



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION
LEGISLATION COMMITTEE

ESTIMATES

(Budget Estimates)

THURSDAY, 2 JUNE 2005

CANBERRA

BY AUTHORITY OF THE SENATE

INTERNET

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

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

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

SENATE
EMPLOYMENT, WORKPLACE RELATIONS,
AND EDUCATION LEGISLATION COMMITTEE

Thursday, 2 June 2005

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

Senators in attendance: Senators Barnett, Carr, Crossin, Johnston, Troeth and Wong

Committee met at 9.06 am

EDUCATION, SCIENCE AND TRAINING PORTFOLIO

Consideration resumed from 1 June 2005.

In Attendance

Senator Colbeck, Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry

Department of Science, Education and Training

Cross Portfolio

Ms Lisa Paul, Secretary

Dr Wendy Jarvie, Deputy Secretary

Mr Grahame Cook, Deputy Secretary

Mr Bill Burmester, Deputy Secretary

Mr Jim Davidson, Deputy Secretary

Mr Craig Storen, Chief Finance Officer, Finance Branch

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

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

Mr Ewen McDonald, Group Manager, Corporate Strategy Group

Mr Arthur Townsend, Group Manager, Strategic Analysis and Evaluation Group

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

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

Ms Carol Brain, Branch Manager, Business Performance Improvement Branch, Corporate Strategy Group

Mr Greg Cox, Director Web Services, Design and Multimedia, Corporate Strategy Group

Mr Tony Kwan, Chief Information Officer, Information Services Group

Strategic Analysis and Evaluation Group

Ms Lisa Paul, Secretary

Dr Wendy Jarvie, Deputy Secretary

Mr Grahame Cook, Deputy Secretary

Mr Bill Burmester, Deputy Secretary

Ms Jessie Borthwick, Group Manager, Science Group
Mr Arthur Townsend, 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
Ms Susan Bennett, Acting Branch Manager, Student Income Support, Strategic Analysis and Evaluation Group
Mr Paul Balnaves, Director, Demographics and Lifelong Learning Section, Strategic Analysis and Evaluation Group
Ms Anne Gregory, Director, Economic and Growth Analysis Section, Strategic Analysis and Evaluation Group
Ms Maureen Maclachlan, Director, Higher Education Analysis Section, Strategic Analysis and Evaluation Group
Ms Anne Broadbent, Higher Education Analysis Section, Strategic Analysis and Evaluation Group

Science Group

Ms Lisa Paul, Secretary
Mr Grahame Cook, Deputy Secretary
Ms Jessie Borthwick, Group Manager, Science Group
Mr Colin Walters, Group Manager, Higher Education Group
Mr Steve Irwin, Branch Manager, Science and Technology Policy Branch, Science Group
Ms Sara Cowan, Branch Manager, International Science Branch, Science Group
Ms Cathy McKay, Acting Branch Manager, Science Programmes Branch, Science Group
Mr Patrick Davoren, Director, Radioactive Waste Management Section, Science Group

Higher Education Group

Ms Lisa Paul, Secretary
Dr Wendy Jarvie, Deputy Secretary
Mr Bill Burmester, Deputy Secretary
Mr Colin Walters, Group Manager, Higher Education Group
Ms Lois Sparkes, Branch Manager Quality Branch, Higher Education Group
Mr Rod Manns, Branch Manager, Funding and Student Support Branch, Higher Education Group
Ms Anne Baly, Branch Manager, Teaching, Equity and Collaboration Branch, Higher Education Group

Innovation and Research Systems Group

Ms Lisa Paul, Secretary
Mr Grahame Cook, Deputy Secretary
Dr Evan Arthur, Group Manager, Innovation and Research Systems Group
Ms Leanne Harvey, Branch Manager, Research Systems Branch, Innovation and Research Group
Ms Anne-Marie Lansdown, Branch Manager, Innovation and Research Branch, Innovation and Research Group

National Training Directions Group

Ms Lisa Paul, Secretary

Mr Jim Davidson, Deputy Secretary

Ms Aurora Andruska, Group Manager, National Training Directions Group

Mr Ben Johnson, Branch Manager, New Apprenticeships Services Branch, National Training Directions Group

Mr Craig Robertson, Branch Manager, Funding and Performance Branch, National Training Directions Group

Ms Linda White, Acting Branch Manager, New Apprenticeships Policy and Programmes Branch, National Training Directions Group

Ms Stella Morahan, Acting Branch Manager, Strategic Directions and Infrastructure Branch, National Training Directions Group

Industry Skills Development Group

Ms Lisa Paul, Secretary

Mr Jim Davidson, Deputy Secretary

Ms Rebecca Cross, Acting Group Manager, Industry Skills Development Group

Ms Robyn Calder, Branch Manager, Skills Branch, Industry Skills Development Group

Ms Robyn Priddle, Acting Branch Manager, Client Engagement Branch, Industry Skills Development Group

Ms Catherine Vandermark, Acting Branch Manager, Quality Branch, Industry Skills Development Group

Mr Murray Kimber, Acting Branch Manager, Technology and Information Services Branch, Industry Skills Development Group

Indigenous and Transitions Group

Ms Lisa Paul, Secretary

Dr Wendy Jarvie, Deputy Secretary

Mr Bill Burmester, Deputy Secretary

Mr Tony Greer, Group Manager, Indigenous and Transitions Group

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

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

Ms Susan Smith, Branch Manager, Indigenous Education Policy Branch, Indigenous and Transitions Group

Ms Marg Sykes, Acting Branch Manager, Enterprise & Career Development Branch, Indigenous and Transitions Group

Schools Resourcing Group

Ms Lisa Paul, Secretary

Mr Bill Burmester, Deputy Secretary

Mr Chris Evans, Group Manager, Schools Group

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

Ms Mary Johnston, Branch Manager, Australian Technical Colleges Branch, Schools Group

Ms Christine Dacey, Branch Manager, Schools Resourcing and Infrastructure

Schools Outcomes Group

Dr Trish Mercer, Acting Group Manager

Mr Noel Simpson, Acting Branch Manager Quality Schooling

Ms Di Weddell, Branch Manager Literacy Taskforce

International Education Group

Ms Lisa Paul, Secretary

Dr Wendy Jarvie, Deputy Secretary

Ms Fiona Buffinton, Group Manager, International Education Group

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

Ms Shelagh Whittleston, Branch Manager, International Cooperation Branch, International Education Group

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

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

Australian National Training Authority (ANTA)

Mr Paul Byrne, Interim Chief Executive Officer

Ms Kareena Arthy, Director, Strategic, Planning and Reporting

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

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

Australian Research Council (ARC)

Prof Peter Hoj, Chief Executive Officer

Mr Greg Harper, Deputy Chief Executive Officer

Mr Len Marsden, Chief Operating Officer

Dr Stephen Walker, Executive Director, Disciplines and Programs Branch

[9.06 am]

Department of Education, Science and Training

CHAIR (Senator Troeth)—I welcome the officers from the Department of Education, Science and Training. The committee has fixed Friday, 22 July as the date for the submission by the department of written answers to questions on notice. I remind participants that oral evidence and documents in estimates proceedings are part of the public record. The committee has completed issues relating to cross-portfolio, the science agencies and the Science Group. We will now continue questioning the Schools Group, followed by ANTA and the VET group, the Higher Education Group, the Innovation and Research Systems Group, and the International Education Group.

Ms Paul—May I will let you know what documents we have brought to table in response to questions from yesterday?

CHAIR—Yes.

Ms Paul—We have the organisation chart, which I mentioned yesterday morning; we have the list of consultations for the technical colleges; we have the DEST contract template; and we also have the literacy and numeracy scores that we were discussing last night.

CHAIR—Thank you for that.

Ms Paul—I am sorry, but I gather that we do not have the contract yet, but we will get it through the day.

CHAIR—Thank you.

Senator CARR—Let us go to the national curriculum and the Australian Certificate of Education proposal that the Commonwealth is seeking to proceed with. At the last estimates we discussed the proposition that the department was calling for a consultancy to work on this matter. What progress has been made on the appointment of a consultant?

Dr Mercer—Last estimates we advised you that we were going out to tender. We went out to tender in March to seek proposals from suitably experienced organisations to assess the options and advise on implementation arrangements for the Australian Certificate of Education. We then undertook a selection tender panel on the exercise, and the Australian Council for Educational Research was successful and has been selected to undertake the work.

Senator CARR—What is the price of the consultancy?

Dr Mercer—The price of the consultancy is \$325,850.

Senator CARR—When will that report?

Dr Mercer—We expect ACER to finalise their report towards the end of the year.

Senator CARR—What are the terms of reference for the consultancy?

Dr Mercer—They are very similar to what I advised you of last time. We have asked ACER to analyse the existing senior secondary certificate arrangements, assess their standard and appropriateness and then analyse or assess a range of options for introducing the ACE. Options would include a national certificate as an alternative to the existing state based certificates, a national certificate which could evolve from those state base certificates, a certificate which would be a general aptitude test similar to that used in United States and a certificate modelled on the international baccalaureate. We have also asked that they propose implementation steps for introducing such a certificate. We are also requiring them to seek the views of all key stakeholders, such as government and non-government school authorities, curriculum and assessment authorities, tertiary administered admission centres, parent organisations, school principals and teacher professional bodies.

Senator CARR—Will it be by way of public submissions at all or will it just be private discussions?

Dr Mercer—We have discussed with ACER a process whereby they will undertake consultations in all states and territories. They would do that by both talking to individuals such as the heads of the curriculum authorities and pulling together groups of key stakeholders in meetings. Also, through their web site, there is an opportunity for anyone who has a view or interest to connect with ACER. A little later in the year, in October, we plan to

hold a conference on the Australian certificate of education. Obviously, that would have an invitation list, but again it would be aimed at all of the key stakeholder groups.

Senator CARR—Will the question of costs of running each of these options be considered as part of the consultancy?

Dr Mercer—We are not asking them to attempt to cost that in great detail, but, obviously, as part of the implementation steps, such issues would come out.

Senator CARR—I would have thought that the cost was a pretty serious issue and central question.

Dr Mercer—Certainly it is a very complex area.

Senator CARR—But the actual cost of implementation surely would be a central issue?

Dr Mercer—It would obviously depend on the option too. If it were to evolve from state based certificates, that would be quite different. If it were to involve an aptitude test to be run as a national test across the country, there would obviously be a significant cost issue involved there.

Senator CARR—Did I hear you say that there was a question of examining the appropriateness of the existing qualifications?

Dr Mercer—We have asked them to look at the differing standards and requirements of the different certificates.

Senator CARR—Are ‘standards and appropriateness’ the words used?

Dr Mercer—Yes, they are the words used. We have asked them to examine exactly how the certificates function at the moment and any issues around that—for example, how they can be compared for the purposes of tertiary admission.

Senator CARR—How will you measure appropriateness?

Dr Mercer—I think it is a general term and involves testing with stakeholders the views of key stakeholders on how appropriate each senior secondary certificate is. For example, they may test with employer groups how appropriate it is to their needs in terms of their understanding from the documents of what the skills and aptitudes of potential employees are.

Senator CARR—Will the submissions be published?

Dr Mercer—Are you asking if any submissions to ACER will be published?

Senator CARR—Yes.

Dr Mercer—We would not expect that. We have assumed that organisations will be able to provide those to ACER directly.

Senator CARR—Yes, but is it the intention of—

Dr Mercer—It is not a public inquiry as such.

Senator CARR—But it is not secret, surely?

Dr Mercer—No, not at all. If any organisation wants to provide information they can. We would certainly imagine that the conference will be an opportunity for a lot of the information that has been gathered to be presented.

Ms Paul—ACER may have its own interest in publishing the submissions on its web site. It would be fine by us if they wish to do that.

Senator CARR—I would have thought that, given the controversial nature of this proposal—

Ms Paul—Yes, it would be handy.

Senator CARR—and if it is to work—

Dr Mercer—Yes, it could be helpful and it would help inform that conference and so on.

Senator CARR—Do you have any support from any of the states for this proposal?

Dr Mercer—The curriculum authorities who meet together—the Australian Curriculum Organisation—have certainly been working for some time themselves towards comparing their own certificates. Certainly they have expressed interest in being kept very closely informed and involved in the process.

Senator CARR—Would you translate that to mean that they support the proposal?

Dr Mercer—I would say that at the moment each state and territory considers that its own certificate suits its purposes. What we are attempting to present is the national interest and to see if there are any issues there—for example, for when students are mobile, for employer groups, who obviously are often looking at certificates coming from different states and territories.

Senator CARR—So I take it the answer is no.

Dr Mercer—The states and territories have certainly made their views plain, particularly following the last MCEETYA meeting. It is quite clear and on the record that they do not see the need for a national certificate. But of course they should be aware—

Senator CARR—That is what I was looking towards. Did one of them describe it as a waste of money?

Dr Mercer—I do not have that with me.

Senator CARR—I recall that it was the South Australian minister. Would that be right?

Dr Mercer—One may well have done that. At the same time, you would be aware that they have all worked towards being able to call and compare these certificates as an Australian senior secondary certificate themselves.

Senator CARR—Yes. ‘Australian’ is one of those great abused words, isn’t it? Have you got any research on the level of mobility of students in the Australian education system?

Dr Mercer—Yes, as part of the work that we have been doing on a common starting age we have been able to track some statistics. It comes out every year at about 80,000 schoolchildren moving across state borders.

Senator CARR—How many students are there in the system in any one year?

Dr Mercer—About 3 million.

Mr Evans—About 3.2 million.

Senator CARR—There are 3.2 million.

Ms Paul—This also goes to students who may do school in more than one state—that is the mobility amongst the student population which, over the life of a 12-year student experience is considerable. It also goes to students leaving schooling in one state and trying to enter tertiary education in another state.

Dr Mercer—Yes, it does.

Ms Paul—One of our interests with this work is to try and get in front of that too.

Dr Mercer—I would also like to add there that in fact the curriculum authorities advise students not to move in the last two years of schooling—so they are actively discouraged.

Senator CARR—Of course they are.

Ms Paul—A national approach would help families who need to move in those years.

Senator CARR—There is no question that the defence forces and a number of other groups of people have expressed concern for some years about the lack of national consistency in the education system. However, the question of moving towards a national certificate is another matter again. Have you had any comments from the states? Do they think it is a bit heavy handed?

Dr Mercer—As we have said, the ministers made their positions very clear following the MCEETYA meeting.

Senator CARR—How many employers have said that they want an Australian certificate?

Dr Mercer—Part of this process will actually involve employer groups. We have certainly had some feedback from employer groups that they do not find the current situation entirely satisfactory.

Senator CARR—I know very few people who regard the current situation as satisfactory—in particular, very few people who regard the Commonwealth education policies as satisfactory. It would not be hard to do a survey on that. I am sure you could get a very large level of support for the proposition that the current situation is unsatisfactory. But that cuts across everything.

Ms Paul—We get a lot of feedback from industry—for example, through the higher education industry advisory board—that employers are looking for something a bit clearer. This would certainly go to that. We get the messages in a number of ways.

Senator CARR—I can understand all of that, and there is a general movement towards national consistency.

Ms Paul—There is.

Senator CARR—That is why there is great concern about the changes that are being proposed in the vocational education system with the destruction of ANTA—that is, there is concern that we are going backwards. There are some inconsistencies in the approaches that are being taken in the different divisions of the department on this matter. When would you see such a proposition actually coming into force? Or is this just another talkfest?

Dr Mercer—As we have said, it is very clear that we are looking for an implementation process to come out of this. It is, therefore, obviously difficult to speculate ahead of time on

how quickly any of these options could be brought to bear. Certainly some would be faster than others.

Senator CARR—I take it the state and territory authorities will be involved in this process?

Dr Mercer—Yes, they will.

Senator CARR—Or they will be offered the opportunity?

Dr Mercer—Yes, and they have certainly expressed interest in being involved.

Senator CROSSIN—The yearly report that was tabled is under the Indigenous and Transition Group rather than the Schools Group, isn't it?

Mr Evans—Correct.

Senator CROSSIN—I gave you a question, No. E061_05, about the MCEETYA Schools Resourcing Task Force report. Your answer advised me that the report cannot be released until the council authorises it, which may well have occurred on 13 May. Has that happened yet?

Ms Wall—We advised that the report had not yet been considered by ministers. It was considered by ministers and noted. If you are still interested in that report I will check with the MCEETYA secretariat to ensure that, now it has been considered by the ministers, it can be released.

Senator CROSSIN—Yes, please. If the process is allowable, I would like a copy of it.

Ms Wall—Certainly—I will follow that up.

Senator CARR—Is it the case that, in regard to the tutorial voucher scheme proposal, there is no obligatory benchmark or testing regime to be applied to check on students' progress or improvement with literacy under this scheme?

Mr Weddell—There is within the program of work for students a pre-test and a post-test to assist the tutor in working through the progress made by the student. The assessment tools that we do have available for tutors to use were developed for us by ACER. Some brokers are using those tools and other brokers are using something that is more suitable for their own purposes. There is a set of tools, if you like, to look at progress throughout the tuition.

Senator CARR—I have the answer to question No. E830_05 here. It says that no standard benchmark or test will be applied to assess the outcome of the tutorial program in the case of each individual child. How do you know you are getting value for money?

Ms Weddell—I suppose in the strictest sense, particularly in the way we use the word 'benchmark', there is not a standardised test that we are running over each of those tutorial sessions. But certainly we think that there will be enough information from the assessment tools that are there, including the kinds of information that will be provided through the evaluation strategy and the discussions that will be held with stakeholders—brokers, parents and others—in terms of trying to get to the matter of value for money.

Senator CARR—From the your answer to that question I have asked, question E830_05, would it be reasonable to presume that the estimate of \$700 provided for each student will give students between 10 and 15 hours of tuition?

Ms Weddell—Yes.

Senator CARR—But it may well vary, depending on the going rate of pay?

Ms Weddell—We anticipate that it will vary, for a number of reasons. They are to do with the differences in different states and often the size of the endeavour as well, in terms of the size of the broker. But we certainly, from the outset of this pilot, did not endeavour to try to set a particular rate. What has happened is what we anticipated—that is, that it is a little different in each of the states and territories—and thus the variation you have mentioned.

Senator CARR—It is clear that if you are going to set a flat rate—a voucher type system—of \$700 then the rate of pay will determine the number of hours that are used for that particular program. That is the logic of the proposition you are putting to us. I would really like to know what data, what evidence, you have that suggests what impact between 10 and 15 hours—because 15 hours is the maximum, with the lower end being 10—of tuition will have on the literacy of the students that are part of the program.

Ms Weddell—We anticipate that the variation of 10 to 15 hours will work through to about a minimum of 12 to about 15 sessions. We think that is essentially a term's worth of tuition for a child. In terms of the thinking around the pilot initiative, looking at other kinds of tuition that are around and understanding that this was a way to try to look at additional assistance for children in a pilot sense, we have come to the thinking that looking at progress over a term would give us a good indication of some growth over that time.

Senator CARR—I asked what evidence there is to support this 'thinking', as you describe it. I did not catch what the evidence was.

Ms Weddell—There was not, I have to say, a great deal of evidence on this, but we did look at different kinds of tuitions in some kinds of other countries as part of putting the proposal together.

Senator CARR—Given that there was not a great deal of evidence, can you tell me which studies you have drawn upon?

Ms Weddell—I would have to take that on notice.

Senator CARR—I would appreciate that. I am not trying to be a smart Alec, but it will not take you long, I would expect.

Mr Burmester—Can I step in there. It is a trial. The point is that a cohort of students has been identified that needs assistance. An approach has been taken which will determine the answer to the question that you are asking—that is, whether that intensity of additional support is adequate to address the needs of these students. Of course, the outcome will be that, for some children, it is perfectly adequate. For other children it may not be adequate. We need to know those two proportions.

Senator CARR—How was it that you came to select those particular brokers? I see you have Group Training Australia (WA). How did you select them?

Ms Weddell—We had an open tender process. Through that process we identified a number of brokers. As work is done to work through the agreements with those brokers, announcements are made. So we do have Group Training—

Senator CARR—I have six to eight in front of me. Is Group Training Australia (WA) an education outfit or is it a training company?

Ms Weddell—Group Training Australia (WA) is a training company.

Senator CARR—That is what I understood they were. They run remedial English programs, do they?

Ms Weddell—They run a number of programs. They certainly put in a very strong tender. They were successful in tendering for that work.

Senator CARR—So they employ special education teachers, do they?

Ms Weddell—They are employing a range of tutors who are being matched to the kinds of assistance that students need.

Senator CARR—In their bid they would identify the qualifications of the staff they are using, wouldn't they?

Ms Weddell—Yes, they are undertaking the identification of tutors. Some of those tutors certainly, in terms of the guidelines that we have around qualifications, would include some special education teachers and those with education qualities, qualifications and experience in assisting and working with children with learning and reading difficulties.

Senator CARR—I would have thought that would be your fundamental requirement. What did you say the hourly rate was again?

Ms Weddell—The hourly rate in Western Australia?

Senator CARR—Yes.

Ms Weddell—I am not sure that I have that with me. I will look for it.

Senator CARR—I would like to compare it with the hourly rate for a special education teacher given that the nature of qualification for a special education teacher is usually at least a double degree.

Ms Paul—Our guidelines did set out, you might recall, exactly what we required by way of qualifications and range of qualifications and so on. The tender process I remember well. We dealt with it in the way we normally deal with a major open tender. A particular team was locked away from everyone else doing their work and drawing on as much expertise as necessary.

Senator CARR—But a group training company in this area, I suggest to you, is, to be polite, innovative.

Ms Paul—It must have been a good tender. It was a good process with normal probity—

Senator CARR—Was it a price tender or a quality tender?

Ms Paul—We looked at a range of criteria in the normal way.

Senator CARR—You also have Progressive Learning in Victoria and Queensland. Who is Progressive Learning?

Ms Weddell—Progressive Learning won two tenders—one in Victoria and one in Queensland. It is an organisation that has expertise in tutoring services. It is currently undertaking the work as broker in those two states.

Senator CARR—Can you tell me what the hourly rate is in Victoria and Queensland?

Ms Weddell—Again, I am not sure that I have that with me. I will try to find it.

Senator CARR—I appreciate that. Take it on notice, if you could. Could you indicate to me the qualifications of the tutors that Progressive Learning intends to employ?

Ms Weddell—Again, in terms of the qualifications of tutors, in our guidelines we set out that we ask tutors to have education qualifications and experience in working with children who have difficulties in reading. I expect that those are the kinds of qualifications that tutors are stepping forward with.

Senator CARR—Terrific. I taught in this area, so I know something of this matter. I may not have taught very well in the eyes of many people but the fact is that it is not just a person who is experienced that is needed here; these are highly specialised areas of teaching. I would like to know what the qualifications are—not experience in education as a school cleaner. I would like to know precisely what the education qualifications of the tutors are that are being employed in this project. When was Progressive Learning established?

Ms Weddell—When it was established as an organisation?

Senator CARR—Yes.

Ms Weddell—I do not have that information with me. I would have to take that one on notice.

Senator CARR—Could you tell me whether or not it was in January?

Ms Weddell—In January?

Senator CARR—In January, yes.

Ms Weddell—It would not have been in January, because the open tender process that we ran was last year, 2004.

Ms Paul—It was in the middle of the year, actually.

Senator CARR—Can you tell me the date on which they were established?

Ms Weddell—Again, I would have to take that on notice.

Senator CARR—If I am wrong about it being January, when were they established?

Ms Weddell—I think we went to tender in June 2004.

Ms Paul—June and July last year.

Senator CARR—I am obviously interested to know when they were established and what experience they have. That goes to the question of experience, doesn't it? If they were established only last year and not at the beginning of this year, I do not see that that will substantially change the proposition I am putting to you. That is a concern I have. How many people tendered for each of these projects? I am going to presume that the South Australian

Department of Education and Children's Services is the same as the government department. I obviously have no complaint about that. Were they the only tenderers?

Ms Weddell—That was a while ago. I cannot recall if there were others. I think there were but again I might have to take that one on notice.

Senator CARR—I would have thought that within that organisation you would clearly have qualified people to do the work.

Ms Weddell—The South Australian department put forward a very good tender as well. That is why they got up as the South Australian brokers.

Senator CARR—It makes a lot of sense. But in Victoria and Queensland how many people tendered for the job?

Ms Weddell—Again, I would have to take that one on notice. I just do not have the information with me, and the tender was a while ago. I do not want to give you something that is not correct.

