in May.

Senator CARR—How much was the application for?

Ms Paul—I do not think we considered actively the application which was funded later by the other portfolio because we did not have a funding source for it. So we considered the proposal but fairly quickly realised that there was not a funding source available. The conversations that we would have had with Professor Pegg from that centre would have been in late May. But, as I say, we were fairly quick to realise that we had no program that would be able to support the proposal.

Senator CARR—Who handled it within the Schools Group?

Dr Mercer—As Ms Paul was explaining, towards the end of May—I think it was about 27 May—our minister's office asked us if Schools and a representative from the Higher Education Group would meet with Professor Pegg to discuss his proposal for a centre for

maths and science and ICT at UNE. An officer from my branch and an officer from Higher Education met with him on that day—27 May.

Senator CARR—In Canberra?

Dr Mercer—In Canberra, yes.

Senator CARR—How much was the bid for?

Dr Mercer—I believe the proposal for the centre was for funding of about \$2½ million each year for a number of years from, by recollection, three to five years.

Senator CARR—What was the purpose of the centre?

Dr Mercer—It is a very broad ranging project to address problem areas for rural and remote schools by focusing on the professional development of teachers. It involves working with and setting up hubs with other universities—it is a national project. That includes technology hubs, which would assist rural and regional schools to connect. The centre would provide a national focus to address the issues around rural and regional students learning by, as I said, working on professional development issues for both preservice and in-service primary and secondary teachers.

Senator CARR—Do you fund similar projects? Maths and science teacher education projects are funded throughout the university system, I would have thought.

Mr Burmester—From time to time, more limited initiatives are taken. There was one that I can recall whereby the Australian Science and Mathematics School was established at Flinders University. That was funded as a school; it was created as a school. Nevertheless, because of some initiatives that they wanted to explore with the education faculty at Flinders, there was some funding from HEIP, the Higher Education Innovations Program, at the time.

Senator CARR—Do you recall how much that was?

Ms Paul—I think it was between \$200,000 and \$500,000, but I would have to confirm that.

Senator CARR—Do you fund teacher education at the University of Melbourne?

Mr Burmester—Throughout the sector.

Senator CARR—Absolutely. There are teacher education centres all over the country, including maths and science teachers. Is that right?

Mr Burmester—Yes, that is right.

Senator CARR—Do you provide professional development for teachers through those courses?

Mr Burmester—That is through the normal operating grant or the Commonwealth Grant Scheme, which is funding places, not a particular research focus that was seeking to build a network through regional schools as part of it.

Senator CARR—But the normal operating grant would fund this function.

Mr Burmester—It would not fund a centre such as this, no. That was part of the problem. This proposal was for a specialist centre to be created with extensive links and to build an ICT

network across Australia. That is not what operating grant or Commonwealth Grant Scheme funds are for.

Senator CARR—Were you surprised to hear that the transport department was going to fund it?

Ms Paul—We met with them, so we were up-to-date with where they were, but our issue in this portfolio was that there was no program which was available.

Senator CARR—When did you meet with the transport department?

Ms Paul—In May as well.

Senator CARR—This is DOCITA.

Ms Paul—No, this is the Department of Transport and Regional Services.

Senator CARR—What was the point of the meeting with them—to tell them you were not going to fund UNE?

Ms Paul—It was to talk about the proposal, because they were working through their program and they had had contact with Professor Pegg as well, so we were trying to understand where they were at, and vice versa, no doubt.

Senator CARR—What was the date of that meeting?

Ms Paul—It was 31 May.

Senator CARR—So it is moving along quite nicely.

Ms Paul—I suspect that at that meeting we probably let them know that we did not have any funding source.

Senator CARR—So within a month they got \$5 million from a SONA project from the Department of Transport and Regional Services.

Ms Paul—Sorry, for which project?

Senator CARR—SONA.

Dr Mercer—Strategic Opportunities Notional Allocation.

Ms Paul—That is the acronym?

Senator CARR—Yes. Did Dr Nelson know about that new funding arrangement? Did you advise him?

Ms Paul—We did advise him, and we advised him that there was not a funding source.

Mr Burmester—The amount of HEIP funding that went to Flinders for a maths and science school over there was \$518,000.

Senator CARR—Over what length of time?

Mr Burmester—I think it was from 2000 to 2003.

Senator CARR—Did the minister ask you to meet with Professor Pegg?

Dr Mercer—The minister did not ask us; one of his staff asked us to meet with Professor Pegg.

Senator CARR—The minister's office.

Dr Mercer—The minister's office asked us, yes.

Senator CARR—Do you get many requests from the minister's office to meet with academics to give them money?

Dr Mercer—We do get a number of requests to meet with people who have projects to discuss.

Ms Paul—I think we were already aware of Professor Pegg's work.

Dr Mercer—Yes.

Senator CARR—I would be surprised if you were not. It seems half the country was. Were you aware of the arrangements entered into with the Department of Transport and Regional Services concerning the advertisements to be placed in the local newspaper?

Ms Paul—No.

Senator CARR—Mr Burmester, were you aware of the decisions taken at the Council of the University of New England and the subsequent inquiry that followed the placement of those advertisements?

Mr Burmester—No.