Senator CARR—In Western Australia how many tenders were there? If we can go to New South Wales, Tasmania, the ACT and the Northern Territory, what are the arrangements there?

Ms Weddell—In New South Wales the tender that was successful there was again a very good tender. The successful broker there is the New South Wales Department of Education and Training. We are working closely with them to successfully roll out the initiative in New South Wales. In the ACT the successful tenderer is Dr Pauline Griffiths, an education consultant with experience in schools and universities in Victoria and the Australian Capital Territory. In Tasmania we have two brokers—two arrangements there. The Association of Independent Schools of Tasmania will be looking after the non-government students in Tasmania who are eligible. We are working to establish the broker and will announce the brokerage arrangement for the other students there. You might appreciate that in Tasmania the situation was a little different from elsewhere. We will have to go to two brokers in Tasmania because of the late announcement of the eligibility of the students in the government sector. But that is all looking very good; we are very pleased with what is happening in Tasmania.

Senator CARR—Do you expect that it will be a government broker there?

Ms Weddell—We are certainly working very closely and well with the Department of Education in Tasmania, but, until negotiations are complete and contracts signed, there will not be an announcement of the detail.

Senator CARR—Okay. What about the Northern Territory?

Ms Waddell—In the Northern Territory we are in negotiations with a potential broker. Again, I am confident that we will have very good arrangements for the Northern Territory.

Senator CARR—Can you be a bit more informative than: 'very good arrangements'? Who have you got in mind?

Ms Paul—I do not think we can, because we have not finished negotiating and it is not announced. That is the issue I think we are facing here.

Senator CARR—But the tenders are closed. Was there no tender application procedure?

Mr Evans—Our experience has been that, if the name of a broker is announced before a contract is signed, then that broker gets inundated by parents who are seeking support, in advance of the broker necessarily being prepared with the proper infrastructure in place. That is why we do not announce the broker until we have finalised the negotiations.

Senator CARR—What is the value of the contracts for each of those states?

Ms Weddell—I am just looking for that.

Dr Mercer—While Ms Weddell is finding that, I have found in our notes a comment about Progressive Learning and its history, which I think you would be interested in. It is a tutoring organisation that has been operating in the educational field for over 14 years throughout Australia and more recently in New Zealand.

Senator CARR—And so the entity known as Progressive Learning has been working for 14 years?

Dr Mercer—Yes, 14 years.

Senator CARR—And that is the same entity? It is not in a different guise?

Dr Mercer—That is the entity that we have contracted with.

Senator CARR—When did they get established in Queensland?

Ms Weddell—I am not sure. They have been an established organisation for 14 years.

Senator CARR—Yes, I got that part. Have they been working in Queensland for 14 years?

Dr Mercer—We will take that on notice.

Senator CARR—Because maybe that is where the confusion is—perhaps they have only moved in to Queensland since January. You know how Queenslanders think about that sort of thing.

Ms Paul—Obviously, they did well in the tender process.

Senator CARR—You say they are from New Zealand?

Mr Burmester—They have expanded into New Zealand—they did not come from New Zealand.

Ms Weddell—Senator, you asked about the estimated costs in each of the states and territories. In New South Wales it is some \$6,215,000; in Victoria, \$5,438,000; in Queensland, \$4,728,000; in Western Australia, \$1,000,000; in South Australia, \$1.8 million; in Tasmania it is about \$300,000, I think; in the Northern Territory it is still to be negotiated; and in the ACT it is some \$172—

Senator CARR—They aren't small contracts.

Ms Weddell—No—this is a large undertaking.

Ms Paul—It is a \$20 million program.

Senator CARR—It is \$20 million all up?

Ms Weddell—Yes. Some of those contracts or agreements have only just got under way. For example, New South Wales just yesterday undertook some of the initial training that we

provide to each of the brokers and are in the early stages of set-up in terms of bringing together the coordination of the work ahead.

Senator CARR—I want to come back to the history of Progressive Learning. You are saying they have been in operation for 14 years. Does that mean they were registered 14 years ago? How do you know they have been in operation for 14 years?

Dr Mercer—That is our advice, Senator. They have been operating in the educational field. We can take that on notice if you would like to know exactly.

Senator CARR—I would like to know precisely because that information is being disputed—certainly to me it is being disputed.

Dr Mercer—Is that about their Queensland operation?

Senator CARR—There are obviously two issues here. Given that they have a \$4 million contract in Queensland, obviously it is of some interest to know what work they have done in Queensland.

Ms Weddell—We can certainly take that on notice. I just do not have that information with me at the moment.

Senator CARR—It is just that they were not listed in the *White Pages* at the time of the tender arrangements and a Google search did not reveal any information. They were registered with ASIC on 14 January. I am wondering precisely, apart from their connection with the North Shore of Sydney, which I am told is where they are based—aren't they?

Ms Weddell—Yes.

Senator CARR—In Bradfield. Were they known to the minister for 14 years perhaps?

Ms Paul—This was a tender done in an absolutely traditional tender process. As to where they are physically based, I could not comment.

Dr Mercer—I think that the questions must go to the establishment of their operations in Queensland.

Senator CARR—That is clearly an issue when they operate in Queensland, but given that they only registered with the corporate registration process in January and you are giving them \$9 million—

Ms Paul—We are happy to come back with the history.

Senator CARR—I think it is fair that we know a little bit more about them.

Ms Paul—Sure.

Ms Weddell—We will certainly come back to you on that. We will take it on notice.

Senator CARR—Do they run chess clubs? Is that their education experience?

Dr Mercer—They are a tutoring organisation. Certainly they would have satisfied all our financial viability and other requirements as part of the tender.

Ms Paul—They would have had to have proven themselves in the tender. As I say, on recollection—when I was very familiar with it—it was an absolutely straight down the line normal tender.

Senator CARR—Fair enough. So their expertise in education is in literacy. Are you able to confirm that?

Ms Weddell—It is certainly in tutoring services.

Senator CARR—Tutoring services is different from literacy. I would like to know specifically if their expertise is in literacy or in chess.

Ms Weddell—They would have experience and expertise in delivering literacy tutoring. I cannot comment, because I just do not know without going back and finding other information, whether they have expertise in other areas.

Senator CARR—Will you take on notice their expertise in literacy.

Ms Weddell—Indeed.

Ms Paul—They would have had to have met each criterion, been scored and weighted and gone through all the processes that we go through.

Senator CARR—And you would be able to tell me how many tenders there were for this particular contract.

Dr Mercer—Yes.

Senator CARR—When was the decision made to select Progressive Learning? I read somewhere that it was only announced on 2 March. That is right, isn't it?

Ms Paul—Although I am not sure and we would have to check, that could be the case, because with each of these brokers we have had to go into quite long negotiations, not surprisingly, about our expectations of them and our requirements, and that has taken time in each case. That may well be the case.

Senator CARR—What are the administrative costs of running this program?

Ms Weddell—I am not quite sure—

Senator CARR—The departmental costs?

Ms Weddell—The departmental expenses are some \$0.94 million.

Senator CARR—How many staff will be running this program?

Ms Weddell—About five or six, I think.

Senator CARR—The administrative cost of about \$900,000 is a year on year cost, is it?

Dr Mercer—That is what has been given for this year, because it is a trial—it is not a year on year thing.

Senator CARR—So are you saying that these contracts—this \$9 million you are paying to Progressive Learning—is for only one year?

Ms Weddell—Yes. This is a—

Senator CARR—That is good money, isn't it! That is incredible.

Mr Burmester—Senator, as you said earlier, the value of the contract is the number of sessions by the hourly rate of the tutors plus, presumably, some overhead for the broker who has to recruit and deploy their tutors and do the assessment. It is a trial—it is a one-year, once-

off program at this stage, and that is the cost in Queensland because of the number of kids who are going to benefit from the program.

Senator CARR—We have the departmental expenses. What factor have you allowed for the administrative overheads for the contractors?

Ms Weddell—That would be around 20 per cent for the administration of the initiative by each of the brokers. Generally, that runs to about 20 per cent. So within any one contract the majority of the funding—some 80 per cent—is represented by the voucher, if you like, meaning the \$700 per eligible student and then 20 per cent of that contract is for the administration.

Senator CARR—How many students have actually sought access to the program?

Ms Weddell—It is probably too early to have that information with me at the moment. Certainly we will be in a position with the next progress reports from brokers who have been established and announced to indicate what the take-up is and what the trend in the take-up is. The initial job of these brokers is certainly to advertise for tutors, bring tutors together and certainly make contact with schools and parents and provide information to parent communities to encourage their participation in the program. I would think that, certainly in our next progress reports, we will be asking for the data around matching students with tutors and how that is proceeding.

Senator CARR—The thing is, this program was announced over a year ago.

Ms Weddell—Yes. This pilot initiative has had a rocky path. The initial amount was allocated to run this in four states, then we found that all the other states wanted to be involved.

Ms Paul—Except Tasmania.

Ms Weddell—That meant that we had to access more funding and therefore come back to the parliament. We ran into an election.

Senator CARR—That is why it did not run last year. The commitment could not be met last year.

Ms Weddell—Yes.

Senator CARR—It has been put to me that in Queensland there would be about 4,370 eligible students but that Progressive Learning have been able to find only 800 students. Is that right?

Ms Weddell—I am not sure about those numbers.

Senator CARR—You are not sure?

Ms Weddell—No. Those numbers are not known to me. But in terms of finding the students, we have requested and have received assistance from the education authorities in Queensland to identify the students who would be eligible. At the last MCEETYA meeting the minister raised this issue at council and sought the assistance of his colleagues to provide direct information to parents, to tell them that this assistance was available to them. They were very happy to do that.

Senator CARR—Can I just be clear about this. You are saying that you are not familiar with the figures that show that the program has been delivered to only 800 of the 4,370 students.

Ms Weddell—I do not know about those particular figures. It would be something like that. In the progress report that we will be looking at soon we will be able to note what the exact figures are. But as to whether that sounds about right or not, it is still early days and there has been considerable difficulty in identify the eligible students. Once the information is made available to the parents of the eligible children I would anticipate that the uptake will start rolling in the right direction. Whether it is 800 right now I do not know. I would have to get further information to verify that.

Dr Mercer—It is important to point out that this initiative is dependent on the support of schools and principals. As Ms Weddell pointed out, at the last MCEETYA meeting our minister sought the support of his colleagues, and that has been forthcoming. Because of the delay in the program we are talking here about students who did not achieve the benchmark in 2003. Their parents would have received that report. We now have to try to reach those parents and make sure that they can show documentary proof of that. So the school support has been critical. Queensland, of course, is a highly decentralised state. It was always going to have those sorts of issues. Queensland has a very high number of rural and regional schools, and the support of the Queensland department is going to be critical to the success of the initiative.

Senator CARR—Do you think this is a reflection of a problem where we announce programs without talking to people first?

Ms Paul—No. I think there has been an enormous amount of communication and there has been—

Senator CARR—Is this before or after the announcement?

Ms Paul—After the announcement of the program. And there has been enormous interest from parents. The hotline has rung hot for a long time.

Senator CARR—So the hotline has run hot.

Ms Paul—And I am sure that was part of why each—

Senator CARR—It has run hot?

Ms Weddell—It certainly has.

Ms Paul—Hence the name ‘hotline’. I am sure that each of the states and territories were conscious of that when they chose to enter the pilot. MCEETYA ‘noted the support of states and territories in implementing the initiative which will provide the opportunity for an estimated 24,000 students to access valuable additional assistance in learning to read’ and they agreed to communicate to parents who were eligible where possible and to school principals where it is not possible, as I think Ms Weddell was talking about.

Senator CARR—There are two problems. I am being told that parents are having trouble getting through on the hotline—

Ms Paul—That is interesting.

Senator CARR—particularly in Victoria. They have been put on hold for a long time and they have then complained that no action has been taken when they have actually managed to talk to a human being. There is some dissatisfaction on that front. Given that the program was aimed at assisting people who have not done well in the year 3 benchmarks and they are now approaching the year 5 benchmark, there is some concern at how well \$20 million is going to be spent. It is not early days at all; it has been around for a fair while.

Ms Paul—It is early days in terms of each of these brokers—

Senator CARR—So something is being done.

Ms Paul—Yes.

Senator CARR—Are there any plans to write to parents on this matter? What means of communication will you adopt?

Ms Paul—That is the agreement the states have given us.

Ms Weddell—We are working now with Western Australia, Queensland, Victoria and the ACT, as agreed at the council, for those states to provide directly to the parents, or through the principals to the parents, information about the additional assistance that they can participate in. I think those letters have already been sent out in the ACT. Certainly the other ministers undertook to make sure that students had access to the additional assistance. We are certainly working with our colleagues in those states to make sure that that correspondence and that commitment to try to get that information to parents are worked through. In the states where the brokers are the state departments, the same issue does not arise in that way because the departments have the data and the information. This is certainly the case in South Australia and New South Wales, for example. The department would know very well where those students are.

Senator CARR—That points to the benefit of working with the states directly, doesn't it?

Ms Weddell—It does. In the model that we have here, in this pilot, we have a good mix of different providers. The way data is captured and used in each of the states is also a little different. We will have a lot of information for our evaluation of how best we can take forward initiatives like this. That will certainly be provided to government in the evaluation of this pilot.

Senator CARR—You mentioned the Australian Capital Territory, and Dr Pauline Griffiths is the successful tenderer for that. I take it that it is the same Dr Pauline Griffiths who was quoted in the *Canberra Times* on 14 April as saying:

I've been madly trying to get the word out to all eligible families ... but there's not a great deal of people signed up.

Surely that reflects a serious problem.

Ms Weddell—Yes, that does reflect a serious problem. The serious problem was the one that we have just recently addressed by trying to identify the parents of the eligible students. I am happy to say that we and Dr Pauline Griffiths have worked with the ACT department, which has been very helpful in providing information just in the last week or so, post the MCEETYA meeting, making sure that that information is made available to those eligible parents. Certainly there was some difficulty, even with radio ads and other types of good

promotion, in getting to these parents. We think a direct appeal to them—and this is where the states and the territory governments are helping us—will assist the participation of students in the initiative.

Senator CROSSIN—Looking back on my notes from last night, you were going to come back to us with the cost for the plaques for the flagpoles.

Ms Dacey—This morning I found three examples, from three different states, to give you a bit of a range. It went from \$23 up to \$77.

Mr Burmester—The schools will find that cost as part of the overall cost of their flagpoles.

Senator CROSSIN—As part of the \$1,500?

Ms Dacey—Yes.

Senator CROSSIN—That will go a long way in the Territory. I am assuming that does not include its transport or postage costs. Is that right?

Ms Dacey—None of those examples were from the Northern Territory.

Senator CROSSIN—On the eastern seaboard they can probably just pop down to the local shopping centre and pick it up. Are you looking after the Active After-School Communities Program? Is this a part of your brief in the schools sector?

Dr Mercer—I have some information.

Senator CROSSIN—Good, because nowhere else I have been seems to know about it; I am glad I have found somewhere.

Dr Mercer—The Active After-School Communities Program is not with our portfolio. It is managed by the Australian Sports Commission. I have some information here.

Senator CROSSIN—Do you contract the Australian Sports Commission to do that?

Dr Mercer—No. That money is provided directly through their portfolio.

Senator CROSSIN—To you?

Dr Mercer—No, to the Australian Sports Commission.

Ms Paul—Dr Mercer is saying that it is not managed by us at all, but she has some information for you about it.

Senator CROSSIN—Maybe you could just table that.

Dr Mercer—I could table some information.

Senator CROSSIN—Who is managing that program then?

Dr Mercer—The Australian Sports Commission is managing it, and I believe it has contracted it out to providers around the country.

CHAIR—That is correct. I have also launched one of those. I am a very busy senator.

Senator CROSSIN—You are a professional launcher of the Active After-School Communities Program as well? Schools, flagpoles and now—

CHAIR—After school programs, yes. It is with the Sports Commission. I launched it on behalf of Senator Rod Kemp.

Senator CROSSIN—So they have the same requirements, in that these activities have to be launched by a government representative?

CHAIR—I cannot comment on that. I admit I have done one. But it certainly was with the Sports Commission.

Ms Paul—I do not know which portfolio the Sports Commission is with.

CHAIR—It is arts. It is Senator Kemp's portfolio.

Senator CROSSIN—Thank you. That is all I have.

Senator CARR—I will put the rest of the questions to the schools division on notice.

[10.15 am]

**Australian National Training Authority
Vocational Education and Training Group**

CHAIR—I welcome officers from ANTA and the VET group. I call for questions.

Senator CARR—Mr Davidson, welcome to the Commonwealth. It is terrific that you are able to join us here. This is not like the Victorian parliament.

Mr Davidson—I have noticed the difference.

CHAIR—I am sure you have.

Senator CARR—There is a difference. All of my colleagues in the Victorian parliament, numerous as they are, manage to get through the entire departmental estimates for the whole budget in one committee or two days or something. Is that right?

Mr Davidson—One afternoon usually.

Senator CARR—That is a productivity improvement!

CHAIR—At that rate, Senator Carr, the sooner we start the better.

Senator CARR—Mr Davidson, you have decided to join the Commonwealth because you wanted to broaden your horizons—is that it?

Ms Paul—Mr Davidson was selected in a normal selection process, Senator.

Senator CARR—And he is a welcome addition!

Ms Paul—He has worked with the Commonwealth before and is an extraordinarily welcomed addition. Mr Davidson—of course, he can speak for himself—has just come from running the office of—

Senator CARR—But she thought she would hop in before we got out of hand!

Ms Paul—I am just giving him an easier run-in. It is only fair!

Senator CROSSIN—You could have said he was headhunted—that would have made him feel really good!

Senator CARR—He was!

Ms Paul—That is all part of our top-level selection process.

Senator CARR—Mr Davidson, there was recently a proposal to change the relationship between the Commonwealth and states in regard to new apprenticeships. Has that been canvassed with you?

Ms Paul—That is the Victorian paper being put to COAG tomorrow.

Senator CARR—I see.

Mr Davidson—It goes to COAG tomorrow. As I understand it, the Victorian government has circulated the paper.

Senator CARR—You have had the great fortune of working on it from both ends, then, haven't you?

Ms Paul—We are indeed fortunate in Mr Davidson joining us.

Senator CARR—Is that the case, Mr Davidson? Is it true that it came out of Terry Moran's office?

Ms Paul—I do not think we could comment. It has been put out by Mr Bracks. I am sorry to answer for you, Mr Davidson.

Mr Davidson—That is fine.

Senator CARR—I just wanted to clarify where it came from.

Mr Davidson—You would probably have to ask the Premier of Victoria.

Senator CARR—It took people a bit by surprise!

Ms Paul—It is a paper from Mr Bracks.

Senator CARR—Ms Paul, is it supported by the Commonwealth?

Ms Paul—That is a matter for COAG tomorrow.

Senator CARR—There has been no discussion with the department about the paper?

Ms Paul—Yes, we have offered advice on the paper in the normal way. There is an issue at COAG, as the Prime Minister has flagged, and that will be discussed tomorrow.

Senator CARR—Ms Paul, we briefly raised the departmental staffing allocation yesterday. There is an increase in the department of 114 staff. With the destruction of ANTA, which had 84 staff, that seems to be a growth in the department in excess of 30. How do we account for that?

Ms Paul—The growth in the department comes from two sources—firstly from machinery of government and secondly from election commitments through the budget.

Senator CARR—So the establishment of the full complement of ANTA staff has been picked up by the department?

Ms Paul—Yes. You will remember, however, that a saving is being made in the budget from ANTA. But in the staffing area we offered every ANTA staff member a job with DEST.

Senator CARR—How many took up that offer?

Ms Paul—Unfortunately, we have had only eight responses, I think, at this point.

Senator CARR—Eight out of 84?

Ms Paul—Yes.

Senator CARR—At what levels are the eight?

Ms Paul—They range from senior executive. Ms Cross can talk more about this, but we anticipated that there might be an issue of location. Whilst we love living here, that is not always the case.

Senator CARR—That is absolutely right!

Ms Paul—However, I am comforted by the fact that the process of translation between the two organisations has been incredibly thorough and that the process of transfer of knowledge has been, I believe, top class—and we can go into more detail for you. So, while we would have loved to have had more people from ANTA—it is their choice—I am certainly confident that we will be able to transfer the skills, and Mr Byrne may want to comment. But it has been an extraordinarily positive process. It could not have been better, from our point of view.

Senator CARR—Mr Byrne, you have been invited to comment. Do you want to comment?

Mr Byrne—I think Ms Paul has said what I would say. It is unfortunate that people have not seen that it is possible for them to go across and I think that is due largely to the location issue. But we have had a very comprehensive and, I think, effective process of knowledge transfer which has been in place and well planned and which is now being implemented and I am encouraged by that.

Senator CARR—I am glad you are encouraged by it, but the situation in the Commonwealth department is that senior management of DEST has changed almost entirely over the last 10 years. In the time I have been here the faces at the table have dramatically turned around. Most of the people that I started talking to are in different jobs—if they have stayed with the department—and there are a number of officers at the table now. The loss of corporate memory is something that troubles me. What action are you taking, Ms Paul, to try to recover that situation?

Ms Paul—We engaged with ANTA literally from day one, when I went to Brisbane with Ms Andruska from our vocational education and training area and people from our personnel area. We started the process from that very first day of working closely and personally with each one of ANTA's staff not only on their own personal preferences in terms of where their aspirations might lie, with us or staying in their home town, but also on the transfer of knowledge. Interestingly, while some of the faces here may change—and of course I am a relative newcomer myself—in the vocational education and training group we have seen quite a lot of stability. So there are a lot of people whom you do not see here who have been in vocational education and training for many years—as there are in all our groups.

When I came to this department, it really struck me that a lot of people, particularly at those levels, have been loyal members of this department and its predecessors for a long time. I am not saying we would ever take this issue lightly, and part of the knowledge transfer process has been—as I was flagging before—a most detailed integration of knowledge from ANTA to the department. I should add that, of course, we are not working from a blank slate.

Our relations with ANTA have been extremely close, over as many years as ANTA has existed, in a personal and professional way. As I said, I have had a close oversight of this process myself, because it is such a major undertaking for the department and for ANTA and my view is that the process has been exemplary.

Senator CARR—We can have no complaint that there are changes in personnel, and we are certainly not making any complaint that Commonwealth officers cannot move from function to function. That is not my concern. But, when you are losing 76 out of 84 staff of a national authority, you would have to be concerned about the loss of all the skills and benefits that those people have developed, particularly in a matter of such importance as vocational education. Frankly, I am horrified that such a circumstance could be allowed to happen.

Ms Paul—It would be a worry if we had not gone through this extremely detailed process that I have described, starting from 26 October on a daily basis involving almost all of our vocational education and training staff and certainly all of ANTA's, obviously. Indeed, as I said, it is not starting from a blank slate either.

Senator CARR—It is not a question of whether or not you have treated individuals properly, because I am not hearing any complaint that you have acted other than thorough and properly—

Ms Paul—Absolutely.

Senator CARR—in the way in which you have approached those personnel issues. My concern goes to the policy question of the loss of human resources to the Commonwealth. I mean that in the proper sense of the term—the loss to the nation of such an extraordinary number of very valuable people. I know the graveyards are full of indispensable people—we all have an inflated view of our own importance in these things—but it just seems to be an extraordinary proposition that the destruction of this authority can lead to the loss of so many people.

Ms Paul—Fortunately, we have ensured that the knowledge is not lost with the person.

Senator CARR—So you have got it on paper?

Ms Paul—Yes.

Senator CARR—All I can say to you is that I have asked the department question after question in recent years which you have not been able to deal with because the knowledge of the files is not that good and, for that matter, the understanding of what has gone before you seems limited by your rapid turnover in staff.

Ms Paul—We are talking here about an ANTA transition, and the process we used for the ANTA transition was innovative, particular and project managed well—it was extremely detailed and, I believe, successful.

Senator CARR—The decision to abolish ANTA was made by whom?

Ms Paul—We talked about this last time. It was a government decision announced by the Prime Minister.

Senator CARR—Unilaterally.

Ms Paul—The Prime Minister announced it with his ministry and machinery of government announcements.

Senator CARR—So it was just a unilateral change in arrangements?

Ms Paul—It was a government decision: we have said this before.

Senator CARR—Were there complaints about ANTA's performance?

Ms Paul—I cannot comment on that: there may have been.

Senator CARR—Can you point to any evidence based assessment that I could call on to justify what this policy decision has based on? Surely in the Commonwealth we talk about the critical importance of evidence based decision-making. There has been a unilateral decision which has meant the loss to this Commonwealth of 76 staff out of 84.

Ms Paul—I cannot speculate on the nature of the government's decision. It was a decision of the ministry announcements and we have worked with it since then.

Senator CARR—No consultation with industry parties?

Ms Paul—I would not know.

Senator CARR—There was clearly no consultation with the states—they all said that. Perhaps I can turn to something which we can have a look at. There was a letter from the chair of the ANTA board to the minister about the future directions of the national vocational education system. That is correct, isn't it, Mr Byrne?

Mr Byrne—Yes.

Senator CARR—Can you give me a copy of that?

Mr Byrne—I am sorry, I do not have one with me at the moment.

Senator CARR—Can you confirm a few basic facts? The ANTA board expressed the view to the minister that both government and industry should have a significant input into the decision-making of the planned new ministerial council and the National Industry Skills Committee.

Mr Byrne—Yes, I believe so.

Senator CARR—And has the board suggested how this might be ensured?

Mr Byrne—As I recall, the letter did cover quite a few aspects of the proposed new system, and that may have been incorporated, but I cannot remember the details.

Senator CARR—It has been put to me that the proposal of the ANTA board was that there be wording changes to the respective terms of reference for these bodies.

Mr Byrne—Yes, I think that is true. I think these views were expressed at the ministerial council meeting. This letter was a follow-up to reinforce the views that had been expressed by the ANTA board at the ministerial council. That is my understanding.

Senator CARR—Have those words been agreed to?

Mr Byrne—I do not know.

Ms Cross—Those details are due to be discussed at the next ministerial council meeting, which is on 10 June. At that meeting they will be considering the terms of reference and other details of the new arrangements.

Senator CARR—Will the new national quality council and the National Industry Skills Committee have an independent, stand-alone secretariat?

Ms Cross—That is one of the issues for ministers to discuss and decide on.

Senator CARR—How will the industry skills councils relate to these new structures?

Ms Cross—There are some details in a paper, which was put on the department's web site following the consultation process on future directions for VET, that sets out how the industry skills councils will be managed, how they will link in to the different bodies that are proposed for the national training system and what the priorities for the industry skills councils will be. Again, those details will be considered on 10 June by ministers.

Senator CARR—Mr Byrne, has the ANTA board told the minister that there should be two separate action groups to address concerns with Indigenous Australians and people with disabilities?

Mr Byrne—I believe that was included in the letter and also was spoken to at the ministerial council meeting.

Senator CARR—Ms Cross, what is the government's response to that proposition?

Ms Cross—The proposal which will be discussed on 10 June is that there be a single action group, possibly with two subgroups within it. So, while we accept the position that the needs of people with a disability and Indigenous Australians are separate and should be looked at separately, we think that there could be some advantage in a single action group. So, if they were looking at other consultative or advisory models, you could do that through a single group.

Senator CARR—I see. So the answer is no.

Ms Cross—The answer is that there could well be two subgroups: one for Indigenous people and one for people with a disability. That is what ministers will discuss on 10 June.

Senator CARR—Mr Byrne, has the ANTA board provided the minister with a series of principles that it believes are needed to ensure a quality industry focused and national vocational education system?

Mr Byrne—Yes, it has.

Senator CARR—What has happened to those principles, Ms Cross? Have they been considered?

Ms Cross—Yes, they have. There is a series of guiding principles for the national training system. Although the wording is not exactly the same as the principles put forward by the ANTA board, I think you will find that they fairly closely reflect similar principles.

Senator CARR—What differences are there in the wording now?

Ms Cross—To run through the details I would have to have the ANTA principles in front of me and the principles that MINCO will be considering on 10 June.

Senator CARR—Where are the differences, in principle?

Ms Cross—I have not got the ANTA principles in front of me so I could not comment.

Senator CARR—The first is that, from the perspective of the client, there will be a seamless operation and portability across states and territories. Is that going to be maintained?

Ms Cross—I think the principles that ministers are considering on 10 June do reflect that.

Senator CARR—And the principle that clients will have access to effective recognition of prior learning?

Ms Cross—Yes, I think that is also reflected.

Senator CARR—What about the principle that clients can expect to obtain both general and specific skills?

Ms Cross—Yes, that is reflected in the new arrangements.

Senator CARR—What about the principle that industry is in the best position to articulate their skills and say what competencies they want in the workplace.

Ms Cross—That is one of the core principles.

Senator CARR—How will industry and community needs be measured?

Ms Cross—One of the proposals is that the national strategy for VET, which was developed by ANTA, be continued under the new national training arrangements. The key performance measures for that strategy certainly pick up measurement of industry and community needs and whether or not they are being met through the national training system. It is proposed that that continue under the new agreement.

Senator CARR—It is in the new agreement?

Ms Cross—No, it is in the proposals for the new national training system that the national strategy be continued. The mechanism for establishing the national strategy is part of the agreement.

Senator CARR—Industry will define national qualifications and standards which will be recognised nationally, and states and territories will not be accrediting courses in areas covered by national qualifications—are these principles that are maintained?

Ms Cross—Yes.

Senator CARR—How is the principle of industry defined?

Ms Cross—The principle of industry?

Senator CARR—Yes.

Ms Cross—It is industry led.

Senator CARR—Yes, but does that just include employers?

Ms Cross—No. Within the new arrangements there is a role for the employee associations.

Senator CARR—How many?

Ms Cross—Again, that is one of the matters that will be considered by ministers on 10 June.

Senator CARR—I have a list here of the national industry skills committee members. How many workers' representatives are on that?

Ms Cross—The proposal from the Commonwealth was to continue the same arrangements as for the ANTA board, where there is one representative. That is one of the matters which will be discussed on 10 June.

Senator CARR—So we have got a representative nominated by the Australian government, ACCI, AiG, the Business Council, the National Farmers Federation. Is that right?

Ms Cross—Yes.

Senator CARR—There are three other employers nominated by the Commonwealth. Is that right?

Ms Cross—Yes.

Senator CARR—And there is one from the ACTU.

Ms Cross—That is the proposal that the Commonwealth has put forward. As I said, there is one ACTU representative on the ANTA board, so it is a continuation.

Senator CARR—There is one on the ANTA board, but the ANTA board has a few other people on it as well. This is all employers bar one—one token rep from the ACTU. Are you telling me that is the same?

Ms Cross—I am saying that on the ANTA board there was also one employee representative.

Senator CARR—I understand there was one on the ANTA board, but the ANTA structures were always tripartite, right through the organisation.

Ms Cross—I am aware that the states have put a proposal on the table that that be increased to four, and that is something that ministers will discuss on 10 June.

Senator CARR—I am a bit concerned if that is the Commonwealth's starting point. Does it reflect the attitude of the Commonwealth to the arrangements?

Ms Paul—It reflects the principle of 'industry led' and is a reflection of some of the past arrangements of the ANTA board.

Senator CARR—This is not industry led; this is employer led. It is a different concept altogether. Mr Byrne, have you had any formal response from the Commonwealth to the ANTA board's proposals—any letters back?

Mr Byrne—I think there has been a response from the minister indicating that the correspondence has been received and will be taken into account.

Senator CARR—We have a mirror, and we are going to have a look into it? Ms Cross, what are the funding arrangements for the secretariat?

Ms Cross—There is a number of secretariats. Which one were you referring to?

Senator CARR—The one to support the new training council. You said there was something of a separate body for that.

Ms Cross—The proposal in the Commonwealth's paper was for an independent secretariat located within DEST. Again, that is one of the matters where the states have put an alternative position, and that will be considered on 10 June.

Senator CARR—I am interested to know what the Commonwealth's funding arrangements are. Do you have a proposal for funding?

Ms Cross—For funding the secretariat?

Senator CARR—Yes.

Ms Cross—In the proposal we have put forward it would have been funded through the functions that were transferred from ANTA to DEST. So, as ANTA had provided the secretariat to the ANTA board and MINCO, it is proposed that that transfer to DEST and be set up as an independent unit.

Senator CARR—There is no shortage of people around here who would tell you that if it is in the department of education it cannot be independent. How do you reconcile this concept of an independent secretariat that is housed in the department?

Ms Cross—There have been a number of instances in the past where there have been bodies that have operated independently within the department.

Senator CARR—Such as?

Ms Cross—The Australian International Education Foundation is perhaps the biggest example. There was an AIEF board and the secretariat for that was a branch within the department that reported to that board.

Senator CARR—So they will be Commonwealth officers reporting to the Commonwealth minister?

Ms Cross—Reporting to the board in terms of their activities in support of the board.

Senator CARR—Sure, but they will be the responsibility of the Commonwealth minister?

Ms Cross—They are Commonwealth employees.

Senator CARR—How will the states have any confidence that these officers will be independent?

Ms Paul—ANTA employees are currently Commonwealth officers of course.

Senator CARR—But the issue of their independence was not raised, was it?

Ms Paul—It is simply about reporting lines and that is how you guarantee the independence. The reporting does not come through our hierarchy to me; it goes directly to the board.

Senator CARR—In terms of the new training agreement, what are the concerns of the states? Mr Byrne, have there been any concerns expressed to ANTA about the new training agreement?

Mr Byrne—Not formally from the states, no.

Senator CARR—Ms Cross, through the department have there been any concerns expressed? For instance, at the MINCO meeting on 15 April what were the concerns expressed?

Ms Cross—There is a process that officials are working through at the moment to prepare a paper for the ministerial council meeting. The concerns that the states have expressed as we have worked this through have been around some elements of the legislation, some elements of the governance, some of the requirements of the agreement, issues around the secretariat that you have already mentioned and those sorts of things.

Senator CARR—It has been put to me that the concerns went to a lack of sufficient detail and clarification concerning the agreement, timing for the resolution of the agreement, the broad principles, as I have discussed—whether or not there is agreement around those principles—future arrangements for MINCO meetings, the future role of the industry skills councils, the lack of recognition in the draft agreement of the role of the states and territories, the timing of legislation and the location and role of the secretariat. Would that be a fair summary?

Ms Cross—I think at the time of the last ministerial council meeting those issues were raised. Since then there has been a process where officials have worked through a number of the details, and I think the number of issues now would be a lot smaller.

Senator CARR—I see. So which of those matters have been resolved?

Ms Cross—The issue about requiring further details of what underpinned the offer—that was the process that the officials went through to work through that detail. I believe there is general agreement on most issues about governance. There are only a very small number of issues outstanding.

Senator CARR—Were concerns about the quantum of funding raised?

Ms Cross—In every negotiation that I have been involved in the states have sought additional funding.

Senator CARR—That is right, there is a bucket of money. I know that is true, but surely that still remains outstanding?

Ms Cross—That is one of the issues that ministers will discuss on 10 June.

Senator CARR—Has there been agreement on the role of the states and territories?

Ms Cross—The outstanding issues about the role of the states and territories relate to some governance matters to do with the National Industry Skills Committee and the national quality council. They will be raised at the ministers meeting.

CHAIR—We will break for morning tea now.

Proceedings suspended from 10.44 am to 11.01 am

Senator CARR—I mentioned a number of committees that the Commonwealth is proposing to replace. I mentioned the national skills committee which had one union representative on it. How many union representatives did the department propose to be on the national quality council?

Ms Cross—The Commonwealth proposed one union representative, which again is the same as for the National Training Quality Council that is an ANTA committee.

Senator CARR—But how many employers—seven?

Ms Cross—That is the proposal which will be considered at the minister council meeting in—

Senator CARR—So one union person and seven employers?

Ms Cross—That is the proposal.

Senator CARR—Do you think that is a fair cut of the action?

Ms Cross—That is the proposal that is on the table. I understand that the states will come back with a different position and that ministers will consider it.

Senator CARR—And only one Indigenous person. That is right, isn't it?

Ms Cross—The quality council would have two equity representatives—one for people with a disability and one for Indigenous Australians.

Senator CARR—So Indigenous Australians are now an equity consideration, are they? Is that how it works? Is that the proposal?

Ms Cross—The current National Training Quality Council has one equity representative.

Senator CARR—No but it has an Indigenous Training Advisory Council—an entire council for Indigenous matters—and you are proposing to replace that with one representative on the quality council?

Ms Cross—No. We are proposing that, in addition to the representative on the national quality council, a new client advisory mechanism be established by 1 January, and that is also in the paper for consideration by ministers.

Senator CARR—A client advisory mechanism?

Ms Cross—Yes. So that would replicate the type of function that the Indigenous Training Advisory Council carried out for ANTA. It is proposed that there be a process of consulting with Indigenous Australians about how they would like to have their views represented in the new national training arrangements and that that be in place by the end of the year.

Senator CARR—How was the Indigenous Advisory Council constituted?

Mr Byrne—I am not quite sure of the precise numbers. We had an Indigenous chair. I think it might have been around 15 to 20.

Senator CARR—And whom do they represent?

Mr Byrne—They represent the Indigenous community and potential users of the vocational and educational training system.

Senator CARR—But were they represented by organisations? How were the 15 people selected?

Mr Byrne—I do not have the selection mechanism with me. I think individuals, rather than specific organisations, were selected to represent the general needs of the Indigenous community, but I am not absolutely certain about that. I can check it for you.

Senator CARR—Is it the case that the Australian Indigenous Training Advisory Council, AITAC, wrote to the department about its concerns on the future of decision making within the new VET arrangements?

Ms Cross—Yes, there was a letter from AITAC.

Senator CARR—When was that received?

Ms Cross—During the consultation process on the National Training Directions paper. I think it would have been towards the end of April.

Senator CARR—The end of April?

Ms Cross—I think so, but I am going off memory.

Senator CARR—Have you replied?

Ms Cross—Yes.

Senator CARR—The proposals that they raised went to the questions of the research profile for Indigenous VET students through NCVER and the role of flexible learning strategies for Indigenous people. How have you responded to those particular issues?

Ms Cross—From memory again, I believe we indicated to AITAC that we would welcome a discussion with them on the points in their letter, once it was clear who within the department would be responsible for these issues. We expect that the proposals in the letter would be taken up under the new national training arrangements by the relevant body, once that is established.

Senator CARR—So you will have a talk to them?

Ms Cross—We will certainly talk to them about the content of the letter, and it may well be that a number of the members on AITAC will be consulted as we set up the new client advisory arrangements.

Senator CARR—To what extent do you intend to advise clients, and to what extent to you expect to be advised by clients, on the structures, directions and policies of the new VET arrangements?

Ms Cross—The paper makes it clear that the Commonwealth wants to ensure that there are appropriate client advisory mechanisms so that we are informed of the needs of clients and that they are taken into account in policy setting in the national VET system. It is a requirement in the legislation that there be state level client advisory mechanisms, and this would be replicated at the national level by the new groups that we are proposing to establish—or whichever mechanism comes out of the consultations with clients, because it is not necessarily a committee or a council.

Senator CARR—In terms of the new ANTA agreement, have you done any assessment of unmet demand?

Ms Cross—ABS statistics on unmet demand are published regularly. We are certainly aware of those statistics.

Senator CARR—What are the agreement's assumptions on unmet demand for the period up to 2008?

Ms Cross—There are no particular assumptions in the agreement about unmet demand.

Senator CARR—What are the funding arrangements in terms of student load?

Ms Cross—The Commonwealth offer to the states and territories includes additional funding above the level of funding for 2004. It would be expected that there would be additional activity commensurate with the level of additional funds, which is normally calculated on average student contact hours rather than on student places.

Senator CARR—What are your expectations up to 2008? You must have projections that will be funded under the new agreement.

Ms Cross—The minister's press release when the funding offer was made noted that, if the states matched the additional funding, up to 116,000 additional places would be available. Since then, in the budget, additional funding has been offered to the states and territories which would create around an additional 12,000 places.

Senator CARR—What is that in contact hours?

Ms Cross—I could not translate that into contact hours.

Senator CARR—It used to be the case that we could get a clear understanding of where these places would be.

Ms Cross—The other part of the proposal is a recognition that states may shift into higher cost areas.

Senator CARR—They invariably do. That is the nature of the game.

Ms Cross—Part of the bilateral agreement process would be to recognise that with the states. So we are moving into an environment where, if they are shifting into higher cost areas, that would be recognised in the activity requirements.

Senator CARR—And there would be a maintenance of effort provision, presumably.

Ms Cross—No. There would be a process of adjusting activity to reflect where the activity is occurring.

Senator CARR—What are you doing on user choice? Do you propose to change the arrangements for user choice, given the skills shortage crisis that has emerged? You have now acknowledged it, I might say. We have been arguing the case here year after year. Is there going to be a change in the user choice arrangements?

Ms Cross—The user choice policy is agreed by Commonwealth, state and territory ministers.

Senator CARR—It is another one of those agreements.

Ms Cross—Within the Commonwealth funding offer, a number of areas were identified where the implementation of the user choice policy could be strengthened. These will be discussed, no doubt, at the ministerial council meeting.

Senator CARR—There is a lot to be discussed at this meeting, isn't there?

Ms Paul—Yes.

Senator CARR—What about industrial relations issues? Are there requirements for AWAs and performance pay in these arrangements?

Ms Cross—There are provisions in the legislation relating to workplace reforms in TAFE. Again, I expect that these will be discussed next Friday.

Senator CARR—Did you say it has already been legislated?

Ms Cross—It is in the legislation that has been introduced.

Ms Paul—In the bill.

Senator CARR—The draft. Are you proposing that TAFEs adopt the Commonwealth AWAs?

Ms Cross—The legislation requires staff to be offered a choice of AWAs where that is legally possible.

Senator CARR—How do you intend to enforce and monitor those arrangements?

Ms Cross—As part of the VET planning arrangements, with the annual plans that states develop there will be a section where they indicate how they are complying with the range of requirements, including the legislative requirements.

Senator CARR—So the compliance will be down to the states.

Ms Cross—The states will be asked to indicate to the Commonwealth how they are complying with the requirements.

Senator CARR—If negotiations are not finalised by June 2005, is there an intention to roll over the funding?

Ms Cross—The Commonwealth gave a commitment to the states and territories some time ago to maintain funding for the full 12 months, for the calendar year, to ensure a smooth transition for clients and other stakeholders in the training system. That commitment stands.

Senator CARR—How will IESIP funding, or Indigenous funding, be allocated under the agreement?

Ms Cross—The details are being worked through and will be discussed on Friday, but it will essentially be done through matching arrangements from the states and territories. There will then be a process in each state for providers to bid for those funds and demonstrate that they meet the criteria. The criteria will be agreed with the states and territories and they will be aimed at getting better outcomes for Indigenous clients.

Senator CARR—In terms of people with disabilities, is it the case that the minister has written to each jurisdiction informing them of a requirement that they provide matching funds to the amounts provided by the Commonwealth?

Ms Cross—The original letter of offer indicated the \$175 million of additional funding that the Commonwealth was providing and a requirement for states to match that funding.

Senator CARR—And if they do not?

Ms Cross—If a state chooses not to match the Commonwealth funding then that funding is available for any other state that wishes to match it. The same provision exists in the current ANTA agreement.

Senator CARR—What is the percentage of resources currently going to New Apprenticeships? Are you able to tell me that?

Mr Johnson—I do not actually have a percentage in front of me.

Senator CARR—It used to be about 22 per cent.

Mr Johnson—As a proportion of the system funding, it still would be in the order of 25 per cent.

Senator CARR—The enrolments were slightly lower than that. Do you think it has now gone to 25 per cent?

Mr Johnson—Broadly, the funding for New Apprenticeships arrangements still equates to around a quarter of the total Australian government contribution to the sector.

Senator CARR—And what are the enrolments?

Ms Cross—There are around 400,000 new apprentices in training each year. There are around 1.7 million students in the publicly funded VET system, of which around 1.2 million are funded through the ANTA agreement arrangements.

Senator CARR—Could you give me a table that shows me over the last five years the percentage of resources that have gone to New Apprenticeships and the percentage of enrolments in the Australian system so I can get a trend line on where that is going? Thanks. I take it that the 75 per cent goes to the rest of the vocational education system. Is that right?

Ms Cross—Yes.

Senator CARR—Have you done any work on the implications of proposals to divide the New Apprenticeships system from the rest of the system?

Ms Paul—We have offered advice to government. Would it be right to think that you are touching on the COAG matter again?

Senator CARR—That would be right, yes.

Ms Paul—I thought it was reasonable to ask.

Senator CARR—So you have none of that available yet?

Ms Paul—No. We have offered advice to government and that will be discussed tomorrow, no doubt, under those items.

Senator CARR—But is it true, though, that the vocational education system has always presumed to be both an education system as well as an industrial training system?

Ms Paul—It is a learning system. What are you getting to there?

Senator CARR—That is exactly my point. Mr Byrne, you seem to be more familiar with this line of argument. Is that the case? Has that always been the philosophy under the Australian vocational education system?

Mr Byrne—Yes.

Senator CARR—It is regarded as both a training and an education system?

Mr Byrne—The vocational education and training system has always been a united system.

Senator CARR—That is the principle, isn't it? Has ANTA done any work on the prospect of dividing the New Apprenticeships system from the rest of it?

Mr Byrne—No. In program terms, they are not really divisible.

Senator CARR—I see. It is not possible to divide them?

Mr Byrne—They are not divisible in program terms, as I understand it.

Senator CARR—Right. So if they were to be divided it would be an entirely different arrangement from what we currently have?

Mr Byrne—It depends on what kind of division we are talking about, whether it be program or funding sources or management. There are different ways of dividing things and they would have different implications, I imagine.

Senator CARR—So what implications in ANTA's view would there be of proposals to divide the system so the Commonwealth to take over the New Apprenticeships system?

Mr Byrne—The ANTA board has not considered that concept and has not got a position on it. I personally would see some difficulties with such a proposal.

Senator CARR—What difficulties would you see personally?

Mr Byrne—To me, the danger would be that inevitably, if there was a split in the management of different parts of vocational education and training, it would be hard to maintain the unity in a program sense. Thus, it might inadvertently perhaps produce barriers between one part of vocational education and training and another part for users.

Senator CARR—In terms of your experience with ANTA, have you had any contact with employer groups seeking a division such that the Commonwealth takes over all of the New Apprenticeships system?

Mr Byrne—No.

Senator CARR—Have you had anyone from the union side, in terms of participation in ANTA structures, express a view to support that notion?

Mr Byrne—No.

Senator CARR—Have any client groups, such as students, expressed a view about the need to do it?

Mr Byrne—No.

Senator CARR—Has there been any analysis of the effectiveness of the incentives system? It is about \$500 million, now, is it?

Mr Johnson—For 2005-06 the funding for employment incentives is in the order of \$587 million.

Senator CARR—So how much has it increased by?

Mr Johnson—There has been an increase of in the order of 2.4 per cent from 2004-05.

Senator CARR—What is that in money terms?

Mr Johnson—Around \$13.7 million.

Senator CARR—Have you done an evaluation of the effectiveness of the employer incentives program?

Mr Johnson—I think we discussed with you previously an evaluation of the New Apprenticeships Incentives Program that the department undertook last year. There was a detailed review of the Employer Incentives Program undertaken in 2002 and, following from that, a broader evaluation of New Apprenticeships arrangements was completed last year, in 2004, by the department.

Senator CARR—You have sent that to me, have you, Mr Johnson, and I have neglected to note it—is that the problem?

Mr Johnson—Not at all. We had discussions around this in February this year.

Senator CARR—I was just wondering why I had not noticed it, that was all. So you haven't sent it to me?

Ms Paul—It is what we were discussing yesterday morning. Do you remember we were discussing the work that had been done through the surveys?

Senator CARR—Yes, but those were surveys; that is not an evaluation. Surely you are not talking about that—a survey—as an evaluation?

Ms Paul—I am just reminding you of the occasions on which we spoke about the work that led to the evaluation.

Senator CARR—No wonder I am confused. You are not calling that an evaluation, are you?

Ms Paul—All I am doing is mentioning the occasions on which we discussed the evaluation of the New Apprenticeships program.

Senator CARR—Mr Johnson, are we talking about a survey being the only evaluation?

Mr Johnson—Not at all. To add to Ms Paul's response, the department undertook a detailed evaluation of the New Apprenticeships program last year. A report on that evaluation was released in March this year. A detailed summary report and a detailed copy of the evaluation report and the data which you discussed yesterday were some of the supporting information which informed that evaluation.