Senator CARR—Have you had any discussions with the university about the decisions taken by the council in response to those advertisements?

Mr Burmester—No.

Senator CARR—Is it the custom and practice in this department for universities to engage in party political advertisements about government grants?

Mr Burmester—We were not party to nor had we knowledge of those things. That is a matter for the university.

Senator CARR—But you do not normally require advertisements to be placed acknowledging the work of local members and work of The Nationals or anything like that, do you?

Mr Burmester—No.

Senator CARR—It is not a standard provision in the education department procedures?

Ms Paul—No.

Senator CARR—Are there any other projects supported by The Nationals where there has been a requirement for you to fund? Have there been any other requests for funding from the minister's office that were subsequently funded through Regional Partnerships?

Ms Paul—No.

Senator CARR—I want to ask you about these indexation answers that arrived, as I understand it, yesterday.

Ms Paul—I will say immediately that the due date was only two weeks ago, and there were 166 questions. I am sorry that some came in so close.

Senator CARR—You say that these are complex questions and therefore there are complex answers. It just strikes me that they are politically complex. The detail you provided me with is not especially complex at all.

Ms Paul—Are you talking about the indexation questions?

Senator CARR—Yes.

Ms Paul—I think I mentioned this morning that the reason that these took a while is that the people involved with them are particular experts in this area and we do not have too many of them. They are also the same people who have to do PEFO and MYEFO and the other budget requirements. So I do apologise for it taking a while, but that really was the reason.

Senator CARR—With some of them you have said that you have answered in other places, and I am afraid that is not the case at all. That is why I asked the questions again. I think they are being handled in a rather offhand way. For instance, could you take another look at answer E827, which is about the AGSRC detail? It does not seem to me that you have made a serious effort to address the question. In fact, I might put some detailed questions on notice on that, because the department can do a lot better.

Are you aware of reports in the *Australian* of 2 September last year where the acting vice-chancellor at the time was saying that the university would guarantee all fee-paying domestic students who reach an average mark of at least 75 a HECS place in the subsequent year of study at Melbourne University? Are you aware of that statement, Mr Burmester?

Mr Burmester—I do not recall that particular one. This is about Melbourne University?

Senator CARR—Yes, Melbourne University.

Mr Burmester—I do not remember that particularly.

Senator CARR—I want to know what the effect of such a policy would be if it were applied across the sector. What would it mean in terms of the percentage of full-time students transferring to Commonwealth subsidised places from fee-paying places? Have any estimates been done on that?

Mr Burmester—From what you read out, I understood that we would have to know the proportion of fee-paying students that reached a particular academic achievement before they transferred. We would not have that sort of information to hand. We would have to go to universities and somehow identify what the average academic grades of fee-paying students were.

Senator CARR—I take it that you have had discussions with universities about the new arrangements with regard to fee-paying students and the subsequent transfer of fee-paying places into public places?

Mr Burmester—What new arrangements?

Senator CARR—The new arrangements that have been introduced as a result of the changes to legislation last year.

Mr Burmester—I am not quite sure of the change in arrangements that you are referring to.

Senator CARR—Let me make it more general than that. How many fee-paying students do we have at the moment in the system?

Mr Burmester—The last figure I had I think was the 2003 figure of about 9,000.

Senator CARR—What percentage roughly is that?

Ms Fernandez—In 2003 there were 10,898 fee-paying students, which is less than two per cent of the total domestic undergraduate population.

Senator CARR—I know it is still relatively small. If a significant proportion of that two per cent was to transfer to guaranteed fully funded places, what impact would that have on the provision of fully funded places?

Mr Burmester—The figure of 10,898 is for all students, regardless of where they are in their course. So it would only be a proportion of those, because once they have transferred they are not going to reappear. I do not know what proportion we would be talking about, but it would be less than half of that figure, presumably, in any one year, which is a very small proportion and it will have a very small impact on the availability of HECS places.

Senator CARR—So roughly how many thousand do you think that would be?

Mr Burmester—I am not sure that we have parameters on which to say that. But, if you assume that at any time some proportion transferred, you can work it out. We do not have a handle on what proportion it is or could be.

Senator CARR—You had a review of indexation. That review is under way, is it not?

Mr Burmester—Yes, that is under way.

Senator CARR—It is required under—

Mr Burmester—It is required in the legislation and the government is to respond by April, I believe.

Senator CARR—How many submissions did you receive?

Mr Burmester—We sought and invited a submission from the AVCC in regard to the indexation. I believe one or two others were sent to the minister unsolicited and were passed on to the department.

Senator CARR—Can we have copies of those submissions?

Mr Burmester—I think that is up to the authors of the submissions. I do not know the protocols for that.

Ms Paul—We can check with them.

Senator CARR—Thank you. Is the April date a reporting date or a date for decision by government?

Ms Fernandez—It is for a response by the government. The requirement in the legislation is that the government respond.

Senator CARR—So obviously we can expect the report to be concluded prior to then?

Ms Fernandez—Yes. There is a requirement to do a review—

Senator CARR—On what date do you expect that to happen?

Ms Fernandez—The legislation requires the review to be completed by the end of February.