Senator CARR—I remember I did see something along those lines—the March paper. Are you satisfied that the spirit of incentives is able to address the skills shortage question?

Mr Johnson—We have a range of specific incentives under the New Apprenticeships Incentives Program, the vast majority of which provide support for high-level training, particularly for training in the trades.

Ms Paul—In addition, there is the range of election commitments that were announced in the budget.

Senator CARR—I am aware of that. I am just wondering why, in the department's view, there has been such a pronounced deterioration in the capacity of the system to actually meet skills shortages.

Mr Johnson—In a very strong economy there are inevitably going to be increasing pressures on skills. There has been continued growth in participation and commencements in the trades from 1995-96 through the New Apprenticeships Incentives Program. Indeed, participation in those trades sectors which are still experiencing national skills shortages represents around a third of the new apprentices in training. More recently, the data released by NCVET only yesterday pointed to continuing increases in commencements of new apprentices in the trades.

Senator CARR—I have here the list of the 100 biggest recipients of employer incentives. I must say to you that it is not particularly helpful. Certificate II apprentices are getting commencement grants but no completion grants—that's right, isn't it?

Mr Johnson—Under the New Apprentices Incentives Program, employers are not eligible to receive a completion incentive from the Australian government for Certificate II training.

Senator CARR—What are the non-completion rates at the moment for Certificate II?

Mr Johnson—The work on non-completion rates has most recently been undertaken by NCVET, in 2002. I think it indicated at that time that the non-completion rate for Certificate II was around 40 per cent.

Senator CARR—What is the non-completion rate for certificate III?

Mr Johnson—The non-completion rate is lower for certificate level III. From memory I think it is in the order of 25 per cent to 30 per cent.

Ms Paul—Of course, we think many of those are getting employment, which is one reason for non-completion.

Senator CARR—Can I get you to provide me with a list of the top 100 employer incentive recipients? What you have given me is a list of top 100 recipients, six of which are private companies, six of which are government departments and two-thirds of which are group training schemes. It does not help me to analyse exactly where the incentives are going.

Mr Johnson—That response to the questions asked previously on notice of the department indicated a breakdown for those employers of the different types of incentives. The questions in response to two specific issues around those 100 employers in reference to E401_05 detailed all of the relevant incentives that those employers had claimed and received payment for under our incentives program—for example, commencement, recommencement, completion and additional and special incentives.

Senator CARR—When did the government do away with progress payments?

Mr Johnson—Progression payments were phased out as a result of the 2002 review of incentive arrangements. The progression payment was rephased to split between the commencement and completion payments, with the greatest proportion being loaded onto completion. Those arrangements came into place on 1 July 2003.

Senator CARR—Do you think that, as a result of those changes, there has been a loss of capacity to determine where apprentices change employers?

Mr Johnson—I would not accept that. We are able to monitor, from the Training and Youth Internet Management System—the department’s information management system—where apprentices move between employers, irrespective of previous eligibility to progression.

Senator CARR—How do you do that?

Mr Johnson—The information that the employers and the new apprentices provide on the national training contract is populated into the department’s Training and Youth Internet Management System. That indicates where an individual apprentice may have moved from one employer to another or, indeed, commenced a different qualification.

Senator CARR—Is it the case that, where completion payments are made—and that is the AQF IIIs—there is a requirement that apprentices demonstrate a satisfactory completion rate?

Mr Johnson—Incentive payments from the Australian government are only made to employers where a successful completion has been obtained—that is, where a qualification has been awarded by the relevant state or territory.

Senator CARR—That means a pass, in other words?

Mr Johnson—The individual apprentice would have had to be awarded a qualification by the jurisdiction. In some jurisdictions that relates to two separate certification processes. But, yes, you would have to pass and complete the apprenticeship.

Senator CARR—Have you ever had to get money back off an employer on the basis of the failure of apprentices to satisfactorily complete their training?

Mr Johnson—I am not aware of cases where we have pursued recovery directly from an employer in relation to a new apprentice failing to complete a qualification. There is no obligation on the employer to ensure completion in terms of eligibility for the program.

Senator CARR—How often do you actually seek to recover moneys from employers for incentive payments?

Mr Johnson—On a regular basis we continue to review the activities of employers, literally on a daily basis. We do on occasion recover incentive funds from New Apprenticeships centres, again as part of our contracting arrangements with those New Apprenticeships centres, to ensure that they are monitoring the activities of individual employers. In some instances we do seek to withhold payments of incentives where the Australian government has concerns about the quality of training being provided or the activity of an employer.

Senator CARR—Do you have any data on where that has occurred?

Mr Johnson—We could provide that to you. I certainly do not have it with me.

Senator CARR—I would be interested to know how far back your readily retrievable records go.

Mr Johnson—Probably back to around 1998 or 1999.

Senator CARR—If it is readily retrievable, I would like to know the quantum that you have sought to recover, the number of employers that you have sought to recover it from and the reasons for the recoveries.

Mr Johnson—We can provide that to you.

Senator CARR—If a table can be provided, that would be helpful.

Senator CROSSIN—I would like to start with the Tools for your Trade tender documentation. The draft guidelines for the Tools for your Trade initiative released with the request for tender documents said:

The Tools For Your Trade Initiative will not effect any tool allowance received as part of the New Apprentices' wages, nor any local arrangements for the employer to provide tools or tool subsidy from any other source.

Can you tell me on what basis or advice you arrived at that conclusion? Why is that clause entered into the tender documents?

Mr Johnson—In researching the development and the implementation of this matter we were mindful of the range of other incentives, legislative arrangements and tax arrangements that are in place at the Australian government level and in the states and territories to support tools and trade costs for trades apprentices. It was clearly the intent of this measure that this Tools for your Trade measure be additional to those current forms of assistance. It would not seek to replace or substitute those initiatives.

Senator CROSSIN—So if new apprentices are working under an award—which will be very few of them, I suppose, in the near future—and they have a tool allowance, this is not to replace that?

Mr Johnson—That is correct.

Senator CROSSIN—The Northern Territory government has announced a tool allowance, and this will be additional to that as well. Is that correct?

Mr Johnson—It will.

Senator CROSSIN—Did you get any legal advice or legal opinion about this before it was entered into the tender documents?

Mr Johnson—Not that I am aware of.

Senator CROSSIN—Prior to inserting this clause, did you survey any awards or agreements to see how many offered a tool allowance?

Mr Johnson—In response to one of the previous questions from the committee on notice, we signalled that we did undertake an analysis of the range of other supports that are available to apprentices in the states and territories. As part of that exercise, though, I am not aware of any survey that was undertaken of individual new apprentices or employers.

Senator CROSSIN—No, but did you specifically look at any, say, industrial awards or agreements that would have a tool allowance provision in them?

Mr Johnson—I understand that we did.

Senator CROSSIN—Can you provide me with a list of those awards or agreements that you looked at?

Mr Johnson—We can take that on notice. I do not have that with me.

Senator CROSSIN—During your development of the tender process and the surveying research into existing tools allowances what did you find out about the employers' attitudes towards the existing or current tool allowances?

Mr Kimber—In researching the development of the guidelines and the request for tender we discovered that the response of employers to this initiative was very supportive. They saw it as meeting a particular need and alleviating the financial burden on new apprentices in the early part of their training.

Senator CROSSIN—At a cost to them, I am assuming.

Mr Johnson—The initiative is not intended to provide any additional costs to employers. In addition to what Mr Kimber has detailed, again there certainly was an assessment that, given the high cost for particularly younger Australians commencing an apprenticeship in the trades, this measure would provide some additional assistance to those individuals in commencing that training pathway.

Senator CROSSIN—Do you have any evidence at all, or did you gather any information, that might suggest that, if an apprentice stays under an award or even under an AWA, in future the tool allowance may well be removed from the contract or the AWA as a result of that?

Mr Kimber—We did not gather any evidence to that effect in terms of developing these guidelines.

Mr Johnson—The funding for this measure indicates that the initiative will be maintained, and I would expect that it would be maintained in addition to any other industrial arrangements that may be brought into place.

Senator CROSSIN—How do you intend to ensure that the employers do not remove apprentices' existing tool allowance, if there are in industrial agreements?

Mr Johnson—We will be seeking to develop those arrangements with a successful contractor for this initiative.

Senator CROSSIN—But the successful contractor for this initiative will have no power over what an employer does when it comes to renegotiating an industrial arrangement.

Mr Johnson—Correct. But the contractor will have obligations to provide the department with information ensuring that the tools purchased are appropriate to the relevant trade and, indeed, that the arrangements in providing those tools to the employer and ultimately to the new apprentice have not displaced other support arrangements for the individual apprentice.

Senator CROSSIN—Can you outline exactly what contractors will be asked to do to ensure that current or future apprentices do not have any tool allowance removed from their existing conditions of employment?

Mr Kimber—Contractors or tenderers are being asked to put forward complaints and dispute resolution arrangements. Also, within the tender documentation is the other

requirement for them to provide us with regular reports and we will monitor those, in accordance with the program guidelines.

Senator CROSSIN—So you are assuming that, if an apprentice is threatened with having their tool allowance removed, in their next contract for example, those people might notify this contractor?

Mr Kimber—That may be the case, and it would be expected that the contractor has the mechanisms there to acknowledge those details. Also, there is a requirement that they report to us. However, in terms of the industrial relations arrangements regarding awards, that is a matter for the Department of Employment and Workplace Relations.

Mr Davidson—It is also very extensive array of state governments investigative officers, in the context of training contracts, in every jurisdiction. They get called in all the time to any kind of dispute between an employer and an apprentice. We anticipate that, if there were concerns around this issue in particular, they would come to the fore straightaway. There is no intention that the payment from the Australian government would meet the entire cost of providing tools for any apprentice. It is a contribution towards that.

Senator CROSSIN—With all due respect, I do not think I have had any evidence from apprentices that have contacted me about how efficient or effective the state and territory jurisdictions are in handling those complaints, I have to say, particularly in my part of the world. But there is a clear expectation from the Commonwealth that employers will not seek to remove a tool allowance or any other existing provision in return for getting this, is that right?

Mr Johnson—The expectation is that there will be an additional support to those new apprentices.

Senator CROSSIN—In answer to question E539_05 you stated that you undertook research, including reviews of tool allowances, incentives and travel and accommodation assistance available to apprentices. Is it possible to get a copy of that research?

Mr Kimber—I will take that on notice.

Mr Johnson—I do not know that there would be any research reports available that we could provide to you but we are happy to look at that.

Senator CROSSIN—You will take it on notice whether you can provide us with that research. Senator Wong has a tight time line, so I will suspend the tool allowance discussion. We are trying to juggle a few committees, if you can bear with us.

Senator WONG—Thank you. I have some questions regarding the department's involvement in the so-entitled welfare to work package. Was the department involved in the task force?

Ms Paul—Yes.

Senator WONG—How many staff did you have in the task force?

Ms Paul—One.

Senator WONG—At what level?

Ms Paul—It was an EL2, if that makes sense to you. I think we joined after it had been set up. I can confirm that.

Senator WONG—So some time after February?

Ms Paul—I think so. If there is anything different I will come back.

Senator WONG—If you could let me know.

Ms Paul—Of course.

Senator WONG—Was the department asked to do any research on the skills profile of the relevant cohorts—that is, recipients of the parenting payments and recipients of the disability support pension?

Dr Jarvie—Most of the work was done in other departments.

Senator WONG—You were not on the task force, I presume.

Dr Jarvie—No. An EL2 was on the task force and located in the Department of the Prime Minister and Cabinet.

Senator WONG—I understand that most of the work was done by the departments but obviously an assessment of the skills profile of the cohorts would be within this portfolio, would it not?

Dr Jarvie—No. The characteristics of the people would have been a responsibility of the other departments.

Senator WONG—Which departments do you say are supposed to assess skills?

Dr Jarvie—Of the cohort of the existing stock?

Senator WONG—Yes.

Dr Jarvie—That would have been DEWR.

Senator WONG—To your knowledge did DEWR do such an analysis?

Dr Jarvie—I do not know the details of what was undertaken by them. As you are aware, they did extensive analysis and modelling.

Senator WONG—I am not sure how much I am aware of after the DEWR estimates.

Ms Paul—I think it is DEWR that has responsibility for those two relevant payments, DSP and parenting payment, but it could be FaCS. At any rate it was not DEST. I imagine it was DEWR.

Senator WONG—But you are responsible for delivering the training places and skills component of the package, are you not?

Dr Jarvie—There are certain elements of the package that we are responsible for delivering.

Senator WONG—Virtually all the training?

Dr Jarvie—There were three sets of training. Shorter employment related training is part of the Job Network function but there were three aspects and they were all documented in the press releases.

Senator WONG—Yes, I am going to go through the measures. I am just trying to go through a bit more generally. Did you provide advice in relation to the number of vocational education and training places that were required through the task force?

Dr Jarvie—We provided advice on unit cost but the number of training places were as a result of work undertaken and policy development taken in other departments.

Senator WONG—What does that mean?

Ms Paul—We were not responsible for the estimates of number, but we offer—

Senator WONG—Yes, I understand the words in the answer but I do not understand the implications. Was there an analysis of the skills requirements of those who are supposed to be moving from welfare to work in order to determine the number of vocational education and training places that were required in the package?

Ms Paul—Not by DEST.

Senator WONG—Did you have any input into that sort of analysis?

Dr Jarvie—No.

Senator WONG—Presumably, if such analysis were done, given that you are the department responsible for training, that advice would have been sought.

Ms Cross—The only information we did provide was that we would use an average unit cost. So, for different clients with different training needs, that takes into account that some would be on short courses and some would be on long courses—so we were using averages to allow for a variety of skill needs. That is the only advice we gave.

Senator WONG—So you were only asked to provide advice as to how much it would cost and not policy advice as to the parameters of how much training was required. Is that a reasonable summary?

Dr Jarvie—Yes, that is reasonable.

Senator WONG—When you say that your unit costs looked at an averaging of the sort of training that was required, did you do any analysis of the skills requirements of the relevant cohorts in order to come up with the unit cost?

Ms Cross—No, we used the unit cost that applies across the whole VET system—and the average unit cost for a training place is \$3,000.

Senator WONG—There has been some discussion about the skills levels of the cohort on parenting payment who are not currently participating in the labour market. Have you done any analysis of that?

Ms Cross—No.

Senator WONG—So you cannot comment on the ACOSS suggestion that 60 per cent of the non-participating parents have an education level only to year 10?

Dr Jarvie—No, we cannot comment.

Senator WONG—And you have not been asked to investigate?

Ms Paul—No, but the measures that we will now deliver presumably go to some of that—for example, the extra places in the literacy, language and numeracy program and so on. But, no, we were not part of the analysis of that.

Senator WONG—It seems surprising to me that, given training measures are obviously an important aspect of moving people from welfare to work, the department with responsibility for training was not asked to undertake any analysis of the training needs of the people who are the target of the package.

Ms Paul—The responsibility for analysing the nature of the people on those income support payments is not ours.

Senator WONG—Can we just go through a number of the measures in the package for which you have responsibility. I am going to go through Budget Paper No. 2 and make some reference to the PBS. I assume that the component that relates to the enhanced Newstart allowance is the Youth Allowance and Austudy taper rate changes. Is that right?

Ms Bennett—Yes.

Senator WONG—On page 135 and 136 of Budget Paper No. 2, there is a saving of \$1.5 million under that measure in 2005-06. Can you explain to me what that relates to?

Dr Jarvie—Yes.

Ms Bennett—Are you looking at the increased participation of people with a disability?

Senator WONG—Yes.

Ms Bennett—That measure is just a saving in the first year and that was a saving attributed to the nonpassage of reforms to the Disability Services Act—they did not get through parliament and so the projected expenditure on that is now a saving in that column.

Senator WONG—What were the training measures associated with the \$1.5 million?

Dr Jarvie—At the time it was passed it was part of the Family and Community Services portfolio. At the time the legislation was in place there was assumed to be a flow-on effect to people who might go on to Austudy or Youth Allowance. Those figures were incorporated in the forward estimates for Austudy and Youth Allowance.

Senator WONG—Yes, I understand that.

Dr Jarvie—So it was more a flow-on effect rather than any specific measures. That is my understanding.

Senator WONG—Does someone here have more than an understanding? Does anyone know what that measure relates to? There are a number of issues associated with that legislation. I am trying to clarify precisely what proposed expenditure the savings—the \$1.5 million—relate to. You might need to take it on notice.

Ms Paul—We would probably have to refer back to what the nature of the legislation was that did not pass; so we probably do need to take that question on notice.

Senator WONG—Yes—that was the 15 hours. But I assume for your portfolio that would relate to training measures.

Dr Jarvie—The figures that we have in front of us are simply due to flow-on effects to numbers on Austudy and Youth Allowance. There were no training places incorporated in that; there is no funding for training places. It is simply Austudy dollars.

Senator WONG—Could you take that on notice and confirm that? It seems odd to me that under the disability measure you are going to have flow-on savings, which were assumed in the budget, for Austudy and Youth Allowance. As I recall, and I could be wrong, the bill related to changes to the capacity test for entry to the DSP.

Ms Paul—I think that is right. Presumably, it was not in our portfolio at that time. As Dr Jarvie has described, it was assumed that numbers would increase; the impact is of course that the legislation has not passed. But we will set it out for you.

Senator WONG—Thank you. Do the \$2.56 million and \$10.4 million over the subsequent outer years relate entirely to the language, literacy and numeracy program?

Dr Jarvie—They are a mixture that is increasing participation of people with a disability. It is a mixture of impacts: there is the language, literacy and numeracy expenditure; there is the savings from the withdrawal of those two measures—

Senator WONG—I will just stop you there, because I am going to go through all of them. Perhaps you can disaggregate for me that line item under that measure insofar as it relates to your department. Precisely how many places and what programs will it deliver over the forward estimates?

Dr Jarvie—The number of additional places for language, literacy and numeracy is 823 over the three-year period 2006-07 to 2008-09.

Senator WONG—How are they broken up?

Dr Jarvie—Year by year the break up is: 425, 199 and 199.

Senator WONG—And that does not commence until 2006-07—is that correct?

Dr Jarvie—That is correct.

Senator WONG—What else have we got in that measure?

Dr Jarvie—We have a net impact on Austudy numbers and on Youth Allowance student numbers.

Senator WONG—What are they?

Dr Jarvie—The impact on Austudy numbers is 1,635.

Senator WONG—Is that an increase?

Dr Jarvie—Yes. And for Youth Allowance student numbers the impact is 2,980.

Senator WONG—Explain to me why that would be the case. Would that be people who would no longer be able to access the DSP accessing those payment streams?

Dr Jarvie—The assumptions behind it were made as part of the modelling process that was undertaken in other portfolios. We simply accepted the numbers.

Senator WONG—I am not asking you questions about the numbers and I am not asking questions about the modelling; that is one of the reasons I am going to go and talk to Treasury

and why we have had discussions with DEWR over a number of days. I am asking: does that represent additional beneficiaries of Austudy and Youth Allowance.

Dr Jarvie—Yes.

Senator WONG—Are there any other aspects of that measure?

Dr Jarvie—There are savings associated with the changes to the forward estimates due to the fact that the previous legislation did not proceed.

Senator WONG—Which is the issue we spoke about at the start?

Dr Jarvie—Yes, we have spoken about that already.

Senator WONG—Is that it?

Dr Jarvie—Yes.

Senator WONG—Can we move to ‘increasing participation of parents’, which is on page 137 of Budget Paper No. 2. The figures for your department are \$10.9 million, \$27.5 million and \$39.3 million. Can you tell me what that comprises?

Dr Jarvie—Austudy—more numbers.

Senator WONG—How many?

Dr Jarvie—The figure is 7,254. Then there are additional places under the Language, Literacy and Numeracy Program: 1,783.

Senator WONG—I presume there is no Youth Allowance increase for this measure.

Dr Jarvie—Career planning places: 3,600.

Senator WONG—Do you do career planning?

Dr Jarvie—It is a departmental program.

Senator WONG—Anything further?

Dr Jarvie—No.

Senator WONG—On notice, can you give me those over the forward estimates period, to show how they are broken up.

Dr Jarvie—Yes.

Senator WONG—What about the VET places, those measures?

Dr Jarvie—They are as described: 12,300 places over three years.

Senator WONG—Can you give me the breakdown of those?

Dr Jarvie—The customer numbers are 4,500, 4,000 and 3,800.

Ms Paul—Starting in 2006-07.

Senator WONG—Sorry; what were the numbers?

Dr Jarvie—Starting in 2006-07, there are 4,500, then 4,000 and then 3,800.

Senator WONG—Are you able to tell me what the \$43.3 million redirected funds previously related to?

Ms Cross—Those funds were part of the Recognising and Improving the Capacity of People with a Disability package, where the legislation was not passed. So they are part of the funding offer to the states and territories.

Senator WONG—That was rejected.

Ms Cross—They were part of the offer that was put on the table again this year for the 2005 to 2008 agreement, so this is just confirming those places.

Senator WONG—Sorry; it is not my area. What has happened with that agreement?

Ms Paul—It was rejected in 2003. We went to direct tender. That has now been put back in the current offer, which is on the table.

Senator WONG—It is still under consideration.

Ms Paul—Correct.

Senator WONG—Can we go to ‘increasing participation of the mature aged’.

Dr Jarvie—There are Language, Literacy and Numeracy Program places there: 325.

Senator WONG—That is all?

Dr Jarvie—Yes.

Senator WONG—I have one question about the VET places. It is suggested that the 12,300 are to be shared between the parents returning to the work force and mature aged workers assessed as able to participate in the work force. Have you done any notional allocation as between those cohorts?

Ms Cross—No. That will be up to each state and territory to decide. We would expect that the 12,300 would roughly be met according to each state’s share of the working age population. The proportions of parents and older workers would vary from state to state.

Senator WONG—Is the Commonwealth intending to put out any guidelines associated with the provision of these places? I am talking specifically about the VET places.

Ms Cross—In the offer of this funding to the states and territories we have required that in their VET plans each year they indicate what strategies they will put in place to support these people and help them enter training as part of their pathway back to work. So we will require them, in their VET plans, to outline what they are doing and then each year to report on what they have achieved.

Senator WONG—So that is in the documentation associated with the provision of places.

Ms Cross—Yes.

Senator WONG—Is that able to be provided?

Ms Cross—The first lot of VET plans will be for 2006, which is when the funding begins. If we carry on and if the agreement is signed, they will be prepared in November this year and considered by the ministerial council in November.

Senator WONG—MCEETYA.

Ms Paul—No. It is the other ministerial council, the training ministerial council.

Senator WONG—But is it the intention to have guidelines associated with those places relevant to the particular cohorts that are supposed to be serviced?

Ms Cross—‘Guidelines’ is probably too strong a term. It is a requirement for them to indicate what strategies they will put in place and then each year to report back on what they have achieved. We will do that state by state, so you would expect that the approach which they adopt in the ACT might be quite different to the approach in the Northern Territory.

Ms Paul—We are going through a multilateral and then a bilateral series of negotiations.

Senator WONG—Do I understand that to mean that therefore the Commonwealth will add this many places but they are not quarantined specifically for that cohort?

Ms Paul—Yes, they are.

Ms Cross—That is the intention. In the VET statistics we do not separately identify parents, so it would be hard to quarantine them. But we will certainly be looking at each state’s plan to ensure that they have actually got strategies in place for these two client groups that will result in more of them entering training and getting successful outcomes from that training. So it is quarantined. We have also asked the states to match this funding so that there could be additional funding available for these groups as well.

Senator WONG—There are two things arising out of that. I do not understand how your answer means that they are quarantined. You said they are quarantined but—

Ms Cross—They are quarantined in the sense that we will require them to show what strategies they have in place for these clients.

Senator WONG—I am sorry, but I am not sure I agree that that is quarantining. You are encouraging the states to demonstrate a strategy as to how they are going to provide these opportunities for parents and mature age people, but in actuality there is nothing to prevent this place being accessed by another cohort.

Ms Cross—That is always the case, because you are always relying on people turning up and enrolling. So we will be looking at strategies to encourage people from these cohorts to enrol. We have certainly seen with the VET Priority Places Program that if you put an emphasis on particular client groups you are able to actually increase enrolments for those clients. So we have some experience of contractors being able to increase the places for parents and older workers and we will be looking to see that the states adopt similar strategies.

Ms Paul—This is a requirement under the agreement, so the states and territories must accept this requirement to sign up to the vocational education agreement.

Senator WONG—You have got to remember bygones.

Ms Paul—We do indeed.

Senator WONG—I presume the matched funding is for additional places, or is that a contribution to these places?

Ms Cross—That would be funding on top of these places.

Senator WONG—What can you tell me about the savings measure to do with the extension of savings periods?

Ms Bennett—The extension of the waiting period is equalising the provisions under Youth Allowance and Austudy with other income support payments. It provides for people who are working in seasonal work where they have very high incomes in short periods. It also applies to people who have had a redundancy payment. So it applies exactly the same waiting period as under other forms of income support for those people coming onto student income support who have had those sorts of payments.

Senator WONG—What will the impact of the new preclusion period be? What does it actually mean?

Ms Bennett—It means that they will not be able to go onto student income support so soon after, for example, having received a redundancy payment.

Senator WONG—How long?

Ms Bennett—It depends.

Senator WONG—It depends on the income.

Ms Bennett—Yes.

Senator WONG—Was there any analysis done of the effect of that?

Ms Bennett—This was a measure that came out of another portfolio, so—

Senator WONG—It was a savings in your portfolio. You were not asked to provide any information about the impact of that in relation to the payments you administer?

Ms Bennett—No.

Senator WONG—What research has been done, more generally on the skills profile of people with a disability as opposed to specifically in the context of the Welfare to Work measure?

Ms Cross—There is a compendium that the National Centre for Vocational Education and Research produced for the ADTAC council, which was an ANTA council for people with a disability. The compendium broke down the nature of the disability—whether it was intellectual, physical and so on. So there has been a lot of research into the cohort. But I do not know that it actually goes to the skills profile of those people.

Senator WONG—When was that prepared?

Ms Bennett—Last year or this year.

Senator WONG—Can I get that off the web site, or could you provide me with that?

Ms Bennett—I can certainly see if I can get a copy of it, but it is ADTAC, or NCVER, and so we will have to follow it up with them.

Senator WONG—Was any analysis of that sort before the Welfare to Work task force when formulating this package?

Dr Jarvie—We cannot comment.

Senator WONG—Please do not shrug, because you did have a member on the task force.

Ms Cross—That sort of analysis was done by other departments. DEWR is a member of ADTAC, but I could not tell you whether they took any of that into account in their analysis.

Senator WONG—Was it before the Welfare to Work task force?

Ms Cross—The ADTAC report?

Senator WONG—That report, or other information regarding the skills profile of people with a disability?

Ms Cross—That report was available before the task force completed, but I do not think it cross-tabulated the people in training with the people on income support. I suspect it may have been useful background information, but I do not know whether DEWR would have been able to use it.

Senator WONG—Everyone keeps on talking about DEWR, but you were on the task force. I am trying to establish what sort of information base in terms of the skills needs of the targeted groups was before the task force when formulating the policy.

Ms Paul—We probably do not have any further information. We came in some way through it. I will correct this if it is in any way an inaccurate description, but my understanding is that it was more a description of the type of programs and access that recipients could move into. Our programs are not known by the other portfolios, obviously, in the details that that we know them, so we are able to say: ‘If the analysis we receive is that people will need literacy and numeracy, yes, we understand that. Here is the program. This is our unit cost.’ It was more being able to offer the pathways so that people may be able to enter into the training and education realm.

Senator WONG—I understand that. That is the service delivery, that is the provision of the service. I am trying to work out if anyone did an analysis of the demand and the needs.

Ms Paul—We cannot tell you that in regard to the income support recipients. We could certainly take on notice whether we were aware of particular items terms of research.

Senator WONG—That would be useful. You are being asked—presumably; this is how I understand the process from your evidence—to say, ‘These are the sorts of services, pathways, programs, places that we can provide for this cohort.’ Then you are asked to cost that. That is fine. Who actually says what is required? Given your responsibilities for training—this is the department in which the expertise around the skills needs of Australia resides; that is how I understand part of your role—were you asked to look at the skills needs of people with a disability and parents on these benefits?

Ms Paul—The information about customers—as I gather they are called—on these payments does not rest with us. We have enormous amounts of information about skills shortages generally; what we do not have is information about those customers.

Senator WONG—You were not provided with that?

Ms Paul—I would have to check that. At any rate, it is not ours.

Dr Jarvie—No, we were not provided with that.

Senator WONG—So DEWR did not say to you, ‘Here is some information about these customers. Can you please give us some view about the training requirements of that cohort’?

Ms Paul—About what the pathways might be.

Senator WONG—That was never undertaken That never occurred?

Ms Paul—What never occurred?

Senator WONG—As I understood your evidence, you said, ‘We don’t have the characteristics or information about these customers.’ Is that correct?

Ms Paul—The customer characteristics are not kept by us, that is right.

Senator WONG—What I am saying is: DEWR did not provide you with a range of data sets about these customers and say, ‘Give us your view as the training department about what sort of training requirements this group has.’

Ms Cross—No. Again, as I said, by using an average unit cost you are assuming that there will be a range of different training requirements, some of which are shorter and some of which are longer and more expensive, and that is why we use an average unit cost to reflect that there will be a range of training requirements.

Senator WONG—Do you see the issue, though? You are making assumptions and I am just asking whether there is any data, any research or any analysis in order to base those assumptions. The analysis would be very different if, let us say, ACOSS were right and 60 per cent of the parents concerned only had year 10 education. Let us say ACOSS is wrong and most of them finished year 12 and a substantial proportion of them have some vocational training. They are very different sets of training needs—correct? Did anyone to your knowledge, in preparation for the Welfare to Work package, actually do that analysis?

Ms Paul—They may have but it was not done by DEST.

Senator WONG—And DEST had no involvement?

Ms Paul—We were on the task force but because we do not know if that analysis—

Senator WONG—I suppose I am saying: presumably, if that analysis were done, you did not have any involvement because you do not know about it.

Ms Paul—That is right.

Senator WONG—Thank you.

Senator CROSSIN—I will just slip in one question before we go back to the tool boxes. I have just received my latest ANTA *Fast Facts* newsletter. It tells me that *Fast Facts* will continue after 1 July. Is that correct?

Ms Cross—Yes. We may give it a new name but it will continue as a source of information.

Senator CROSSIN—You might give it a new name?

Ms Cross—We may.

Senator CROSSIN—Will it have new content even?

Ms Cross—The contents are updated every fortnight, so it will be the up-to-date news on the national VET arrangements.

Senator CROSSIN—Let us hope you keep the same distribution list as well.

Ms Cross—We are approaching everybody on the distribution list to make sure that they are happy to continue.

Senator CROSSIN—I saw that.

Senator WONG—How were the numbers determined then? Were you just given an allocation? Were you just advised, ‘You will get this much money and how many places; can you allocate out of that’?

Ms Paul—I am not sure of precisely how it went but basically it was our role to offer the pathways and the unit costs.

Senator WONG—Yes, I understand that. Who made the decision or where was the decision made that it would be 12,300, for example?

Ms Cross—We were told the number of places and we then costed that.

Senator WONG—So you were given a place number, not a financial—

Ms Cross—The flow of clients—the number of clients that were expected to flow through to training. We costed that, as I said, using average unit costs.

Senator WONG—Who provided that data? Was it Treasury or DEWR?

Ms Paul—It would have been through the task force.

Senator WONG—I understand that but whose data was it?

Ms Cross—I think it was DEWR’s. I have generally been referring to DEWR because I think most of our contact was with DEWR.

Ms Paul—Probably wherever those payments lies—

Senator WONG—I am sorry?

Ms Paul—Probably where each of those payments lies. I think they do lie with DEWR, don’t they?

Senator WONG—I think so.

Senator CROSSIN—On the draft guidelines for the tool box training incentive, you have released the request for tender documentation. A quote from that documentation suggests that qualifications which can lead to the listed trades have been identified by DEST through consultation with industry bodies. What industry bodies were consulted?

Mr Kimber—The industry skills councils.

Senator CROSSIN—All right. All of them?

Mr Kimber—Where they had coverage of those particular qualifications and trade areas.

Senator CROSSIN—And they all responded?

Mr Kimber—As far as I am aware.

Senator CROSSIN—The guidelines also say:

Because some qualifications can lead into a number of trades, some of which are not eligible trades, it is necessary for the employer to identify which trade their New Apprentice will be entering when they have completed their qualification. A New Apprentice’s eligibility for a tool kit will be determined when

the employer indicates the trade or occupation to which the qualification which the New Apprentice is undertaking on the Eligibility Verification Form.

Given that that is a specification of the tender document, how does DEST envisage an employer determining whether the qualification listed will lead to a relevant trade or occupation? What do you mean and how do you expect employers to determine that?

Mr Kimber—When a new apprentice commences training with their employer, they enter into a contract of training that lists the details of the qualification which the new apprentice will be training in. It does not, however, give details of the particular trade or occupation that the new apprentice will exit in to. Therefore, we will use the TYIMS system to identify those new apprentices who 1 July 2005 commence a particular qualification that leads to a trade occupation. The contract will seek verification from the employer—countersigned by the new apprentice—firstly that they are in that qualification and secondly that that qualification leads to that particular trade.

Mr Johnson—I can detail that further by illustration. In the guidelines, under the engineering trades occupations there are a range of training pathways in metal fabrication. Indeed, one of the qualifications there—and this is on page 34 of the draft guidelines—details that an apprentice can undertake a Certificate III in engineering fabrication trade. There are a number of employment outcomes or occupations flowing from that qualification, one which includes jewellery design and production and another which relates to welding. Clearly, the tool box initiative relates to supporting those areas of national skills shortage, and the area here would be metalworking and welding, not jewellery. That is the intent expressed in the guideline.

Senator CROSSIN—Okay. What happens if you give an apprentice a tool box kit and halfway through their second year they decide they are going to jump out of welding and go do air conditioning or motor mechanics or something else? They are probably not good analogies because they are not related.

Mr Johnson—In the circumstances that you detailed, the individual apprentice would be entitled to take the tool kit with them. The contractor will be engaged to ensure that the tool kit, or tools through this initiative, is provided to the employer three months after the commencement point of the new apprenticeship. At the nine-month point—that is, a further six months beyond that—the actual tools will be passed, in terms of ownership, from the employer to the new apprentice. If the new apprentice at any point thereafter leaves that particular training pathway, either to other employment or to other training—

Senator CROSSIN—They can take it with them.

Mr Johnson—they are entitled to take it with them.

Senator CROSSIN—You are assuming that the tool kit that the employer gets at three months will be entirely passed on six months later?

Mr Johnson—One of the obligations of the successful contractor that the Australian government will engage under this initiative will be to provide information to the employers about their requirements under this measure. Clearly, part of that will be to detail those arrangements.

Senator CROSSIN—What are you going to do if an employer determines a qualification is not one leading to a relevant trade but the qualification is on your list? What redress is there for an apprentice to appeal against that employer's decision?

Mr Johnson—At the sign-up point. The New Apprenticeship centre is currently contracted by the Australian government to provide advice to both the employer and the new apprentice about the appropriate qualification for that individual apprentice to undertake relevant to their area of work. From past experience there have been limited instances of people expressing concern about the relevance of training pathways. Indeed, were people do, the New Apprenticeship centre is encouraged to promote information to the employer telling them to seek relevant advice from the state training department or the relevant registered training organisations providing training in that industry area.

Senator CROSSIN—Even if there is one problem, how are you going to deal with it?

Mr Kimber—As I indicated in earlier discussion, there is a requirement for the contractor to have a complaints and disputes resolution arrangement. There are also requirements in the guidelines that they advise us of any issues that arise. Those matters will then be considered.

Senator CROSSIN—Will apprentices be informed as to who the contractors are? Will apprentices get a copy of those dispute resolution guidelines?

Mr Kimber—It is envisaged that details of the successful contractor will be made available on the web site and through information provided by the New Apprenticeship centres, especially during the sign-up for the contract of training. It is also envisaged that when information is provided to the employers regarding the issuing of details that similar information would be provided to the new apprentice.

Mr Johnson—To complement this measure the contract for the New Apprenticeship centres already includes an obligation to establish local area marketing activities to employers and apprentices in their region of service, including the establishment of specific processes for handling complaints. That is an existing arrangement which is certainly going to support information flowing to relevant parties under this initiative.

Senator CROSSIN—So if an apprentice has a dispute about the tool allowance, they will be provided with information about how to deal with that dispute?

Mr Johnson—As Mr Davidson indicated before, the states and territories also have their own dispute resolution mechanisms and arrangements for handling complaints, in addition to independent information to employers and apprentices.

Senator CROSSIN—So you are expecting the state or territory arrangements for handling complaints to step in and sort out this tool box stuff?

Mr Kimber—No. There are a range of avenues for handling complaints and disputes. In terms of the tool boxes, we are asking the contractor to specifically set up access arrangements and contact arrangements whereby apprentices and employers can lodge complaints and have those disputes concerning tool kits resolved. There would be other matters, though, in terms of the new apprentice's general employment that may be more appropriate to refer to the state and territory workplace relations authorities.

Senator CROSSIN—When an apprentice becomes eligible for this tool kit, will your contractor write to them and let them know that?

Mr Kimber—Yes. The contractor will be writing to the employer and the new apprentice.

Senator CROSSIN—Why can't the contractor also attach a copy of any dispute procedures or highlight in the letter that there are dispute procedures available if they need them?

Mr Kimber—The forms and the associated information package are still under development. That will be provided by the department to the successful contractor. We would expect that issues such as bringing the new apprentices attention to those types of arrangements will be included in that.

Mr Johnson—They are entirely consistent with the existing contract arrangement with New Apprenticeship centres, whereby at sign-up New Apprenticeship centres are contractually obligated to provide information to the new apprentice about existing mechanisms for handling complaints managed by the states and territories—and, indeed, to provided information about their own mechanisms for handling complaints and information referral, and national mechanisms for handling information and complaints provided by the Australian government. So we see that there are a range of avenues by which the department is going to be able to seek information back if there are specific implementation issues around this initiative.

Senator CROSSIN—Are you providing any assistance to help employers complete these forms, or will the contractor do that?

Mr Kimber—The contractor will be required to provide the necessary forms to the employer and new apprentice. It is part of the guidelines that they are expected to have an inquiry hotline or some other measure through which employers and new apprentices can seek advice in terms of completing those forms and arrangements.

Senator CROSSIN—So contractors will have to have a hotline?

Mr Kimber—Or a contact arrangement for employers and new apprentices.

Senator CROSSIN—How many forms will the employer need to complete?

Mr Kimber—There are three. One is to verify the eligibility of the new apprentice, the second is to verify the purchase of the tool kit and the third is to verify, at the nine-month point, that the tool kit has been provided to the new apprentice.

Senator CROSSIN—How many forms does the apprentice have to complete?

Mr Kimber—It is expected that the new apprentice will countersign each of those forms, so that they are kept informed about what is happening.

Senator CROSSIN—All right.

Proceedings suspended from 12.25 pm to 1.33 pm

Senator CROSSIN—The National Centre for Vocational Education Research said, on page 8 of their *Insight* magazine in February this year:

Between 16% and 20% of people who commence a training contract do not continue past the first six months and of these about 10% do not continue past the first three months of their training.

You have identified for me the timeline for apprentices to get their kits. For the six-month period does the kit actually remain the property of the employer? What happens if the apprentice withdrawals during the six-month period?

Mr Johnson—If the new apprentice withdraws from the apprenticeship prior to nine months from commencement, the employer would be entitled to retain the tool kit, or the tools, acquired under this initiative.

Senator CROSSIN—So they get to keep it; they do not have to hand back the tool kit that they get?

Mr Johnson—That is correct.

Senator CROSSIN—Have you anticipated or estimated then what the annual wastage of the tool kits will be arising from that decision?

Mr Johnson—We have not done any modelling around the attrition of new apprentices from the trades in those areas. The work that NCVER undertook in 2003 indicated that the highest level of early withdrawal—that is, within the first 12 months of a traineeship or apprenticeship—occurred at the certificate level II qualification and below, and that higher level retention rates were evident at certificate level III and higher qualifications. So in that respect we do expect a fairly high level retention rate for the apprentices who—

Senator CROSSIN—Is the tool kit only available to those people doing certificate level III?

Mr Johnson—That is correct. It is only relevant to qualifications that underpin those occupations in skills shortage, and the guidelines that we referred to do just before the lunchbreak make reference to those specific qualifications which identify that all of them are at certificate levels III and IV.

Senator CROSSIN—Would you not agree with the NCVER's analysis that between 16 per cent and 20 per cent of people who commence a training contract do not continue past the first six months and 10 per cent do not continue past the first three months?

Mr Johnson—I certainly would not dispute the NCVER's analysis. I simply make the point that the greater proportion of those noncompleters or withdrawals actually relate to people on lower level training, so certificate level I and II courses, which would not be eligible for this measure.

Senator CROSSIN—How many apprentices do you anticipate will withdraw from their apprenticeship within the first nine months?

Mr Johnson—Going on the data that I have in front of me, we have advice from NCVER—and again this is from 2003, so it may not reflect entirely the figures that you referred to—that around 29 per cent of new apprentices have withdrawn from training at the six to 12 months point. But we have not done modelling regarding the number of high-level apprentices at certificate level III or IV qualifications who may withdraw under this measure.

Senator CROSSIN—They might be enrolled in a certificate III course, but they still have to do the first two years of that certificate, though. You are talking about 29 per cent; do you have a figure?

Mr Johnson—No, I would have to take that on notice.

Senator CROSSIN—Do you have a breakdown of that figure for the trades that you are supporting?

Mr Johnson—Again, we would have to take that on notice.

Senator CROSSIN—So you cannot tell me what the total value might be, based on those figures, of the tool kits that will end up in the hands of the employers?

Mr Johnson—No, we only have the year on year costs for the total measure. As I said, we would expect that, in the overwhelming majority of cases, the tools will be passed on to the new apprentice at the nine-month point and that, where they are retained by the employer where the apprentice leaves or does not complete the course for some reason, they will obviously benefit the employer in supporting further training, through taking on other apprentices.

Senator CROSSIN—So, in the minority of cases, you do not have a figure then regarding how much employers may collect from this tool box arrangement?

Mr Johnson—I would have to take that on notice.

Senator CROSSIN—What do you imagine will be the total value of the kits that will end up in the hands of the apprentices each year?

Mr Johnson—We have not undertaken detailed modelling about that withdrawal rate. Again, I would have to take that on notice and come back to you.

Senator CROSSIN—You cannot tell me the expected number of apprentices who would be undertaking a certificate III course who might attract this?

Mr Kimber—It is estimated that each year in the order of 34,000 new apprentices commence in those qualifications leading to those occupations or those trades areas. Within the RFT there was a breakdown, I think, of that figure by industry regarding where those apprentices are or what industry those new apprentices are in.

Senator CROSSIN—Are you able to table the non-completion data that you have just cited to us?

Mr Kimber—The non-completion data?

Senator CROSSIN—Yes.

Mr Kimber—No, I did not quote any non-completion data.

Mr Johnson—We can certainly make that information available to you. That is actually drawn from NCVER research.

Senator CROSSIN—So you are going to provide that on notice to us?

Mr Johnson—Yes.

Senator CROSSIN—The RFT states that the department estimates that, Australia wide each year, as you said, there are some 34,000 new apprentices—that is the figure you have just quoted—who commence training in qualifications that will lead them into the skills shortage trades. If we apply the withdrawal rates from the NCVER, this is at least a further six per cent to 10 per cent withdrawal rate from the time the new apprentices become eligible for their toolkits and the time the toolkit passes to the new apprentice. On your figures this would actually equate to between 2,040 and 3,000 toolkits a year that would stay with the employer. We have 34,000 who are commencing each year. If you look at the NCVER withdrawal rate as a percentage and apply that to that figure, we are looking at around 2,000 or 3,400 toolkits staying with the employers.

Mr Johnson—I cannot confirm those numbers for you. However, I would point out that the intention of this measure is to provide assistance for meeting the cost of acquiring tools for an apprentice when they commence in those training pathways and to support the apprentice during the time they are in training. If they do not continue to at least that nine-month point, we would consider it appropriate that their tools be retained with the employer so that they may benefit other apprentices that that employer then takes on.

Senator CROSSIN—So they will not have to pay you for the tools? They get a free handout of \$700 worth of tools?

Mr Kimber—They get to retain the toolkit—that is right.

Senator CROSSIN—So they get a free toolkit if the apprentice pulls out? It is \$700 worth of free tools to the boss?

Mr Johnson—The tools are provided under this measure to assist the employer in making them available to the apprentice to use from that three-month point. So, in that sense, they are certainly not provided as a free resource to the employer. They are tools that the employer would purchase under the contracting arrangements relevant to supporting the apprentice undertaking the training and qualification they are pursuing whilst the apprentice is with that employer.

Senator CROSSIN—If the apprentice disappears, the employer keeps the toolkit? That might happen three or four times in their business and then they may decide to take on no more apprentices. They have got themselves a couple of thousand dollars worth of free tools.

Mr Johnson—Relative to the overall cost of training investment by that employer in supporting an apprentice, the department's advice is that this would be an appropriate investment in supporting the cost to what would be the apprentices coming into that training arrangement.

Senator CROSSIN—And if they do not? There is no onus on the employer to either pay you a percentage for the tools or hand them back?

Mr Johnson—There are no proposals to seek recovery of those tools under these arrangements. However, I would just go back to the point we made this morning. We already undertake a range of monitoring activities on employer commencement activity and we would be looking closely in concert with the implementation of this measure at new apprenticeship commencement information. If there were to be any concerns around the activity of

employers in generating a number of new apprentices coming into their employ and then moving on, the department would investigate that through the contractor.

Senator CROSSIN—So, if an employer does have an apprentice who pulls out and in a matter of a month's time they get a new apprentice, do they get a second toolkit or will that first toolkit just be handed to that new apprentice?

Mr Kimber—It is intended that they receive a new toolkit.

Senator CROSSIN—They get a new toolkit even though the old one might be two weeks old?

Mr Kimber—The intention of the toolkit is to follow and support the individual new apprentice. Ultimately, the objective—recognising that we are seeing improved retention rates and completion rates, particularly in the trades—is that we are supporting the apprentice in that training and seeing those resources following that individual.

Senator CROSSIN—So there is no obligation on the employer to pass on this toolkit to an apprentice who might be working with them who missed out on the toolkit voucher?

Mr Johnson—That would certainly be at the discretion of the employer. We would certainly expect that an employer would make those resources available to other apprentices that they took on.

Senator CROSSIN—There is no obligation for them to do that?

Mr Johnson—There is no contractual obligation proposed in the guidelines.

Ms Paul—Employers would have their own tools, of course, so it makes sense for the \$800 worth of tools to be passed on.

Senator CROSSIN—I am sure some of them are looking forward to getting another couple of thousand dollars worth. What kinds of groups or companies do you expect will lodge tender applications to administer this program?

Mr Kimber—The tender is open to any organisation or a consortium of organisations which can provide the services on a national basis, as detailed in the RFT. In terms of the delivery of the toolkits, we would consider some type of financial service arrangement—a voucher, a smartcard, a debit card or whatever—that the contractor wishes to suggest that the employer can use to purchase the toolkit. So we are looking for some options to consider in response to the tender.

Senator CROSSIN—What sorts of groups or companies do you think will put in for this?

Mr Kimber—It could be a financial services company, a consortium of service providers or even a consortium of New Apprenticeship centres. We are open to consider a range of proposals.

Senator CROSSIN—What about a local Bunnings shop?

Mr Kimber—They may wish to. However, we are looking for a proposal that can provide the service on a national basis. Also stipulated within the RFT is the need to be able to provide access to a range of tools suppliers for this initiative. Whilst Bunnings may wish to tender, we would look to any sorts of conflict of interest arrangements that they had put in their tender

documentation so that we could be satisfied that other tools suppliers could have access to this initiative.

Senator CROSSIN—So you are not looking for a tender from each state and territory? You want someone who can manage this nationally. Is that right?

Mr Kimber—On a national basis. The purchase of tools, whilst many employers and new apprentices may purchase them locally, is really a national business. Many firms buy them from national suppliers based in Sydney, Melbourne or wherever. They also buy some of their tools locally. So we need to have an initiative that provides for that choice and flexibility from where employers and new apprentices want to purchase the range of tools they need for their trade.

Senator CROSSIN—Of the \$120 million over five years, what is the budget each year for the administrative costs, including the value of tender?