Senator CARR—Is the government considering additional legislative change to enforce the minister's statement made in January this year concerning the closure of specialist courses at universities?

Mr Burmester—There are no current plans to use legislative provisions to address the concerns that the minister raised at that time. What we are looking at is developing a set of principles which would guide the allocation of places between universities or to protect particular courses that are of national interest, such as language, which was the specific one that initiated the minister's concerns. Then we would work with the university sector to ensure that, using those principles, we could resolve problems within the sector to make sure that small courses were protected and collaborative arrangements were established between universities to ensure their continuation or that restructuring was able to occur in a way that achieved the Commonwealth's goals.

Senator CARR—You are adamant that that will not require legislation?

Mr Burmester—At this stage we have not even considered legislative arrangements. We would just simply do it in the way we have dealt with the sector for a number of years, which is about collaboratively negotiating their load and the delivery of the courses and places that the Commonwealth funds.

Senator CROSSIN—Mr Burmester, would a university lose those student places if they closed a course that the minister wants open?

Mr Burmester—That is part of what we are trying to work out. First of all, we want to establish some principles so the university sector understands the Commonwealth's expectations. Those principles would go to, for example, where a university is considering closure of a course, it would enter into consultations with us to see how that course could be maintained in that city or that state or in collaboration with other universities. It could be that one university could specialise in one aspect of an area and the other university could take over something else. We would then adjust the load accordingly to make sure that that happens. Potentially, it would mean that places would move from one university to another—but not necessarily in all cases.

Senator CARR—We are going to put a lot of questions on notice, but I want to ask about the prudential assurance of the sector. How would you describe the overall current ratio? Has there been a decline or an improvement in the current ratio across the sector?

Mr Burmester—I do not have a comparison of the overall current ratio of the sector. What we have done through the institutional assessment framework is to develop a set of financial indicators which we review for each university. I have not done that on a sector wide basis, although the financial publication that we put out each year would have provided such an overall summary figure. I do not have the comparison between the previous year and the current year.

Senator CARR—Can you take that on notice?

Mr Burmester—Yes, certainly.

Senator CARR—I note the current triennium report tells us that there were eight institutions recording negative operating margins in 2002. Is that the latest available figure?

Mr Burmester—No, the 2003 financial figures have been compiled into the financial publication which was released in about August last year. I think the number was 10 institutions in deficit in 2003.

Senator CARR—What are the 10 institutions?

Ms Fernandez—The ANU, Central Queensland University, the University of Southern Queensland, the Southern Cross University, the University of Newcastle, the Australian Maritime College, the University of Western Sydney, Murdoch University, the University of Notre Dame and the University of Canberra.

Senator CARR—What is the size of each of the deficits?

Ms Fernandez—The operating deficit was \$19.8 million for the ANU, \$4.6 million for Central Queensland University, \$4.6 million for the University of Southern Queensland, \$4.2 million for the Southern Cross University, \$3.8 million for the University of Newcastle, \$1.3 million for the Australian Maritime College, \$1.3 million for the University of Western Sydney, \$1.2 million for Murdoch University, \$0.5 million for the University of Notre Dame, and \$0.3 million for the University of Canberra.

Senator CARR—I am sure the Vice-Chancellor of the ANU would be beating your door down about the fact that the deficit of \$19.8 million there is on an accrual basis. That is right, is it not?

Mr Burmester—Yes. My recollection is that a significant component of that was the result of a re-evaluation of assets or holdings of some kind that fed through to the operating statement. I would have to take that on notice to unpack it.

Senator CARR—Yes, please take that on notice. Senator Mason and I are on the finance committee there and we would be very keen to know why it is that—

Mr Burmester—Perhaps you could tell us the answer.

Senator CARR—I probably could tell you a few things, but it has been put to me in the most strenuous terms that that figure does not reflect the financial position of the university.

Mr Burmester—Certainly we discussed it with the university, and our understanding was that it related to one-off type issues rather than an underlying trend of expenses.

Senator CARR—What is the ANU's capital base? It has cash and investments that would be close to \$800 million, doesn't it?

Mr Burmester—One set of figures that I have here says that it has net assets of over \$1 billion.

Senator CARR—So it is over \$1 billion?

Mr Burmester—Yes. Cash and investments were \$727 million.

Senator CARR—What is its current ratio?

Mr Burmester—I have not got the current ratio here.

Senator CARR—But it would be in excess of the average Group of Eight universities?

Mr Burmester—I would have to check that.

Senator CARR—Would it be close to 1.82, to maybe two?

Mr Burmester—I do not have it here; I cannot recall it. But certainly the ANU was not one of the universities that we believed was in financial difficulty.

Senator CARR—Its research income would probably be three times that of the Group of Eight, pro rata?

Mr Burmester—That is a reflection of the fact that the Institute of Advanced Studies is funded separately.

Senator CARR—Yes, it is all sorts of things. But I am just trying to make the point here that that particular figure does not make a lot of sense. Can you explain to me why other institutions, such as Newcastle university, have had such a sharp deterioration in their financial position?