Mr Kimber—I do not have that at hand, but we will take it on notice. I do not have the figures here for the departmental costs that were provided, but the amount that will be provided for the administration of the initiative will be determined based on the proposals that we receive from tenderers.

Senator CROSSIN—What does the government estimate the fee that will be paid to the successful contractor will be per new apprenticeship?

Mr Kimber—That is a matter that will be determined based on the tenders that are received.

Senator CROSSIN—Do you have a fee in mind or do you have a limit?

Mr Kimber—As I said, it would be based on what information is received from the tender process. I do not think it is appropriate to speculate about what that fee should be, given that it is as open tender process where we have asked potential contractors to tender a fee.

Mr Johnson—From the portfolio additional estimates we can provide you with the departmental expenditure for the measure year on year, if that is of interest to you.

Senator CROSSIN—Yes.

Mr Johnson—We have those figures across four years. For 2004-05, we are looking at \$413,000; for 2005-06, the departmental expense is \$1.496 million; for 2006-07, it is \$1.525 million; and, for 2007-08, it is \$1.583 million.

Senator CROSSIN—Do you have a costing for the average toolkit in each of the eligible skills shortage areas?

Mr Kimber—It is up to a retail price of \$800, including the GST component.

Senator CROSSIN—So it does not vary, depending on the area? Everyone will get a standard amount.

Mr Kimber—That is right; it does not vary. It is \$800.

Senator CARR—Madam Chair, we will put the rest of our questions on notice. We thank the officers very much for their attendance.

Ms Paul—Would it be appropriate, Chair, to note that this is ANTA's last appearance and to thank them?

CHAIR—Most certainly.

Ms Paul—From our point of view, I would very much like to acknowledge the support from and interactions with ANTA over so many years.

CHAIR—I am sure that the committee would like to acknowledge that also, Ms Paul.

Senator CARR—I certainly would. I think the destruction of ANTA is wrong and appalling. I am very sorry to see the organisation go out of business. I want to thank the officers for the many years of service to this committee. While we have not always seen eye to eye on things, I really do appreciate the education that they have given the parliament and the work that they have performed on behalf of the Australian people.

Mr Byrne—Thank you very much. I will pass your comments on to the board. Certainly, ANTA have always appreciated coming to the committee and talking over what we do with you.

[1.53 pm]

CHAIR—Thank you very much. I welcome officers from the Indigenous and Transitions Group.

Senator CROSSIN—Mr Greer and Mr Hoffman, welcome back. You have brought a few more people with you this time than you had in Melbourne, I notice.

Mr Greer—It is a bigger room.

Senator CROSSIN—More papers as well, I notice. Can you confirm some figures for me. Between 2001 and 2003, Indigenous enrolments in primary school increased by 6.5 per cent in total or 3.25 per cent per annum. Is that correct?

Mr Greer—I wonder whether those figures are in the *National report to parliament on Indigenous education and training*?

Senator CROSSIN—That is why I am asking you to confirm them for me.

Mr Greer—If those figures are in the national report to parliament, I would confirm them.

Senator CROSSIN—And for secondary schools the enrolments have increased by 14.5 per cent. Is that right?

Mr Greer—I am looking at page 24 of the national report to parliament, which indicates that Indigenous secondary school enrolments in the government sector increased.

Senator CROSSIN—So there has been an increase for primary schools of 6.5 per cent and for secondary schools of 14.4 per cent?

Mr Greer—That is correct.

Senator CROSSIN—Your report tells me there are more Indigenous kids going to school now—more enrolments.

Mr Greer—That was between 2001 and 2003.

Senator CROSSIN—What is the funding increase in this year's federal budget?

Mr Greer—I think the increase across the quadrennium for Indigenous-specific education issues was about 23 per cent or 24 per cent—I would have to confirm that.

Senator CROSSIN—For 2005-06 it is 2.4 per cent, isn't it?

Mr Greer—I will just have that checked; could we come back to that one?

Senator CROSSIN—Okay.

Senator JOHNSTON—When you say 'the quadrennium' do you mean a four-year period?

Mr Greer—That is correct.

Senator JOHNSTON—Commencing and finishing when?

Mr Greer—Commencing January 2005 and completing in December 2008, as compared to the previous quadrennium.

Senator JOHNSTON—Right—as long as we know what we are talking about.

Senator CROSSIN—My calculations tell me your funding increase for this financial year, 2005-06, is around 2.4 per cent. But, if you have just confirmed for me that the growth in Indigenous students is actually 6.5 per cent in primary school and 14.5 per cent in secondary school, can you explain to me how, if the increase in your funding isn't anywhere near commensurate with the increase in enrolments, you envisage that this will help overcome Indigenous disadvantage in education?

Mr Greer—We are talking about the increase in Indigenous-specific funding, and I will confirm those figures for you. But, in respect of Indigenous-specific recurrent supplementation, the SRA, we have had increased provision for per capita funding from an enrolment of 132,000 in 2004—the estimates are built-in to the funding model—to 136,000 in 2005. That will be increasing to 139,000 in 2006 and to 143,000 in 2008. Therefore the base-funding assumptions provide for growth over that quadrennium of about 5.4 per cent.

Senator CROSSIN—But it doesn't match the growth that you are experiencing in enrolments, does it? It is less than that.

Mr Greer—Again, subject to confirming that figure of 2.4 per cent, which could be right, every Indigenous student attracts funding not only from Indigenous-specific funding but also from the general recurrent funding that is provided, so you need to look at a combination of—

Senator JOHNSTON—Yes, but if the general recurrent funding is not flowing through and there is a lag in the first year of the quadrennium there is a problem, is there not?

Mr Greer—It is flowing through.

Ms Paul—It is flowing through the general schools quadrennium. So, the mainstream funding, which is an extra \$31 billion—

Senator JOHNSTON—It is the states that are administering that.

Ms Paul—Yes—that is the funding to the states and to systems that we discussed last night and this morning.

Senator JOHNSTON—If there is a problem with the states delivering and we have a low percentage to student increase ratio in our first year of the quadrennium there is a problem, is there not?

Ms Paul—There is not a lag in mainstream funding.

Senator JOHNSTON—Are you sure of that?

Ms Paul—You may be referring to the dates that states receive Commonwealth funding, and they have not all signed up. Students are in schools from the beginning of the calendar year in the normal way.

Senator JOHNSTON—So if they have not signed up—I hope Senator Crossin will forgive me for interrupting—they do not have the money?

Ms Paul—They do not have their Commonwealth mainstream money yet. Two have signed. We noted last night that the dates of signing in the last quadrennium were about now or later. So we are on basically the same track. I would not want you to think that the impact of signing the general schools quadrennium is the same as a particular program where a program cannot start—and this is a massive amount of money added to even more money from the states to run all schools, and clearly schools are running it. So it is a different thing. I take your point, possibly, in respect of, in theory, a program that is slow to start. I did not want to give a wrong impression about mainstream funding.

Senator JOHNSTON—No. But if the states are not playing ball and have not signed up and there is a problem with the states funding because of that, in these Indigenous related programs, and the state provides the basic funding—correct me if I am wrong—and our first year of the quadrennium has a low percentage to increased student ratio, what happens on the ground?

Ms Paul—We are saying that the addition of specific funding is not the only source.

Senator JOHNSTON—No, I know.

Ms Paul—And one of the major sources is states-only funding as well—states' own funding, which is progressing. It is the total picture.

Senator JOHNSTON—I am interested in what happens if the states are not doing the right thing. Are we interested in that?

Ms Paul—We would like them to sign up, as we discussed last night.

Senator JOHNSTON—We have just come back from all manner of places in the last six months on this subject and I have to say that it is very disturbing. The states are dragging the chain. The money is not flowing through well. Our programs are lagging also. On the ground there is a crisis, to put it as moderately as I can. I am not sure whether my Senate colleagues will agree with me on that but, as a member of the government, I have to say that I was very disturbed.

Ms Paul—We certainly can report on progress with funding which is positive and in which there has been quite a bit of movement even since your visits. At some stage I am sure we will move on to that.

Senator JOHNSTON—You do know about our visits?

Mr Johnson—Yes.

Ms Paul—Yes, of course.

Mr Greer—Just going back to your question, yes, we are confirming that the growth in Indigenous specific funding is 2.5 per cent. You will see that on page 9 of the PBS.

Senator CROSSIN—The point I want to get at is that, if programs are working and more Indigenous kids are being enrolled in schools, you claim to be addressing that increase in demand by arguing that your base funding is increasing. But these are disadvantaged kids. I would have thought that if you wanted to address Indigenous disadvantage we would have seen a much larger increase in the additional supplementary money that was provided specifically to Indigenous children. If there were a growth in Indigenous enrolments, I would have expected a much greater increase in growth in the supplementary funds that specifically target those students. Why is that not the case?

Mr Greer—The per capita funding we are talking about is supplementary IESIP per capita funding. That funding is paid to every child at a particular rate if they are there on the census date. When the assumptions for this quadrennium were considered and decided by government back in 2003-04 an additional \$45 million, from memory—I will have to check that—was built into forward estimates provisions at that stage to underpin, amongst other things, a growth factor in the per capita growth in the IESIP estimates.

I have indicated what we think they are. If, as we are going through 2005-06 and what have you, it becomes apparent that the growth assumptions that were built into the funding model are being outstripped by attendance, that is an issue we will have to go back to the government with to address in another budget or supplementary context.

Ms Paul—I think what Mr Greer is getting to here is that the increases you mention between 2001 and 2003 are picked up in the modelling, because we actually fund on a per-student basis based on a survey at a point in time which came after that 2001-03 period. So it actually would have reflected those increases. That is already, from past estimates, being built into the forward estimates.

Senator CROSSIN—I understand what you are saying. What I am getting at is the amount of that increase—\$45 million or \$10 million a year. Your own PBS tells me that the Indigenous specific funding is only increased by 2.4 per cent, but primary enrolments are up 6.5 per cent and secondary enrolments are up 14.5 per cent.

Ms Paul—But isn't it 2.5 per cent on top of estimates which already would have had built-in previous population increases?

Mr Greer—That was reflecting increases from 2002 to 2003 which were in the previous quadrennium. What we are saying is that, since then, we have taken the effect of those growth patterns and built-in growth assumptions for the 2004-05 quadrennium and in the 2003-04 budget context, I think, an additional \$45 million was put into the base to accommodate those growth projections.

Ms Paul—So it does not show up because it is already in the base.

Senator CROSSIN—That might be your view. I do not want to waste time arguing about it on and on. We could be forever on that argument. Can I just go through the budget elements. The Indigenous Youth Mobility Program was announced last year. Is that correct?

Mr Greer—It was announced as a government election commitment. The funds for that initiative have been incorporated into the Indigenous targeted assistance act. We are looking to probably go to tender on that either later this month or early in July.

Senator CROSSIN—I will go through these quickly. What about the Indigenous Youth Leadership Program, announced last year?

Mr Greer—Yes, it was an election commitment.

Senator CROSSIN—Abstudy is ongoing and IESIP is ongoing?

Mr Greer—Yes.

Senator CROSSIN—The IEDA program is ongoing?

Mr Greer—Yes, in a sense the program is ongoing, but the funding is now being brought under the act.

Senator CROSSIN—The Indigenous Support program is ongoing?

Mr Greer—Yes.

Senator CROSSIN—The VET Infrastructure for Indigenous People Program is ongoing?

Mr Greer—Yes.

Senator CROSSIN—The Indigenous Staff Scholarships and the Indigenous Higher Education Advisory Council are ongoing?

Mr Greer—Yes.

Senator CROSSIN—The new initiatives include the tutorial support?

Mr Greer—The budget initiative was the tutorial support, yes, recognising that the government had set the funding envelope, in a sense, for this quadrennium in the previous budget context.

Senator CROSSIN—So the only new initiatives we are really seeing are the mobility and leadership programs. Is that correct?

Mr Greer—Yes, we are seeing the Indigenous Youth Leadership Program, the Indigenous Youth Mobility Program, the intensive tutorial support assistance to Indigenous children moving from remote areas to undertake their schooling and, of course, within the portfolio, we are also seeing an additional I think \$12 million or \$13 million going to IATSI for digitisation of heritage items.

Senator CROSSIN—Let us go to the tutorial support for the remote Indigenous students. How much money has been redirected from the old ASSPA moneys to this?

Mr Greer—None—this is new money.

Senator CROSSIN—If my memory serves me correctly, at last year's budget estimates you indicated to me that the ASSPA money had gone from \$19 million down to \$16 million but that other \$3 million or so had been redirected into the tutorial fund.

Mr Greer—Yes, what we said was that within the IEDA envelope certainly there had been over the quadrennium something of the order of \$50 million or thereabouts had been moved from within that program to bolster intensive tutorial assistance. We are saying that with this new initiative that the government has just announced that was a new policy initiative which was funded as a budget measure outside of existing Indigenous-specific funding.

Senator CROSSIN—So this tutorial support provides \$8.7 million for this financial year?

Mr Greer—No, that is over three years.

Senator CROSSIN—And it doesn't pick up the money for the intensive tutorial assistance? The old ITAS money? That is separate to this tutorial support bucket, is it?

Mr Greer—This assistance is additional.

Senator CROSSIN—So what would be the total budget allocation for tutorial support?

Mr Hoffman—The total allocation for the quadrennium—for 2005-08—is \$186 million, which is an increase over the previous quadrennium of \$57 million.

Senator CROSSIN—And that includes all tutorial support for Indigenous students?

Mr Hoffman—It includes: in-class tuition to the value of \$105.5 million; tutorial support for remote students, which is the new initiative, of \$7.2 million in administered funds at initial 2005 prices; \$41.9 million for tuition in years 10, 11 and 12; and \$31.5 million in tuition for tertiary students.

Senator CROSSIN—In his press release of 10 May the minister said that this tuition money—the new remote Indigenous funding—would include up to four hours tuition a week for up to 32 weeks in their first year away from home. How was this figure arrived at?

Mr Hoffman—Are you asking why 32 weeks by four hours a week was chosen?

Senator CROSSIN—Yes.

Mr Hoffman—It is similar to the four hours per week for years 10, 11 and 12 tuition. The 32 weeks is the same as that for the in-class tuition period.

Senator CROSSIN—So the tutorial support for the remote Indigenous students we are talking about now is not just for secondary students but also for primary and secondary students?

Mr Hoffman—The tutorial support for remote students?

Senator CROSSIN—Yes.

Mr Hoffman—It is primarily for secondary students. It is for students who leave their remote community to attend a school—

Senator CROSSIN—Yes, I understand that.

Mr Hoffman—outside of their community, for their first year away. Generally, that is when they go from primary school to secondary school. So why isn't tuition made available for the other remaining weeks of the year? The school year is 40 weeks; why is it not for 40 weeks?

Mr Hoffman—I understand the reason for that number of weeks is to allow the school to gear up to provide the tuition at the beginning of the year and for that period of time at the end of the year when students are doing exams and are no longer involved in—

Senator CROSSIN—Eight weeks is almost a term. Schools are not that disorganised. They might take a week at the start of the year and they might let students off two weeks early at the end of the year, but I would have thought there would be at least another four or five weeks of tuition in there that could have been provided to kids.

Mr Greer—There is a broad alignment between this provision and the ITAS arrangements more generally, which provide assistance in years 4, 6 and 8 and years 10, 11 and 12 for the 32 weeks.

Senator CROSSIN—So who is it intended will provide this tuition and when? Will it be in school or after school?

Mr Hoffman—The proposal is that funding will be provided to the school to provide the tuition for the student. It could be in school, it could be after school or it could be during school in free periods.

Senator CROSSIN—So this is a direct Commonwealth school money allocation, not one through a provider?

Mr Hoffman—It would be through a provider. In many instances, it could be a private boarding school, so it would be directly with the school. But if it is not it would be with the provider.

Senator CROSSIN—So how does this fit in with the tutorial for students under ITAS? I noticed a press release came out today about Queensland now managing that money. The ITAS money and this money will all be handled, in the case of the Northern Territory and Queensland, through that provider and then handed out to schools. Is that correct?

Mr Hoffman—For those schools which are controlled by Education Queensland in Queensland—

Senator CROSSIN—Which is the majority of them.

Mr Hoffman—it would be done through Education Queensland. For those controlled through Northern Territory DEET, they would get the funds. But if it was like Kormilda College, which as I understand it is a private boarding school, the funding relationship would be directly with that school.

Senator JOHNSTON—What is the accountability measure with respect to that in-school funding? How do we know that the money isn't simply going into funding something else within the school? How do we know that the student is actually getting the tuition?

Mr Hoffman—There is a requirement that the provider acquits the funding and provides us with an audit certificate that shows that the moneys were spent for the purposes for which they were given—apart from the 10 per cent which is allowed for administration. Also, the agreement has a performance framework attached where the provider, either a systemic provider or a school if it is an independent school, provides us with information on number of students who receive tuition, the number of hours, their grades at the beginning of the tuition

and at the end so that we can assess whether there has been an improvement during the period.

Senator JOHNSTON—Okay. That is good.

Senator CROSSIN—I am actually going to move on to our favourite subject, which is the PSPI. I have quite a number of questions I want to follow-up on from our hearing in Melbourne while I have the opportunity. This is not unexpected, I suppose. At the hearing, Mr Greer, you indicated that it had been helpful having DEST officers attend some of the hearings and having access to the interim reports to hear what clients were saying. You also indicated that this had helped with some finetuning of the changes. Can you explain to me what some of those finetuning changes are?

Mr Greer—Yes. I will start on this and then I might ask Mr Hoffman to add his view. As a consequence of the hearing and certainly the visits and hearings around the country by the committee, we were able to progressively finetune advice around the consistency of application of interpretation in the approvals processes. We have certainly made efforts to lift and improve the quality of the advice to proponents, particularly to proponents who may not have been successful on their concept plans in the first round. Subsequent to that, we convened a 1½- or two-day meeting of most of the state managers—all those who were available—and Indigenous education managers here a couple of weeks ago. We worked through with them much of the feedback that had been coming through the committee following our discussion in Melbourne and the feedback we were getting to see how we could do that. But I might ask Shane, who convened the meeting, to add to that.

Mr Hoffman—There was agreement that there needed to be some finetuning of the program, particularly around providing feedback to proponents of concept plans to explain, if they were not invited to submit an application, what the problems with the concept plan were and why they were not invited. We have developed standard letters now, which our state office staff and district office staff are required to use in relation to providing—

Senator CROSSIN—Can you table those for us? Can you provide us with a copy of those?

Mr Greer—We can certainly get you a copy.

Senator CROSSIN—I would like to compare them with the letters we were given.

Mr Greer—Yes. As we said in Melbourne, in some cases we were as taken aback as you were on some aspects of that. We have moved to try to—

Senator CROSSIN—I am sorry, Mr Hoffman, keep going.

Mr Hoffman—There was the issue of the feedback letters. There was also the issue of the types of projects. Bear in mind that parent-school partnerships in particular are intended to address needs that are identified at the local level. It was never intended that if something is funded in community X in the Kimberley in Western Australia that same thing would be funded in community Y in Victoria, because the school community and the parents in partnership would have different priorities. However, there was a need, we felt, to have a more consistent approach, and we have provided assistance to our officers in that regard.

Senator CROSSIN—So are you telling me that where you get a number of applications you now do not compare one to the other in assessing each application on its merits?

Mr Hoffman—At some point they would have to be compared with each other in a state. Each application is assessed on its merits but, when it comes to allocating the funds, because there is a limited pool of funds available, at some point they have to be compared with each other.

Senator CROSSIN—If projects are assessed on the basis of what the community wants or the school and the community want, why is it that so many have been knocked back? Who makes that assessment?

Mr Greer—This is a \$24 million annual project by the time you put the PSPI element to it and the homework centre element to it. In the first two rounds of five rounds in 2004, \$57 million of concept proposals had come forward.

Senator CROSSIN—That might just show you how much underfunded the sector is.

Mr Greer—It may be, but when you looked at the nature of some of those requests from principals and schools, some of them were of a nature that ought to be funded, perhaps, from state or territory own source funding. Others were elements of funding that were more appropriate out of other more mainstream programs—our own programs or other programs—more so than the particular Parent School Partnership Initiative.

Senator JOHNSTON—How much emphasis is placed on where the money comes from and who is responsible as opposed to what the needs of the children in the region are? How do you weigh that up? I hate to think that we are saying, ‘This is a Queensland or Western Australian responsibility,’ and they are saying, ‘No, it is a Commonwealth responsibility,’ and in the meantime the kids on the ground do not get what they desperately need.

Mr Greer—The PSPI element or the whole-of-school initiative strategy is, as I say, a \$24 million annual program. Take Queensland for instance. The Queensland allocation in 2005 is about \$6.4 million. This is one element of the Indigenous specific funding that is available to schools and to Indigenous children at those schools.

In addition to this element of funding, under the Indigenous Education (Targeted Assistance) Act, all the children in all of those schools also attract, per capita, supplementary Indigenous-specific funding. So some of the schools—and I think we canvassed this in Melbourne—in addition to having an eligibility for some aspects of PSPI, have a nominal attraction of tens or, in some cases, hundreds of thousands of dollars of per capita Indigenous-specific supplementary, recurrent funding which they are able to use to improve the educational outcomes for those children. How much of that funding ends up in the school is a moot point, but certainly that is the nature of the funding. Whereas the funding for this program is \$100 million over four years, the SRA per capita funding is something like \$500 million over four years, and all of that funding is going into schools on a per capita basis. Again, the schools are able to draw on those per capita funds to undertake many of the initiatives they were bringing forward.

Senator CROSSIN—So you have five rounds each year?

Mr Greer—Five rounds in this year.

Senator CROSSIN—But five times when principals would have to spend their time putting in concept plans. If they are not successful in one round, does your letter indicate that they have not been successful because the concept plan is not up to speed or does it say, ‘Sorry, your concept plan is okay, but we cannot fund it because the \$24 million has run out’? Or will we have a situation where schools might have to apply five separate times?

Mr Hoffman—If the letter is in response to a concept plan which is considered unsuccessful and they are not invited to put in an application, it would refer to why the concept plan did not meet the guidelines.

Senator CROSSIN—Is that the new letter?

Mr Hoffman—Yes, and it would refer to the criteria which are specified in the guidelines. There are mandatory criteria, specified on page 70, and desirable criteria.

Senator CROSSIN—Which is only five, isn’t it?

Mr Hoffman—There are six mandatory criteria and two desirable criteria. Primarily, the project has to target the objectives of the program.

Senator CROSSIN—We went through this in Melbourne. That is right. What I am getting at is that you may have a situation where schools have to put in five applications, but what happens when schools put in a concept plan, get accepted for funding, then you have so many that you have run out of money for that round or it is the last round of the year and they have missed out on that \$24 million? What happens then?

Mr Hoffman—We anticipate that round 5 will involve applications for the next school year, 2006.

Senator CROSSIN—Let’s say it is round 4 then, and they have missed out on funding all together—what happens?

Mr Hoffman—If the funding allocation has been expended for that state then they would be asked whether they wished their application to be considered for 2006 on the basis that there are no longer funds available in 2005.

Senator CROSSIN—If my memory serves me right, in Melbourne you gave us a breakdown of the state by state allocation. If not, you might want to table it again at this committee.

Mr Hoffman—We certainly can table it.

Senator CROSSIN—Do you now have a breakdown state by state of how many schools have put in a concept plan in the first two rounds, how many have been invited to then put in funding and how many have had their funding paid to them?

Mr Greer—We have variations of that. I do not think we have all of that on—

Senator CROSSIN—What do you have? What do your records tell me?

Mr Greer—For instance, we can tell you that at this stage there have been 384 projects approved under the whole-of-school initiative—284 of those were PSPIs and 100 were homework centres. With the PSPI funding, \$5.26 million of projects have been funded, including 170 in the Northern Territory. And there was \$2.15 million of homework centre

funding. That funding in all has also leveraged some \$7.4 million of other source contribution. That may be state and territory or schools making in-kind or matching contributions.

Senator CROSSIN—What is the total number of PSPI applications you have had to date?

Mr Greer—I might have something here. I will check.

Mr Hoffman—Four hundred and fifty concept plans were received as at 31 March. From these, 255 proponents of concept plans, some of which had multiple projects—in other words, one concept plan but many projects included in it—were asked to submit applications. As at 27 May, 384 projects were approved.

Senator JOHNSTON—How many projects were there?

Mr Hoffman—Three hundred and eighty-four whole-of-school intervention projects were approved. I believe 100 of those were homework centres and 284 were parent-school partnership initiatives.

Mr Greer—So, in a sense, 57 per cent of concept plans that have come in were invited to—

Senator CROSSIN—Let us go through the figures again, because they do not add up.

Senator JOHNSTON—So 43 per cent have not got any successful response?

Senator CROSSIN—Your figures do not add up. I think you are comparing apples with pears in the outcome. What is the total number of applications for concept plans that have been put in? How many concept plan applications have you had so far?

Mr Greer—As Mr Hoffman said, our understanding is that four hundred—

Senator CROSSIN—Four hundred and fifty.

Mr Greer—and fifty concept plans had been received as at the end of March., which has been the second round.

Senator CROSSIN—Of those, how many were invited to go to the next step?

Mr Greer—Two hundred and fifty-five.

Senator CROSSIN—Of those 255, how many were then funded?

Mr Greer—We are saying there have been 384 projects funded, as Mr Hoffman has said, because some concept plans had multiple projects within them.

Senator CROSSIN—How many had multiple projects within them?

Mr Greer—We would have to take it on notice to disaggregate that.

Senator CROSSIN—Can you do that?

Senator JOHNSTON—The break-up is 43 to 57.

Senator CROSSIN—You might have 10 applications and one application might have 30 projects, and now you are telling me that 30 projects have been funded—but it is from the place, the same school or part of the same concept plan. If you want to aggregate it like that, of the 450 applications how many total internal projects was that?

Mr Greer—That is not in my briefing. But we can certainly endeavour to unpack that for you.

Senator JOHNSTON—That is a very good question. It could have been 600 projects.

Senator CROSSIN—There might have been 15,000 projects in those 450 applications, for all I know.

Mr Greer—We will have a look at that for you.

Mr Hoffman—There would have been considerably more than 450 projects.

Mr Greer—If your end figure is projects, your starting figure ought to be projects.

Senator JOHNSTON—That is right. But we have got 43 per cent unsuccessful.

Mr Hoffman—Forty-three per cent of concept plans have not yet been invited to submit an application. Can I confirm those figures. So far there has been \$7.4 million of DEST funding approved, and that has leveraged \$5.5 million in other funds; 195 concept plans have not yet been invited to submit applications.

Senator CROSSIN—Can you tell me why it has taken a Senate committee to unravel some of the major problems we have found in this program?

Ms Paul—We always paid close attention to the Senate's work and, naturally, we try to attend to it in the correct and proper way. We have received feedback from other sources too, but we are very grateful to any source that helps us improve what we do.

Senator JOHNSTON—What worries us is that we have to get in a plane and go out and do it, see it and experience it and then bring it back to you.

Senator CROSSIN—I think some of us felt we were actually doing your work for a couple of weeks. I am not entirely sure that we have yet had an answer as to why this project implementation was not delayed for 12 while proper consultation was undertaken and finetuned or why DEST was not better prepared to implement this program.

Ms Paul—The things which we are improving are not all in the category of things we could have anticipated—perhaps we should have anticipated some of them. Nonetheless, the program has elicited a considerable amount of interest, which is a positive sign. We are more than happy to improve the processes around the program, but the nature of the initiative itself is out there and is clearly well known, from the response.

Dr Jarvie—There was a lot of preliminary work done last year. There is no question about that. I have seen people in the department working tirelessly to consult on this. I want to step back for a minute. I have talked endlessly with my people about the implementation of this initiative, and they have been working in great detail to make it run as smoothly as possible. You indicate that having five rounds of concept plans is some sort of bureaucratic inconvenience. It was in fact designed entirely in response to the fact that you need to have a lot of opportunities for Indigenous communities to work with their schools and put forward their proposals, and you need to give them a chance to give feedback. They will have a chance to bring it forward this year rather than having to wait another six or 12 months. This process that you say is complicated is of that nature in order to be as responsive as possible to the communities and where they are. We have talked through this. It was designed in conjunction

with our state managers, who are out talking to their staff and to communities. I really feel you are underplaying it. I am sorry I could not come to your inquiry before—

Senator CROSSIN—Dr Jarvie, let me ask you: where on earth—

CHAIR—Just a minute, Senator Crossin. Could we let Dr Jarvie finish.

Dr Jarvie—The reason I did not go to your inquiry is that I was acting secretary. Tony was an acting deputy at that time, and he went to your inquiry. I wish I had had an earlier chance to engage. We have certainly used those hearings as a way of getting more feedback. Prior to that, Mr Greer and his people had been seeking regular feedback through all the mechanisms at their disposal—through the AECGs and our consultative mechanisms. I really feel that they have been putting a huge amount of effort into this. This is a transitional period. They have tried to work very closely with communities. They have had our people out on the ground in the Northern Territory. You know yourself that our staff have been out there quite vigorously engaging with the schools and communities. I think you are very aware of that.

Senator CROSSIN—I am not entirely sure that this is a transitional period. Our interim report suggested that this year ought to be a transitional year. This is in; schools now have to do this. There is no trial here. I am flabbergasted that you actually believe that this allows more freedom, more room or more access for schools and is not bureaucratic. With all due respect, Dr Jarvie, I do not know how you have come to that opinion. Of all of the communities we have been to, of the 300 people we met and 45 schools we visited, we did not meet anybody who welcomed these changes. Everybody complained about what a bureaucratic nightmare it was. They talked about the lack of involvement now of Aboriginal parents in the school. People were entirely happy with the ASSPA program and could not understand the changes.

Senator JOHNSTON—They said they needed a PhD to make a concept plan. They wanted to contract one.

Ms Paul—The point of the changes is to move from a system which was simple but which did not necessarily contribute to educational outcomes for Indigenous students to a system where—

Senator CROSSIN—Where is the research and evidence for that, Ms Paul?

Ms Paul—We know from some of the past projects. Some of them were fantastic, as we know, and we have discussed this.

Senator CROSSIN—But there is no overwhelming research to back up your statement. There is no research to back that up.

Ms Paul—Our program view was that this was a much better way of targeting assistance to educational outcomes for Indigenous students like attendance, homework and so on that were literally about the student's educational performance in every case—and that is what we have gone for. It is fair to say it is transitional, and of course we understand that it is naturally difficult for people to get used to a completely new system—I absolutely acknowledge that. But the results for Indigenous student outcomes will undoubtedly be strong, because the targeting of the assistance is for educational outcomes.

Mr Greer—You mentioned that there had not been any support for this in your hearings. Having read the transcripts, I recall evidence in the Northern Territory, for instance, at the system level, saying that perhaps the ASSPA program ought not be overglorified. I recall evidence before the committee in Western Australia from the Western Australian government which said that the changes that were being implemented were totally consistent with the advice that the WA department of education had put to the IEDA review and that they welcomed the fact that there were five funding gateways. I note that the Aboriginal Education Consultative Group in New South Wales—the group that was of course part of the major Indigenous education review recently undertaken down there—has put out a statement fully endorsing PSPI as a way of giving responsibility back to parents and communities that it was engaging. So there are other views.

Senator CROSSIN—I notice that you are not quoting the South Australian or Queensland government submissions to us. A lot of people did actually indicate that the ASSPA program could have been modified, not totally abandoned. To be fair, that was the majority view. What is now the department's strategy to re-engage those Indigenous parents who are not involved in schools now—who have walked away from being involved in schools because this is too bureaucratic, too complicated and not something they want to be bothered with now? We had a lot of evidence that Indigenous parents now felt disempowered as a result of this new system. What strategy has the department got to re-engage those parents in their children's education?

Mr Hoffman—There has been a significant number of meetings with parents in communities attended by our field officers, who are education officers in the network. In fact there have been many hundreds. In the first few months of this year they have been dealing with this significant number of concept plans that have been received, which in some ways signifies the popularity of the program. In the Northern Territory, in the first round, they received in excess of \$14 million worth of concept plans.

Senator CROSSIN—I wonder who might have advertised that?

Mr Hoffman—The fact that they received that many?

Senator CROSSIN—Do you attribute that to your own network and your own advertising?

Mr Hoffman—We certainly had a part in it.

Senator JOHNSTON—The figure alone does not mean very much unless you know how many applications there were and what the total would have been if they had been successful and so on and so forth, and we have been over that. Mr Greer, you said you were taken aback by some of the things that you observed and heard that the committee was hearing out there. Do you recall what you were taken aback about? Why were you taken aback? What has flowed from your being taken aback?

Mr Greer—As I mentioned, it was a point of concern that there was variability, to take a particular instance, in the quality of advice that some of our DEST officers were providing to proponents who were not successful. Having seen the nature of some of that advice, if I were a recipient myself, I would be raising similar questions, as have a number of proponents.

Senator JOHNSTON—A lot of the DEST officers we travelled with were very, very admirable people, can I say, and I saw them also taken aback. The alarm bell rang for me in that the chain of communication seeks to replace one that we know has failed—the ATSIC chain of communication—and the disinterest in the person that was sitting in your seat, as I think I am forced to say. That is why we have changed it. What can you tell the committee you are going to do such that we do not have the same detachment at your level of administration from what actually happens on the ground? That is what I am interested in hearing. When you are taken aback I want to see some action; tell me what action you have taken.

Mr Greer—It is in a few things. As we mentioned in Melbourne at the hearing and earlier in the session this afternoon, we have moved to improve consistency, we have moved to improve the quality of advice from the department to proponents. We have brought—

Senator JOHNSTON—Tell me what you have done. Give us an indication of what you have actually done. You say you have moved to do something, but I often move to do something but it does not mean much.

Ms Paul—One of the consistency measures, for example, was the bringing together of all of our people from across the country to talk through arriving at a consistent approach. Mr Hoffman chaired that meeting, as I understand it. That is just one example.

Senator JOHNSTON—You brought them all to Canberra?

Mr Hoffman—The Indigenous education managers are people in our state offices—and we have a state office in every jurisdiction except the ACT, which comes under New South Wales. We have an Indigenous Education Branch in each state which operates the network of offices within the state. The managers of each of those branches—the Indigenous education managers—were brought to Canberra the week before last for a meeting to discuss issues arising out of the inquiry, and also to discuss issues which they themselves have been experiencing.

Senator JOHNSTON—How long were they in Canberra for?

Mr Hoffman—It was a two-day meeting.

Senator JOHNSTON—How many people attended?

Mr Hoffman—We catered for about 30 people. Some states had three or four delegates. There is one Indigenous education manager, but for some states a number of other staff came, and for some states state managers attended also.

Ms Paul—We also mentioned that we would change text in letters and so on. There are a number of things.

Mr Greer—There were other elements. In the context of the feedback we were getting, we put out further refining not so much guidelines as principles of interpretation to get greater consistency.

Senator CROSSIN—Can we have a copy of those?

Mr Greer—We have already provided them to the committee.

Senator CROSSIN—Are these not the original guidelines? Are these revised guidelines?

Mr Greer—Not the guidelines—there was some guidance. We provided a guidance table following the discussion in Melbourne on 5 May. We provided the committee with a series of material—the contract staff circular, which showed you some of the processes, and the accountability process behind the scene, what we thought was evidence of a better practice advice in the Northern Territory to proponents.

Senator CROSSIN—So Mr Carter might have those.

Mr Greer—Then there was a guidance table that we discussed there. We then talked about the more uniform templates. We did that in the lead-up to bringing our staff together. One of the other things we have said we will do is to convene meetings of that ilk on a monthly basis going forward and then, as we go forward, we will continuously review what has worked and what has not worked as well as it should to gear up as we move into the next year. We recognise that we are having some teething problems implementing a program that we want to lock in and get as seamless as possible for the quadrennium.

Senator JOHNSTON—I thank you for your frankness. I appreciate your efforts. What are you doing to ensure that those changes—the renewed approach arising from the concerns that you have obviously had flowing from a whole host of things, not just the committee’s work—actually achieve the outcomes that you want them to achieve? What I am asking you is: how are you going to attack the problem of knowing what is going on in, say, the primary school in Jigalong? How are you going to get some direct information as quickly as possible that things are happening there as you would want them to?

Mr Greer—Each of these projects will be subject to a contractual engagement which will have some baseline and outcome measures. We do not want to overly elaborate that, but we would want to see some of the key outcome or milestone indicators in respect of these particular projects, whether they are attendance or improvements in literacy or whatever.

Senator JOHNSTON—That data is a given. You have to get that data and you are always going to look at that as a mode of benchmarking. But what about on a regular basis—maybe monthly—you having some sort of capacity for the principal of these schools to communicate directly with your senior staff to say to you, ‘This isn’t working’? It is all very well going through the ICCs. There is an element of that. I think that is not working very well, either. The state leaders and administrators—the people you brought over for your meeting—are better. But I would like to see you actually have some capacity such that people can come directly to you, so we have a paper trail. Then we have pure accountability there for everybody to have to deal with.

Mr Greer—We do have a 1800 number. We have been getting an average of a couple of hundred calls a month—about 40 a week or so—on that.

Senator JOHNSTON—What sort of data do we glean from that? Is someone taking detailed notes of the level of complaints, the subject of complaints and all that?

Mr Greer—I trust so. I am not so sure on that. But in addition to that—

Senator JOHNSTON—We want to know about that because we think that is not a bad way for us to go.

Mr Greer—But in addition to that, I know our state managers are, as Mr Hoffman mentioned, continuously engaged at the jurisdictional level with principal representatives and school representatives and so forth. Similarly, at the national level we engage—and we did so in fact as recently as last week—with the National Principals Association. We had representatives of primary school principals, secondary principals, independent principals and Catholic principals coming to Canberra. A sizeable part of the agenda was not only about Indigenous education issues generally but about some of the specifics around what we are talking about here.

Senator JOHNSTON—Has that happened this year, though?

Mr Greer—That happened two weeks ago?

Senator JOHNSTON—The principals came here two weeks ago?

Mr Greer—Yes.

Senator JOHNSTON—You would have heard what we heard, then.

Mr Greer—Yes. And we had that discussion. Prior to that, we had a telephone hook-up with Leonie Trimper, the head of the Primary Principals Association; a representative from Queensland; one from the Northern Territory; and one from Tasmania. We were able to walk through and work through these issues. It was probably five or six weeks that Mr Hoffman and I engaged in that conversation. Our doors are open to stakeholders on that.

Senator JOHNSTON—The main problem is that it was late April, May and June—in the school year—when all this was occurring. Okay, that is the nature of Christmas; that is the nature of a federal election; that is the nature of all these things. I am prepared to be a little bit generous about that. But seriously, we have to have some really direct lines because the whole basis for this program, as I understand it—without me giving you a homily here—is that ATSIC could not come to terms with this.

CHAIR—ATSIC never had this.

Mr Greer—No, ATSIC never had this.

Senator JOHNSTON—All the surrounding administrations—the ICCs, as they were, the regional councils and whatever—could not come to terms with whatever was happening in the schools. I want to see that we learn that lesson.

Mr Greer—One complicating issue to a degree is that there is a convergence of implementing these not insignificant changes to program settings and policy directions with the need under the legislation for us to enter into new quadrennial agreements with education providers. Until you have such an agreement, funding under the act cannot flow. At this stage, 10 of the major providers have executed their quadrennium agreements, and that includes as at last week the Northern Territory education department and the Queensland education department.

Senator CROSSIN—You must have my brief, because that is my next question.

Mr Greer—Take the Northern Territory education department. We are very pleased that they executed the agreement in May 2004. In the previous quadrennium it was October 2001. So had we been rolling on that process, no matter how matter how many projects we had

approved, we would not be able to get the funds out the door. We believe that South Australia, Western Australia, Victoria and some others are on the cusp of executing them as well.

Senator JOHNSTON—What is the delay? I have no doubt it is them, not us.

Senator CROSSIN—I thought we were singing off the same hymn sheet for a little while. You have digressed, Senator Johnston.

Mr Greer—Ministers may or may not have wanted to sign before MCEETYA. It may or may not have been that jurisdictions wanted to sign this agreement in advance of signing their schools agreement. There are two quadrennial agreements going on at the one time.

Ms Paul—As I said before, the record of when these were signed up is pretty similar for the last quadrennium, at least for the major schools one. I want to add to the previous point, too, for the record. You asked about how we get feedback. It is probably worth mentioning—it may already be on the record in your inquiry—that we have 42 district and regional locations and that 45 per cent of our staff in the field are Indigenous, of which we are very proud. I will leave it there. We encourage those people as professionals and as our staff to work well in their communities.

Mr Greer—I have one more point on that—I think I mentioned it in Melbourne. We also have a review of our state operations and network. That review is due to report in June or July. No doubt that report will identify some of the tensions and issues that senators have encountered as well.

Senator CROSSIN—We promised that we would try to finish at three o'clock, so I will have to put a lot of questions on notice. Can you provide us with a list of providers who have completed signing the agreements?

Mr Greer—Yes. Of the 10 majors, they are Education Queensland, the Northern Territory Department of Employment, Education and Training, TAFE Tasmania and the Canberra Institute of Technology. In the non-government sector they are the New South Wales Catholic Education Commission, the Queensland Catholic Education Commission, the South Australian Catholic Education Commission, the Western Australian Catholic Education Commission, the Northern Territory Catholic Education Office and the Tasmanian Catholic Education Office. As I have said, we expect that a number of other state departments of education are on the cusp. We have another sit-down meeting with New South Wales, for instance, scheduled for 8 June.

Senator CROSSIN—I have two questions that I want to ask you. I did not get to touch on this issue in Melbourne because I ran out of time. I refer to nutrition programs. I have to ask you about them, I am afraid. Have there been consistent applications and decisions applied to schools that might have nutrition programs in their concept plans?

Mr Hoffman—Nutrition programs are not ruled out or ruled in on the basis of them being a nutrition program. The proponent of the program needs to demonstrate that they are part of an overall strategy aimed at one of the objectives of the program—for example, improving attendance or literacy and numeracy—and that the program has been developed in association with the parents.

Senator JOHNSTON—But is it not really obvious that if kids are hungry and not fed properly their performance at school is just going to be terrible? Isn't that motherhood stuff?

Senator CROSSIN—Does it depend now on how well you write your submission or on how well you link the nutrition program to your educational objectives? What are you looking for?

Mr Greer—You will find in the materials that we have provided to you—and we are happy to provide again this extra guidance that we put out—that we indicated that the provision of meals is a responsibility of parents. However, nutrition programs may be supported where a commitment by parents and communities is made, and it can be shown that the program has an effect on school attendance and educational outcomes, particularly literacy and numeracy skills. We are saying—and we are on the record in Melbourne as saying—that, if a nutrition program demonstrably met that criteria, it should be in scope.

Senator CROSSIN—How many nutrition programs have made it through to being funded?

Mr Greer—I am not sure that I have that disaggregation here, but I can certainly get that to you quite quickly.

Senator CROSSIN—Can you take it on notice?

Mr Greer—Yes, certainly.

Senator CROSSIN—In fact, of all your 384 projects could you tell us the number of nutrition programs and excursions, or whatever they are?

Mr Greer—Okay. You want some disaggregation?

Senator CROSSIN—Yes. So you do not know then how many nutrition programs have been knocked back?

Mr Greer—No.

Senator CROSSIN—On what basis was \$40,000 given to Wadeye by the Prime Minister for a nutrition program?

Mr Greer—The program there presumably—and as I said, it was a local one—met the criteria.

Senator CROSSIN—Can we able get a copy of their application for the \$40,000?

Mr Greer—Yes, certainly.

Senator CROSSIN—Is that not perhaps an application that you can throw around the country as a model?

Mr Greer—My sense is that it does meet the criteria. It was a concept or a project that was accompanied by a commitment by the community or parents, and a linkage between the nutrition program and attendance or literacy and numeracy outcomes was demonstrable. As we said before, if they can demonstrate those linkages, they should be in scope.

Senator CROSSIN—We will look forward to receiving a copy of that.

Mr Greer—Certainly.

Senator CROSSIN—I will put the rest of my questions on notice.

Senator CARR—I listened carefully to that exchange and I am not clear on it. Mr Greer, in terms of their applications, could you tell me precisely how many schools received money? How many schools applied for and how many schools received money? Can you tell me that?

Mr Greer—I do not think I have that, but I can certainly get that for you. As we mentioned earlier, I have the numbers of projects.

Senator CARR—I understand that. But what I precisely need to know is: how many schools applied for and how many schools received assistance?

Mr Greer—We can do that.

Senator CROSSIN—That would be useful.

Senator CARR—Thank you.

Senator CROSSIN—I could question you for another couple of hours.

Mr Greer—I know.

Senator CROSSIN—And did you notice that I have a running mate, which I think is indicative of the level of problems in the program? It has been a long time since we have had a government senator also concerned about the program.

Ms Paul—It is something that we care about very much. We are very committed to getting it right.

Senator CARR—In retrospect, do you think that you should have put off the implementation for another year?

Ms Paul—As Dr Jarvie set out, a lot of work has been done on this. There has been considerable interest in it this year, which indicates that clearly it is well known. These improvements are timely and will make a difference. We will find that the projects that are coming through are positive for Indigenous educational outcomes.

Senator CARR—That might all be the case, but, in retrospect, given the level of hullabaloo about this, wouldn't it have been better to wait a year before you actually did it?

Ms Paul—I do not think so. As I said earlier, we are making improvements to the program, which we are taking very seriously. We are grateful to the committee for the feedback. But there is no indication that it should not have existed for this year. That would be my view.

Senator CARR—I have been around this for a fair while and I do not recall seeing the level of anxiety about a program before. There is genuine anxiety about administrative matters. I am not talking about philosophical differences. I am genuinely surprised about the level of concern that is being expressed about this.

Ms Paul—And I respect and appreciate that. I think what I would like to see, now that we are at the point where systems and so on are signing up so they can receive their funding and we are starting to roll out, is how they start to hit the ground. That is when I am hoping that we will start to see some positive results. But I appreciate your view.

Senator CROSSIN—You did pass this material on to the committee and I have not had a chance to look at it, but I notice there is a significant change under 'Nutrition'. In attachment

C, the principles for guiding feedback to schools and communities in relation to the PSPI now say:

The provision of meals is the responsibility of parents. However, nutrition programmes may be supported where a commitment (financial) by parents and communities is made ...

Is the implication in these guidelines now that, if there is not a commitment from parents and communities in a financial way, the nutrition program will not be supported?

Mr Greer—What we are saying is that a financial commitment through Centrepay or something like that—and I think there are very good examples of that across jurisdictions—will probably add weight to a nutrition program.

Senator CROSSIN—That is quite different to the answer we received at estimates last year. There were no conditions on nutrition programs. When did this change occur?

Mr Greer—I think we were saying last year, although I stand to be corrected, that, if a nutrition program could be seen in the context of an attendance program, it should be within scope.

Senator CROSSIN—But now, if there is a financial commitment from the parents or communities attached to that, it will get more favourable recognition than where there is not that financial support. Is that right?

Mr Hoffman—One of the mandatory criteria for assessing applications—that is, for assessing one project against another—is evidence of financial and in-kind support for the project. One of the things we ask is, ‘What other sources of funds do you bring, are available or have you sought for this project?’ In relation to nutrition programs, we are suggesting that there should be a level of parental contribution. We are not saying it needs to be significant—it could be \$1 or \$2 a week. But there should be some form of contribution.

Senator CROSSIN—When did that change? When did you decide to make that change?

Mr Greer—These were some of the refinements that we pushed out earlier this year. Certainly, I thought we discussed these at the meeting in Melbourne. I will go back and check the transcript.

Senator CROSSIN—I do not remember ever seeing conditions such as that being put on the concept plans.

Dr Jarvie—Senator Carr indicated that he wanted copies of shared responsibility agreements for Murdi Paaki. We have them available and will pass across to you now. You also wanted some other information. We did not have it, but we can take it on notice.

Senator CARR—Thank you.

[3.11 pm]

CHAIR—I welcome officers from the Higher Education Group. Thank you for your attendance.

Senator CARR—When was the hard copy of the triennium report published?

Mr Burmester—The triennium report has not been published this calendar year. Along with the changes to the higher education system and the introduction of the new higher

education act, a decision was made that we would produce an annual report similar in content to the triennium but focused more on trying to give an annual report of the past year and an explanation of the funding that was flowing into the sector for the current year. We would expect to publish one in the first half of each year that would report on the previous year and the funding arrangements for the year in which it was published.

Senator CARR—So we will not have any more triennium reports?