Mr Burmester—Newcastle university made some public statements this week, indicating that they will probably have a \$28 million deficit this year. That is the fifth deficit in a row for that particular university, so there has been a trend there—they have been running deficits for some time. In that particular case, as was acknowledged by the university at the time they announced the deficit, the fact that the Commonwealth delayed a payment by three or four weeks, from December 2004 to January 2005, had the effect of when the revenue was recorded on their books. That had an impact of about \$13 million, of that \$28 million. So they have an underlying deficit of some \$15 million.

Senator CARR—They had a deficit back in 1999-2000 of \$8.7 million.

Mr Burmester—Yes, and it has been tracking down. I think they got it down to two-point-something million dollars one year, it was up to \$3½ million last year and the current one is about \$15 million. The vice-chancellor also said that some part of that \$15 million—I think it was an \$8 million component—related to undervaluation or underprovisioning for some of their liabilities, such as leave provisions, super and so on. That suggests that the books have had a closer scrutiny this year, and he has made some adjustments to the level of provisioning that he is comfortable with, within the university's accounts.

Senator CARR—Cash and investments have been in decline for a while too, haven't they?

Mr Burmester—Yes, they have been declining. I do not have the specific details.

Senator CARR—What is their current ratio? Isn't that a more serious and more robust measure of their financial situation?

Mr Burmester—It is one of the measures we use. We use a range of financial indicators to review each university. The current ratio is one of them. In 2003 they had a current ratio of 1.4, according to my figures here.

Senator CARR—Are you sure that is right?

Mr Burmester—No, I think I am looking at the wrong one. I cannot read it from this table.

Senator CARR—But their deficit has increased since then. Would it be as low as 1.2?

Mr Burmester—I think I am reading the right figure. The current ratio for Newcastle for 2003 was 1.38 compared to the average across all institutions in Australia of 1.66.

Senator CARR—So that is on the underlying deficit of \$15 million?

Mr Burmester—No, this is in regard to their 2003 financial statements which only gave a deficit of about \$3½ million. They have certainly deteriorated since that point.

Senator CARR—That is exactly my point. If it was 1.3 at \$3.8 million, an underlying deficit of \$15 million, taking into account the effects of the late payment from the department—if I understood your evidence correctly—would have to put the ratio much closer to 1.2 or even less, would it not?

Mr Burmester—Without calculating I would be guessing, but that would be the right direction it would be moving.

Senator CARR—I am not a mathematician but it strikes me that it is somewhere in that vicinity. The standard provision within the sector is that a current ratio of less than one per cent flags a potential liquidity risk. They are moving towards that, aren't they?

Mr Burmester—Certainly the vice-chancellor was careful to point out that the university has some serious financial issues that it has to deal with. He was not underscoring the fact that the university is facing pretty tough circumstances.

Senator CARR—They have cash and investments of less than \$100 million compared to the ANU, which we have just discussed, which has cash and investments of just under \$800 million. So their asset base is substantially less.

Mr Burmester—Yes. They do not have any borrowings at the moment, which is one factor that is helpful to keep in mind.

Senator CARR—Absolutely, and they have not had any borrowings throughout the decade. But the fact remains that their financial position has been deteriorating for four years now.

Mr Burmester—That is right.

Senator CARR—What in the current package of measures can the University of Newcastle look to to assist them to get out of this downward spiral?

Mr Burmester—First of all they received a significant share of the new places going to New South Wales. So they will certainly get an increase in revenue from those funded places. The council at the university also increased HECS, as they can do under the new arrangements. I believe that is going to provide \$16 million or a figure of that order.

Senator CARR—That is by increasing HECS charges?

Mr Burmester—Yes, I believe that is how they derive that figure. So there are some increases in revenue coming to the university as a result of the changes in the arrangements. But again the vice-chancellor pointed out he also has wage increases coming through as a result of the certified agreement that the university is operating under.

Senator CARR—Which is standard across the sector. There is nothing special about that, is there? You are not asking people to work for less at this institution, are you?

Mr Burmester—It is the timing of that increase. Some universities have come to the end of their current certified agreement and are renegotiating whereas Newcastle has still got some pay increases to be paid under it, so that will be another direct increase in their costs—

Senator CARR—The ANU has just rolled over theirs with increases built in. That is not an uncommon situation either.

Mr Burmester—I am just pointing out that it is not just a matter of increasing revenue; there are locked-in cost increases as well in regard to this university.

Senator CARR—Yes. The increase in expenses has been a sector wide problem throughout the last four years, and expenses have increased more quickly than revenue. That is not an uncommon position, is it?

Mr Burmester—Yes, that would be a summary of the trend across the sector.

Senator CARR—That would a fair summary from the answers you have given me for the four years.

Mr Burmester—Yes.

Senator CARR—Staff costs have been pretty consistent across the universities? Are they particularly high at this university?

Mr Burmester—No, I would not have thought so. I do not believe that is the case. What I was referring to was the timing of the increase.

Senator CARR—And if you look at other measures, is the international national student income increasing? It used to be around 15 per cent. Is it still about that level?

Mr Burmester—I have not checked Newcastle's experience with overseas students. I believe that a number of universities had fairly optimistic assumptions in their budgets about future growth.

Senator CARR—They did.

Mr Burmester—Over the whole sector the trend has come off the growth rates of the past.

Senator CARR—That is right. It is about six points down, isn't it?

Mr Burmester—That is right.

Senator CARR—So they cannot look to international students to slug to get the increased money. Is their research income improving?

Mr Burmester—Newcastle does pretty well on research overall.

Senator CARR—Yes but it is not necessarily improving, is it?

Mr Burmester—I would not have thought so but I think they are about 10th in research performance and revenue in the sector.

Senator CARR—They are better than the group average, I agree, but it is only at sector average. That is the way it has been for a while, isn't it?

Mr Burmester—In terms of increase in research revenue?

Senator CARR—Their comparative research performance is at about the average for the sector.

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

Senator CARR—If you look at their research load, they are a little better, that is true. In terms of higher degree research load they are a little better. I am just trying to find the bright spot for this university and I cannot see it. Would this be the worst of the institutions at the moment in terms of the pressure that is on financially?

Mr Burmester—We have not seen all the accounts for 2004. Ten universities ran deficits in 2003. There will be an increased number for 2004. In some cases that will simply be the result of the accounting treatment of our delayed payment. I am not sure how other universities are going. Some other universities have indicated severe financial pressure this year, including RMIT. We have had several meetings in the course of the year with the management of that university. We have had discussions with the University of Western Sydney as well. So there are a number who have indicated that there are financial pressures on the institutions. Newcastle are the first to give us their final likely outcome for 2004.

Senator CARR—As I read it, in 2000 there were 10 institutions running deficits. That was the highest on record, wasn't it?

Mr Burmester—I do not know but it is certainly up from the previous year.

Senator CARR—I know; I have it in front of me, so I am not too far from the truth. That is back to 1993 and the figures do not go much further. We are back to the highest level on record of institutions in deficit.

Ms Fernandez—There was the same number in 2000.

Senator CARR—That is what I am saying: we are back to that. That is the highest level on record. Is the aggregate amount the highest on record as well, if we go across the sector? It would have to be close to it, wouldn't it?

Ms Fernandez—I do not have that figure. I would have to add it all up.

Senator CARR—And the operating margin may not be the lowest it has ever been but it is going down, isn't it? It went from 4.6 to 4.3 in 2002. What was it in 2003?

Ms Fernandez—I do not have the operating margin.

Senator CARR—The point I am making to you is that on the evidence that is available the system is actually quite weak—it is deteriorating.

Mr Burmester—The figures that we have got across the board are 2003 figures. We do not know yet the results across the board from 2004, but from 2005 the government's increased funding through Backing Australia's Future and the ability to increase HECS will certainly increase the resources flowing to the university sector from an operating point of view. Equally, there are increases in research funding to the sector. So I think you have got to consider that as well as the results from 2003 in that in 2005 there is a significant increase in revenue flowing into the sector.

Senator CARR—We will have a look at the operating margins then, because the expenses are also increasing, aren't they?

Mr Burmester—That could well be the case, through cost pressures and wage rises and so on.

Senator CARR—We have mentioned the situation in Newcastle. Western Sydney appears to have deteriorated quite significantly. RMIT has deteriorated and central Queensland has deteriorated. That is right, isn't it?

Mr Burmester—They would be on my list.

Senator CARR—Has Western Australia deteriorated?

Mr Burmester—I think Western Australia would be more similar to the ANU in that it has got a very strong financial basis.

Senator CARR—I think a Group of Eight university is in a different category. Has the Maritime College's position improved?

Mr Burmester—The issue with the Maritime College is that for a very small institution they have very high capital costs. So with the depreciation figure that they have in their accounts it is difficult for such a small organisation which is capital intensive not to have an operating deficit. I think their position is actually stable; I do not think it has deteriorated.

Senator CARR—What about the Northern Territory and Charles Darwin University?

Mr Burmester—Again, I have not got the details for that university.

Senator CARR—They had some accounts which were pretty generous. There was a decrease in the value of interest in joint ventures and other arrangements and it still had a deficit of 8.6 in 2002. What is it in 2003? Are you able to help me with that?

Ms Fernandez—We do not have it.

Senator CARR—What I would like is a list of all those institutions in deficit for 2003 and the amount. I will put some other questions on notice to update some other tables. I will ask for some additional information about Charles Darwin on notice. There is a lawsuit for damages against VUT for \$48 million. Have you had any discussions with VUT about that?

Mr Burmester—I have a vague recollection of it. Is this an intellectual property matter?

Senator CARR—Yes, this is a software company.

Mr Burmester—Yes, we are aware of that, but it is in the hands of the court to determine.

Senator CARR—There has been no resolution of that matter?

Mr Burmester—Not as far as I know. We have not been advised that the matter has been concluded in any way.

Senator CARR—I thought the Supreme Court had already found in favour of iP3 Systems in February 2004.

Mr Burmester—As far as I know, there were still legal proceedings in that matter and it had not been resolved.

Senator CARR—Can you take that on notice?

Mr Burmester—Yes.

Senator CARR—I do not want to ask you about matters that are before the courts. I am interested in whether there have been any discussions about contingency plans, any proposals for an advance on the operating grant or any forms of loans or emergency assistance under the structural adjustment packages or any other funds that are available, should the university be required to call upon the Commonwealth. Can you help me with that?

Mr Burmester—We will take that on notice.

Ms Fernandez—The answer to the question on Charles Darwin University is that Charles Darwin was not in deficit in 2003. It had a positive operating result of 4.2.

Senator CARR—So it is up 4.2.

Ms Fernandez—Yes.

Senator CARR—I will put some questions on notice relating to other matters on sector-wide finances. I will put the rest of my questions on notice. Thank you very much.

ACTING CHAIR—Thank you, ladies and gentlemen.

[9.52 p.m.]

International Education Group

Senator CARR—I welcome the officers. Dr Jarvie, do you have a current percentage figure for international student commencements?

Dr Jarvie—The full 2004 figures have just been made available, and I am just looking for the commencements now. Total enrolments grew by 5.9 per cent to 322,776.

Senator CARR—Sorry, what was the figure for enrolments?

Dr Jarvie—There was an increase in enrolments of 5.9 per cent in 2004 and they now total 322,776. Commencements were 176,285.

Senator CARR—What is the growth rate?

Dr Jarvie—That was up by 3.4 per cent.

Senator CARR—I saw in the *Australian* a statement by the minister's office that:

The downturn in the international student applications is not however reflected in the Australian education international current market indicators, which continue to grow with a steady growth in higher education international student enrolments of 12.6 per cent and commencements at 7.9 per cent.

That does not seem to fit with the figures you have just given me—or have I misunderstood you?

Dr Jarvie—When were those figures released?

Senator CARR—In August 2004.

Dr Jarvie—They would not have been for the complete year.

Ms Buffinton—As far as higher education specifically, the growth in higher education enrolments for 2004 was 11½ per cent.

Senator CARR—I see what we have got—we have got totals versus higher education.

Ms Buffinton—Yes, that was the total for all sectors. Commencements had a growth of 7.2 per cent.

Senator CARR—So it is still lower than what was claimed in 2004?

Ms Buffinton—But still a fairly healthy 11½ per cent.

Senator CARR—That is fine. So that is for higher education only?

Ms Buffinton—That is correct.

Senator CARR—I have a question on student visa cancellation rates with regard to individual providers. Can you tell me why it is that James Cook University has a 17 per cent student visa cancellation rate but the University of New South Wales has only a two per cent cancellation rate?

Ms Laker—I am not sure where those percentage rates came from, but there are a number of reasons for student visa cancellations—

Senator CARR—They come from DIMIA, to tell you the truth.

Ms Laker—I know that the numbers come from DIMIA, but I am not quite sure about the actual percentages. I have not seen those. There are a number of reasons that student visas will be cancelled. Those questions could perhaps be directed to DIMIA. They have advised us that the reasons for student visa cancellations include that students may choose not to study here in Australia, they may complete the course early or they may have their visa cancelled because of action taken by DIMIA.

Senator CARR—But a question arises as to why there is such a discrepancy between institutions. If those factors were applied, surely they would apply consistently across the sector and therefore would not be a variation of between 17 per cent and two per cent.

Ms Laker—It can also be partly related to the source countries that the providers are getting their students from. That would make a difference.

Senator CARR—That brings me back to you. What role do you have in investigating the high level of cancellation rates for certain universities? I notice that QUT, James Cook, Central Queensland and Murdoch have very high cancellation rates. Have you undertaken any investigations into why those universities have such high cancellation rates?

Ms Laker—No. I am aware that they may have large numbers of student visa cancellations, but I have not looked at the percentages of their enrolments. We have not looked specifically at that. However, visa cancellations is one factor that we may take into account when we look at providers.

Dr Jarvie—I think you raised this with us last time.

Senator CARR—And I will continue to raise it with you until I get an answer.

Dr Jarvie—We did follow up on that issue and our officers talked to DIMIA and looked into the sorts of reasons that there are cancellations. What came out of the discussion was that there was not any systematic relationship as far as they could see.

Senator CARR—I previously drew your attention to the case of Bridge Business College and flexible attendance arrangements, which I suggest are in breach of the law. That is where

you attend one day a week as a flexible attendance requirement. What action have you taken on that?

Ms Laker—We are aware of those allegations. We have conducted investigations into Bridge Business College's attendance recording, their reporting mechanisms and the systems they use to record attendance. There is no evidence of a breach of the ESOS act in recording attendance or reporting on students' attendance.

Senator CARR—Was that as a result of a monitoring visit?

Ms Laker—Yes. We have undertaken a number of monitoring visits.

Senator CARR—Have you undertaken any compliance visits to Sydney Business and Travel Academy or are you relying on DIMIA's investigations?

Ms Laker—We hold no evidence at the moment that the provider is in breach of the ESOS act.

Senator CARR—Is it true that DIMIA undertook investigations on compliance issues at the Sydney Business and Travel Academy?

Ms Laker—That is correct.

Senator CARR—Were compliance issues raised in their investigation?

Ms Laker—Not in relation to the provider's obligations under the ESOS act.

Senator CARR—So they were in regard to immigration and visa matters?

Ms Laker—That is correct.

Senator CARR—It has been customary practice in recent estimates for you simply to provide me with a table of enforcement actions that you have taken. Are you able to do that tonight? It would save me a lot of mucking around.

Ms Laker—Yes.

Senator CARR—Will there be further action taken on the discussion paper, *Options for regulating migration agents overseas and the immigration related activities of education agents*?

Mr Zanderigo—Yes. The discussion paper process that DIMIA has been managing will move into another phase in the next month or so. I believe they have digested all of the submissions they have received and they anticipate now canvassing with the industry a number of more concrete options for regulating the behaviour of education agents who are their clients.

Senator CARR—I am sorry; I am having a bit of trouble following what you are going to do. What are you actually going to do?

Mr Zanderigo—This is a process that DIMIA is managing. We are working with them. They are moving into a further consultation phase with the industry on the more concrete options flowing from their discussion paper.

Senator CARR—Does that mean registration of education agents?

Mr Zanderigo—That option has been canvassed, but there is no decision at this stage on what the government might do in that area.

Senator CARR—What are the other options?

Mr Zanderigo—There are options relating to regulating and conditioning the behaviour of agents through allowing them conditional access to new visa processing systems. There is a strong incentive—

Senator CARR—You are going to open it up to them?

Mr Zanderigo—No. Only agents who have good compliance profiles would be able to have the benefit of the new processing systems that DIMIA is considering.

Senator CARR—You have registration of providers. There has been a series of problems with education agents that are currently unregistered and unregulated, and the proposal is to broaden out their opportunities to have access to the visa system?

Mr Zanderigo—Only if they show a good compliance record. Those that do not will be locked out.

Senator CARR—Why don't you register them?

Mr Zanderigo—This is a matter that DIMIA is investigating at the moment in terms of—

Senator CARR—I know that you like to blame DIMIA for this, but what is the education department's view? Do you think registration is required?

Mr Zanderigo—We do not have a position on that at the moment.

Senator CARR—That is a change—I always got the impression that the education department actually resisted registration—

Mr Zanderigo—No, I do not believe that is correct.

Senator CARR—because it is an infringement on the market and that sort of stuff.

Mr Zanderigo—No.

Senator CARR—So you are neutral on the question of registration?

Mr Zanderigo—No, we are open-minded about it.

Senator CARR—I hope the DIMIA officers find that encouraging. Is Shafston college, in Brisbane, registered on CRICOS?

Ms Laker—Yes.

Senator CARR—Was it suspended in April 2004, following the scandal involving the proprietor—that is, the sexual impropriety allegation?

Ms Laker—No, Shafston college was not suspended at that time.

Senator CARR—You did not suspend them, or was it the case that the Queensland department of education imposed conditions on their accreditation?

Ms Laker—Not that I am aware of.

Senator CARR—I can see what has happened here. Could you make inquiries as to the current standing of Shafston's accreditation with the Queensland government and whether any

action was taken by the Queensland government following events surrounding international students and allegations of abuse by the proprietor in April 2004.

Ms Laker—There certainly was action taken by the Queensland department. They took legal action through the Magistrates Court.

Senator CARR—You did not take any action?

Ms Laker—No. In the circumstances of this case it was entirely appropriate that Queensland took that action.

Senator CARR—Can the fit and proper persons test be applied in those circumstances?

Ms Laker—The fit and proper persons test applies at the point of registration.

Senator CARR—Even though it may well be a matter before the courts, and the courts find against a proprietor, there is no action that the Commonwealth can take on the fit and proper persons test after the registration?

Ms Laker—That is correct. However, the individuals involved are no longer associated with the college.

Senator CARR—There are new proprietors?

Ms Laker—Not new proprietors, but those individuals have stepped down from any official positions that they held with the college.

Senator CARR—But they still own the college?

Ms Laker—As far as we are aware. I do not have any information about the ownership of the college.

Senator CARR—You are saying they do not come into contact with students?

Ms Laker—That is correct.

Senator CARR—Do you think this event highlights the need for some changes in the act? Is the department aware of any deficiencies in the fit and proper persons test?

Dr Jarvie—As you know, an evaluation of the ESOS Act is currently under way. It is an independent evaluation and a whole range of issues are being considered as part of that evaluation.

Senator CARR—When will that evaluation be completed?

Ms Buffinton—By way of submission at the end of this month.

Senator CARR—When will the report be concluded?

Ms Buffinton—The report from the independent consultants will be concluded at the end of February.

Senator CARR—The consultants' report then goes through the department to the minister, does it?

Ms Buffinton—That is correct.

Senator CARR—Will it be publicly available?

Ms Buffinton—Ultimately, that will be the minister's decision.

Senator CARR—You can take it as read that I have made a request to have a look at the report when it is available.

Senator CROSSIN—Who are the consultants who will be undertaking that review?

Ms Buffinton—Phillips KPA.

Senator CROSSIN—Do you have contact details for those people?

Ms Buffinton—We certainly can supply the contact details.

Senator CROSSIN—I understand that perhaps a decision has not been made because the review has not been concluded, but has any consideration been given in the review of the ESOS Act regarding the position of Christmas Island High School?

Ms Buffinton—Until we formally receive the report we do not know. But certainly Christmas Island and the Western Australian government, as I understand, are part of the submission process. The consultants received over 60 submissions. I think they have made some form of submission on Christmas Island.

Senator CROSSIN—So the Christmas Island Shire Council, the high school or both?

Ms Buffinton—I do not know—until the report comes in. Those submissions were to the consultants not to us.

Senator CARR—In terms of this enforcement action, there were 14 suspensions in 2004-05. Have any of those that were suspended been subsequently reregistered?

Ms Laker—Could I make a few comments about the format of the table. We have tried to make some improvements to it to make it a little more user-friendly and readable. The ‘notice of intention to act on registration’ section is where we have issued a notice on a provider asking for them to basically show cause as to why we should not take action. That is where the 14 notices of intention were issued. However, that translated to having no suspensions, which means providers were able to satisfy us that they had become compliant. There was in that case only one cancellation. I also note that we are now reporting to you on a financial year basis. So this table we have given to you only covers up to 20 January this year—so about six months of the financial year. The previous tables we had given to you were simply a cumulative total from the beginning of the operation of the ESOS Act 2000.

Senator CARR—I will obviously need a cumulative table at the end of a financial year. I would not mind seeing just how the act is working since the changes. You say you have cancelled one college. Is that Wings Air?

Ms Laker—That is correct.

Senator CARR—And that was for a breach of the ESOS Act?

Ms Laker—That is correct.

Senator CARR—What was the nature of the breach?

Ms Laker—There were a number of breaches. They involved a failure in the first instance to comply with one of our production notices—that is a compulsory notice that they must supply information. We also took the action on the basis that they were not a member of a

tuition assurance scheme, which is a requirement, and we assessed them as being in some financial difficulty.

Senator CARR—What state are they in?

Ms Laker—Victoria.

Senator CARR—How many students do they have?

Ms Laker—Three.

Senator CARR—Tiny. I take it they were selling air services.

Ms Laker—Yes.

Senator CARR—Attachment C is for the financial year to 1 February.

Ms Laker—Yes. All of these tables have now been rejigged to give you a financial year total.

Senator CARR—So there were six suspensions in New South Wales. Is that right?

Ms Laker—That is six suspensions undertaken by the New South Wales state government.

Senator CARR—Do you have a list of those?

Ms Laker—No, but we could supply that to you.

Senator CARR—Can you give me the reasons for the suspensions? I see there are four in Victoria.

Ms Laker—We can request those from the state government, certainly.

Senator CARR—But you should know that, shouldn't you, if the national registration system is working?

Ms Laker—No. The actual suspension that has been undertaken by the state is notified to us, and we subsequently can undertake an automatic suspension from CRICOS on the basis of that.

Senator CARR—Sure, but you must keep records as to why people are suspended, because they may want to reapply.

Ms Laker—That is correct. That would be taken into account if they did seek reregistration. But when a state undertakes a suspension or a cancellation action, they provide us with that information. The amount of detail that they provide us with at that time about the reason they took that action varies.

Senator CARR—Sure, but you must have a reason. It may only be short.

Ms Laker—We can certainly supply that information.

Senator CARR—I appreciate that. I think I can put the rest of my questions on notice.

Ms Buffinton—This morning I understand that you were asking about the APEC Architect program and DEST's involvement and who Miss Fisher was. APEC has a number of working groups. In the APEC Human Resources Development Working Group, DEST is the lead agency for the Australian government. They have been looking, over the years, at a number of professional recognition issues and the current issue is architects. Various economies take a

lead in each of these working groups and over the last couple of years Australia was the lead economy in that particular architect working group. So that is why we are involved with that working group. APEC Architect was funded through the Professional Services Development Program. The aim of the program is to facilitate the internationalisation of education and the recognition of professional qualifications.

There was a three-stage process to the contract. The first stage in August 2001 was a standard procurement contract. Then there was the major part of the contract where it went via a request for tender. At the third stage to that there was an exemption for the minimum procurement standards based on pre-eminent expertise of the consultant. You also asked this morning who Miss Fisher was. She is a qualified architect. She has practised in Melbourne, Canberra and New York and runs her own private practice. She has been professionally involved in recognition bodies and various registration boards both in the UK and Australia. She takes a particular interest in accreditation. Her proposal was the best value for money, given her pre-eminent expertise.

Senator CARR—Was it a single person tender or was it an open tender?

Ms Buffinton—The request for tender in terms of the response was—

Ms Paul—Stage 1 was written quotes—

Ms Buffinton—That was three quotes and then the open tender—

Ms Paul—Stage 2 was a request for tender and with stage 3 they must have just used Miss Fisher I would say—

Senator CARR—You say it is best value for money and it is a single nominee tender.

Ms Paul—I presume she went through the tender process.

Senator CARR—For the first stage?

Ms Laker—For the first stage it was three quotes.

Senator CARR—What was the total value of the contract in three stages?

Ms Buffinton—Just over \$310,000.

Senator CARR—But she only faced open tender in the first stage?

Ms Buffinton—No, the first stage was three quotes and the second one was on a request for tender basis—

Senator CARR—What does ‘request for tender’ mean—that she was asked to tender?

Ms Buffinton—Open tender.

Senator CARR—Thank you very much.

ACTING CHAIR—There being no further questions the committee stands adjourned until 9 a.m. tomorrow.

Committee adjourned at 10.18 p.m.