Mr Burmester—That is part of the change. It was to give a more factual report on what had been achieved in the year, in more detail than you will get in the departmental annual report or the budget papers. But it also looked forward to only one year because under the new arrangements the funding agreements run for one year. The capital program is usually allocated three years out, but very little of the other funding is allocated three years out. So the value of trying to put three forward years into a report on the basis of one year actual was not felt to be sustainable.

Senator CARR—Will there be the same level of historical detail?

Mr Burmester—Yes.

Senator CARR—Will it cover the same matters?

Mr Burmester—Yes. I think the format has been improved and made a lot clearer than the old format. It is getting close to production. It has certainly been through levels of approval within the department.

Senator CARR—When will it be produced?

Ms Sparkes—I anticipate that it should be produced within the next two months, allowing for printing arrangements et cetera.

Senator CARR—Was an online copy published?

Ms Sparkes—In previous years there has been an online copy.

Senator CARR—I mean this year.

Ms Sparkes—Yes, there will be an online version published again this year.

Senator CARR—So instead of getting the report just before Christmas we will now get it in June. Is that the idea?

Ms Sparkes—In the middle of the year, yes. That is related in large part to the receipt of our statistical data. As Mr Burmester has said, we are going to be providing an overview of 2004 and funding arrangements for 2005. That will include all our statistical data for 2004.

Senator CARR—Universities of course run on an annual basis and on a calendar year, not on a financial year, so it will provide the full data through to 2006?

Mr Burmester—The old triennium report was one way by which the determinations of the government could be signalled and the sector informed. So there was always a rush just before Christmas to get it out, to reflect what the allocations were for the universities in the following year and the out years. Under the new arrangements, the funding agreements with the universities are settled well before the end of the year and are known to the universities and there is no three-year forward commitment to show, so the information is available to

individual universities. We took the view that we would provide a better annual report of what had been achieved, so in fact you get better representation of what has been achieved in the sector for the year.

Senator CARR—It is retrospective?

Mr Burmester—That is right. It is based on actual figures rather than estimates, because we wait until we get the actual figures from the preceding year.

Senator CARR—I misunderstood you. You are not intending to produce this document until August?

Ms Sparkes—It is unlikely to be finally published and available, I would anticipate, by the end of July because we have to allow time for printing the hard copy.

Mr Burmester—This year is a first year. It took some time to restructure and write the new format and the new chapters. In subsequent years it will be produced within the first half of the year and hopefully within the first quarter of the year. But it depends on the actual data from the preceding year being available, so we can give a factual account. As we improve our computer systems we hopefully can then bring the reporting date forward into the first quarter of the year.

Senator CARR—Do I presume then that the current overview of the sector's teaching and learning outcome allocations, research and research training allocations, and all tables that are currently produced in this training report will be in this new publication?

Mr Burmester—I am not sure of the full content, but basically it covers the material that was presented. It will be covered in the new one, but it will not have the notion that it is a three-year outward-looking document when in fact that was never the case, because it could be reviewed by the government every year.

Senator CARR—There are two questions there. Obviously, the issue of reporting requirements is extremely important. Student statistics for 2004 were released only this week, weren't they?

Mr Burmester—That is right.

Senator CARR—Is that sort of time line standard?

Mr Burmester—I think that sort of timing is about right.

Ms Sparkes—We only receive the final 2004 student data collection at the end of March, so by the time we do appropriate verifications of that data—

Senator CARR—I have always found this to be a useful document, as you well know, because I use it so frequently for the basis of questions and I would be very concerned if there was a decline in the quality of the data that is provided.

Ms Sparkes—I think you will find that, as Mr Burmester has said, the main data that is in that current publication will be retained. Some areas we have enhanced—some of the outcomes data for 2004—so that there is a slightly more comprehensive overview of the outcomes in the sector. But, as Mr Burmester has said, the table that previously gave funding for the three years out will not be included because of the nature of the changed funding agreement arrangements.

Senator CARR—The basic financial health of the sector will still be covered in the detail that is covered here?

Ms Sparkes—That is correct.

Senator CARR—Will that be enhanced?

Ms Sparkes—I would have to go back and check table by table but, as far as I recollect, it is effectively the same coverage on financial matters.

Mr Burmester—We have also produced, and will continue to produce, a separate financial statistics publication. That depends on the receipt of audited financial reports from the universities. You will recall that we had originally requested that they be delivered within one quarter—three months—of the end of the financial year for universities, by 31 March. The sector sought an extension of that. I think we brought it back to May, and we can now produce a financial statistics publication within one month of receipt of the last of those audited reports. I have confirmed overnight that the Excelerated contract that you asked about at the beginning of hearings was to put in place the system that allows us to produce that financial publication within one month of receipt of things, rather than three months of receipt of the final report.

Senator CARR—I will turn now to specifics. What figure are you using these days for revenue generated from international students or export earnings? I presume they are two separate concepts, in terms of the financial statistics?

Ms Paul—It has been indicated to me that we could ask that of our International Education Group when they are here this afternoon, unless Mr Manns has some information.

Mr Manns—The overseas student fee revenue is reported in the finance publication that Mr Burmester referred to. The data for 2003 has been published. We will have the updated data around midyear.

Senator CARR—In relation to income from international students in 2003, you are using a figure of \$1.7 billion. Various tables I am getting now report that the export earnings from trade in educational services is \$6.7 billion.

Mr Burmester—They are two different figures. I have the figure of \$1.7 billion in front of me. That is the revenue received by higher education providers from overseas student fees. The bigger figure relates to the overall export earnings from having overseas students.

Senator CARR—So that is their accommodation—

Mr Burmester—It is the full economic impact from exporting education.

Ms Paul—The most recent figure I have seen is actually \$7.5 billion, and Dr Jarvie has just confirmed that. That covers the export industry—onshore, offshore.

Senator CARR—Yes, I appreciate the difference. Was that for 2005?

Ms Paul—Dr Jarvie has suggested that that is for 2004, but we can check that.

Senator CARR—Okay. E679_05, which is an answer to a question on notice, has the figure of \$6.7 billion.

Ms Paul—Yes, I remember the figure.

Senator CARR—The figure does seem to grow substantially.

Mr Burmester—The \$1.7 billion figure relates to 2003, so perhaps the \$6.7 billion would be the 2003 figure rather than the 2004 figure.

Senator CARR—Obviously there are a number of issues to cover here, but I want to get the accurate figure that you are using. Have you made no estimate yet on the income from this source for 2005?

Ms Paul—I am not sure.

Mr Burmester—No. Speaking from the higher education sector point of view, we do not do projections of revenue from overseas students. They were done a number of years ago, but they have not been done for the last few years.

Senator CARR—Why not?

Mr Burmester—There did not seem to be a great value for the sector or us in monitoring the sector. Out of all the other factors that can influence the revenue of universities, that was the only one that we attempted to put projections on. The rest we tended to flat line. We found it a rather inadequate analysis, and it was better to look at their actual outcomes and the risk factors associated with their financial performance so that we could give a better assessment of their overall financial standing, rather than relying on estimates of only one factor within their revenue base.

Senator CARR—We go right to the nub of the problem here. You are saying to the universities, ‘Diversify—you can’t rely on the Commonwealth the way you used to.’ You are saying that they have to anticipate external revenue sources. But then, you say, you do not monitor that.

Mr Burmester—We certainly monitor it. We do not do projections of actual revenue. We assess their financial standing and viability by looking at I think 12 or 15 financial parameters which have risk assessments. This is under the institutional assessment framework. There is quite a component of that which is financially based. Two of the parameters we look at are the proportion of revenue coming from international students—so we see their exposure to their market—and, I think, growth in revenue from that source over recent years. So, based on that, we can analyse the risk to that university’s overall financial position without having to create sometimes spurious estimates and projections. As you know, RMIT got themselves into trouble by making rather optimistic assessments about their overseas earnings.

Senator CARR—Equally, the risk assessment is a major issue because the decline in student numbers has been quite dramatic.

Mr Burmester—I am not sure that is the case in the university sector as a whole.

Senator CARR—Is that right?

Ms Paul—If you are talking about overseas students, there has been a change in the growth rate but it is still growing.

Senator CARR—Let us have a look at it. The growth rate has moved from about 26 per cent down to about three per cent. Would that be right?

Ms Paul—For overseas students?

Senator CARR—Yes.

Ms Paul—No, I do not think so. But we do not have our international people here.

Dr Jarvie—I do not have my data in front of me at the moment. The growth rate has certainly come down. It was averaging at about 11 per cent a year for the last 10 years. Certainly, it has come down in the last two years.

Senator CARR—It has come down dramatically.

Dr Jarvie—It has come down significantly, but we are still getting growth in commencements. We had the latest data out to April this year. As I recall, the growth in commencements for the last 12 months is about three per cent.

Senator CARR—That is right. That is my point. The growth rate was at 26 per cent.

Dr Jarvie—I do not recall 26 per cent, but you may be right. I will not argue.

Senator CARR—Let us take your earlier figure of 11 per cent. It has gone from 11 per cent to three per cent, if we are prepared to argue that. My concern is that there is no effective monitoring of these issues by the department when it is becoming quite a significant component of external revenue for a number of universities. For some universities it is now up to 49.9 per cent or thereabouts of their student load.

Mr Burmester—The assertion you made that this is not being monitored by the department is not correct. As I said, we do an analysis across a wide range of financial parameters, one of which is their exposure to the international market and how that has been tracking in recent years. We are including trend as well as absolute values in our assessment. While the growth rate may have fallen—the figure I have for 2003 is 13.7 per cent and for 2004 it is 8.6 per cent; obviously we do not know what it is for 2005 yet—it still means that most universities will probably still have some increase in growth. We monitor that closely. But it is only one aspect of the financial assessments that we do. The point you made that some universities are more greatly exposed than others is exactly the risk factor we build into our assessment.

Senator CARR—How many of the universities would get close to 50 per cent of their student load from international students?

Mr Burmester—I think we do have that table.

Mr Manns—We can give you figures on the percentage of their revenue.

Senator CARR—That is two figures I am looking for, then: the revenue and the student load.

Mr Manns—This data is from 2003. The highest proportion of overseas fee income to total revenue was 38.2 per cent.

Senator CARR—Which university was that?

Mr Manns—The University of Central Queensland.

Mr Burmester—Another statistic is that there were eight universities whose proportion of overseas fee income exceeded 20 per cent of their revenue. So there were only eight that were highly dependent on overseas students.

Senator CARR—Mr Manns, did you want to add to that answer?

Mr Manns—It is worth mentioning, as Mr Burmester just said, that there were eight with a reliance at or above that 20 per cent mark, which is where we start asking questions, if you like. But that includes some universities in pretty strong financial positions, like Macquarie, for example. At the other end of the scale—and I guess you will probably ask us some questions about Newcastle later on—Newcastle only had a 9.6 per cent reliance on overseas students.

Senator CARR—I accept the point you make that the international student load is in itself not a litmus test of financial health. But you have a situation where a university such as the University of Central Queensland is getting up to having overseas students making up around 50 per cent of its student load. That is the latest figure—the 2005 figure—isn't it?

Mr Manns—The latest financial data I have is 2003. For student load, the University of Central Queensland has a total onshore and offshore load of 7,889 international fee-paying students out of a total student load of 15,234. So it is 52 per cent.

Senator CARR—Fifty-two per cent. And you do not reckon that is a matter that would make the hairs on the back of your neck rise?

Mr Manns—As Mr Burmester said, they are matters for the university to keep under review. Some universities are clearly more successful at attracting overseas students, and a university in a regional area that has so many overseas students is probably doing a pretty good job. So it is a matter of how the university manages that situation. That is what we would say.

Senator CARR—Let me get this clear: your material is retrospective. Are you able to forecast enrolments?

Mr Manns—As Mr Burmester said, in the higher education group we certainly do not seek to do that. I do not know whether the international group does. I think the answer would be no.

Senator CARR—The equivalent of the profile discussions do not produce that sort of data?

Mr Burmester—The IAF process identifies various risk factors of a range of financial indicators —I do not have the framework here, unfortunately. We can rate universities and, through monitoring across the sector, identify those universities that have greater exposure on a range of those indicators than others. So we are forming a picture of the overall financial health of an institution, not reacting to just one single variable. Within the assessment of overall financial health, we look at both absolute exposure to the international market and recent trends within that university with that exposure. Is their growth rate coming off and therefore will they have to adjust other factors or are they still growing? Those are the sorts of things we look at. In the assessment and discussion we have about their exposure and their risk, of course we ask them how it is tracking this year. In fact, with a number of universities I remember quite clearly having that exact conversation and they were able to provide up-to-date figures that were able to confirm or remove some of our concerns in regard to their international exposure.

Senator CARR—So does the AEI keep forecasts of international students?

Dr Jarvie—No, it does not.

Senator CARR—It does not?

Dr Jarvie—No.

Senator CARR—Extraordinary. It strikes me, Mr Burmester, that you have actually got less capacity to predict the future, then.

Mr Burmester—I feel a lot more comfortable with the amount of analysis and assessment we do under the institutional assessment framework than about what we have ever had before, because it is a structured approach, worked out to clearly identify risk and exposure across the whole of the financial operations of a university in a very systematic way. It is, in a way, self-tuning because we can compare universities and find the normal behaviour or the normal pattern within a university and find those universities that, for whatever reason, have got a greater or lesser risk on particular factors. We then have a sound, factual basis on which to go and discuss very precise issues with the universities, which is something that we have not had in the past. We did projections, we would have a discussion about projections and be told that the projections were wrong and the fact that everything else was flat line made them a bit of a joke. So what we did was go back and create a very detailed, very structured and systematic assessment framework that gives us a far better basis on which to assess the health of each individual institution.

Senator CARR—So is it the case that the universities now can make their own projections and you have to ask them for what they expect will happen?

Mr Burmester—If their exposure or growth rate in overseas earnings was a particular concern and the university were considered as a result to have some overall financial concern, then we would take that up with the university, discuss the latest trends, discuss the strategies that they might have developed to react to that emerging situation in a very systematic, precise and focused way, which we could never do before. All we ended up discussing before was the accuracy of DEST's estimate, made up on a desktop in Canberra, rather than doing some proper analysis based on facts and drawing attention to specific areas of financial performance.

Senator CARR—This would be music to the ears of the finance officers right across the sector, for you to now acknowledge that you basically did not have a clue, after all of these years of you arguing the toss.

Mr Johnson—I do not think he has acknowledged that; I think he has said that it just came down to a comparison of two different types of estimates.

Mr Burmester—I think we are in a far better position than we have ever been to assess the financial health of institutions.

Mr Manns—Perhaps I could add that Central Queensland University is currently tracking quite well in an overall financial sense. We have its 2004 financial statements, and it has recorded a surplus of \$16.5 million in 2004, compared to the deficit of \$4.6 million in 2003. If it had not been for the change in the DEST payment arrangements, its surplus would have

been \$23.2 million. At face value, at least, it is managing, for now, that exposure to the overseas student market reasonably well.

Senator CARR—We will probably have to come back to that and see how those predictions hold up.

Mr Manns—I am not making any predictions; that is as at the end of 2004.

Senator CARR—That is on the last available figures you have?

Mr Manns—Yes.

Senator CARR—Can I go into a couple of areas where we do have some detail. We were told in February that you expect that in 2004 four universities would be in deficit. I think that is what you told us.

Mr Burmester—When did we make—

Senator CARR—How many universities did you anticipate would be in deficit in 2004? Was it ‘no more than’? Perhaps ‘no more’ is the way you put it. I will rephrase that: how many universities do you anticipate will be in deficit in 2004?

Mr Burmester—I have not looked at the figures, obviously—I am no longer in the area—but you have to remember that the results for 2004 in some universities are going to have a once-off impact from the changed payment arrangements. So you need to, one way or another, remove that from the comparison of the 2003 and 2004 performance.

Mr Manns—We have not received the financial statements from all universities for 2004 yet. They are not due until 30 June. We have some, but not all of them.

Senator CARR—Do you take the view that there will be roughly the same number of universities in deficit as there were last year?

Mr Manns—I am not in a position to speculate.

Mr Burmester—There will be significantly more universities recording an accounting deficit in their operating result simply because of the change in the payment arrangements. It is a technical adjustment to their accounts, not an actual change to their financial position.

Senator CARR—Is that how you account for why the New South Wales Auditor-General’s report I think indicated that five out of the 10 universities in New South Wales were likely to record a deficit in 2004?

Mr Manns—The Auditor-General’s report noted that 92 per cent of the decline in the financial position was the result of that change in payment arrangements. It is largely an accounting artefact, if you like.

Senator CARR—What do you consider the liquidity ratios to be now in New South Wales? How many universities, for instance, would be below the normal benchmark of 1.5?

Mr Manns—I am not sure that I have that figure with me. I will have a look.

Mr Burmester—While Mr Manns is looking for that, I would say that it is worth noting that their actual cash position would not have been greatly impacted by the change in the payment arrangements. Basically, instead of being paid eight per cent of their 2005 allocation just before Christmas, universities received 12 per cent on the first Thursday in January. I

think there was a two- or three-week delay in receipt of their funds. So, by the first Thursday in January, they would have been in exactly the same cash position as they would have been under the old arrangements. There was only a three-week pause, if you like. But it did move that payment from one accounting period into the 2005 accounting period.

Senator CARR—Is it the case that Newcastle, UTS and UWS had a liquidity ratio of less than 1.5?

Mr Manns—Only three of the universities in New South Wales were not in the best practice range. I am not sure that I have with me the precise figures for each of those, but we can certainly give those to you on notice. But there were certainly three that were not in the best practice range.

Senator CARR—We can argue the toss about how far out they were, but we both agree that there were three under the ratio. Would you say that the dependence on fees and charges as revenue rose in universities in New South Wales in 2004?

Mr Manns—We have not completed our analysis of the New South Wales institutions' financial statements. They are provided, as you probably know, to the Auditor-General before we get them. We get considerably more detailed information than the Auditor-General's summary report that is published.

Senator CARR—That appears to me to be the implication on page 19 of the Auditor-General's report. You are not able to confirm that yet?

Mr Manns—I have no reason to doubt what the Auditor-General says, but we have not completed our own analysis at this stage.

Senator CARR—He makes the point that it is a rise from 27.7 per cent to 28.6 per cent. Equally, you are not able to confirm that figure?

Mr Manns—I do not have that figure with me.

Senator CARR—Can you take that on notice for me please and confirm those figures?

Mr Manns—Yes.

Senator CARR—Thank you.

Proceedings suspended from 3.44 pm to 4.03 pm

Senator CARR—Mr Manns, do you have figures on the operating loss at Newcastle?

Mr Manns—The 2004 operating deficit for Newcastle—again, we are using the Auditor-General's figures at this stage—was \$26.9 million.

Senator CARR—I will just go through the figures and confirm that you have the same understanding as I have: Newcastle is \$26.9 million; UWS is \$26.9 million; UTS is \$12.3 million; University of New South Wales is \$10 million; and Southern Cross is \$5.9 million.

Mr Manns—I am afraid I have them on multiple pages and cannot go across them quite as quickly as that. But, if you are reading them from the Auditor-General's report, I now have a copy of the overview report.

Mr Burmester—I have to say again that of the deficits recorded in this year, part of them is an artifice that derives from the changed payment arrangements by moving the first

payment of 2005 from the 2004 year into 2005. So, in terms of a technical accounting operating result, they would be true figures, but, in terms of the real financial position of the university, they are not representative. Really, you should remove the impact of the once-off adjustment.

Senator CARR—Yes—so you won't mind doing that for me?

Mr Burmester—I am sure we could do that. We have got it here, I think.

Mr Manns—For Newcastle, on my figures it would have taken the deficit down to \$20.2 million. As I mentioned earlier, there is a comment on page 19 of the Auditor-General's overview report, where he comments on the change from the overall surplus reported by universities in 2003 to the lower surplus in 2004. He states:

A common factor, accounting for 92 per cent of the decrease, was a change in DEST funding arrangements.

Senator CARR—Let us have a look. I refer to UWS. Take into account the effect of this accounting arrangement. How much would the UWS deficit be?

Mr Burmester—I believe 17.4. On the basis of the figures that have been handed to me, 17.4 is attributable to the change in payment arrangements.

Senator CARR—I see. So what is the net effect? Still nine?

Mr Burmester—Did you say 28?

Senator CARR—I said 26.9.

Mr Burmester—Take away 17.4 and you get 9.5.

Senator CARR—What about UTS?

Mr Manns—We have not received UTS's financial statements yet, so that level of detail is not in the Auditor-General's report.

Senator CARR—What about the University of New South Wales?

Mr Manns—Some \$21.3 million of the deficit is as a result of the changed payment arrangements. So that is the lion's share of it.

Senator CARR—And Southern Cross?

Mr Manns—Again, we have not received their financial statements yet.

Mr Burmester—Can I just add some figures to the table? That is the growth in revenue that those universities have received over the last three years, from 2001 to 2003. It has not been updated for 2004 yet but Newcastle, for example, received \$54 million more in 2003 than they did in 2000; UTS received \$56 million more; Western Sydney received \$33 million more; and New South Wales received \$134 million more in revenue than in 2000. Those universities have each received over that short period quite considerable increases in revenue.

Senator CARR—Yes, and what have their expenses increased by?

Mr Burmester—I am just pointing out that where you have large growth in revenue there is capacity to juggle and manage your costs as well. It is not from a lack of revenue—

Senator CARR—But there are also increases in costs.

Mr Manns—Can I quote again from the Auditor-General's report for New South Wales, where he says:

The salaries and related expenses of all universities were either within or around the benchmark.

So he does not seem to feel that there has been a particular—

Senator CARR—He does also suggest that universities need to contain costs and increase revenues. That is also clear, isn't it? I would have thought that you would have said the same to them over and over again.

Mr Burmester—And I think I would say to every financial organisation that that is a basic of managing—

Senator CARR—That is right. But the point I am making is that the trends identified in the original Crossroads paper about the growth in expenditures has not matched—or has it matched the growth in revenues?

Mr Burmester—In some universities expenses have grown faster than revenue, despite the fact that revenue is growing at a very fast rate. Of those universities that I read out, four have grown at more than seven per cent a year revenue, and Western Sydney is the only one that grew only four per cent a year.

Senator CARR—And what are their expenses growth?

Mr Burmester—I do not have their expenses growth.

Senator CARR—Sector wide has there been a growth in expenses? What is the rate of growth and the growth of revenues across the sector? Can you update the relevant table that was in the original Crossroads paper on this particular theme? Regarding the controlled entities that the Attorney-General of New South Wales looks at he says that a number of controlled entities had losses—Norsearch had losses of \$194,000; iCare of Sydney university, \$67,000; accessUTS, \$59,000; Sydney Educational Broadcasting at UTS \$103,000 and Sydney Graduate School of Management, \$188,000. In your analysis do you examine these controlled entities? Is that still being done?

Mr Burmester—I do not recall that we have looked at any time in detail at controlled entities other than an assessment of the impact of controlled entities on the final outcome for the institution as a whole. We tend to use whole-of-organisation figures and outcomes so that if they are losing money in their controlled entities that becomes apparent through their lower performance. We do not isolate the university performance from the other entities that actually have an impact on their accounts.

Mr Manns—We do not individually identify them but we do get separate data on the university's operations and the consolidated entity and we get some broad categorisation of the types of consolidated entities. The short answer is yes, we keep an eye on it but we do not necessarily drill down into each of those consolidated entities, or really have the right to.

Senator CARR—Look at the situation in Victoria. The Victorian Auditor-General is now required to report on controlled entities and his report published at the end of last year indicated 21 entities with revenues, expenses, assets, liabilities in excess of \$10 million in value. The Auditor-General in his summary of the financial position of 16 of these entities, the largest I presume, pointed out that together they represent six to 10 per cent of revenues,

expenses, assets, liabilities of the university but generated collectively an operating deficit. Of the 16 only five were in surplus in 2004. He said that if you exclude Monash University Foundation, because it is a low-risk investment manager, the aggregate deficit of the remaining 15 entities was \$18.7 million. He also goes on to say that the largest of the losses of one entity at Monash International Pty Ltd had a surplus of \$5 million but that it was in large part due to an increase in fees paid to the university itself—so it was an internal transfer. Is that the sort of information that you would examine?

Mr Burmester—Yes, we do look at the exposure of universities to large undertakings and in fact you have drawn our attention to some of them such as the Monash campus in South Africa and the RMIT campus in Vietnam. But they are not the only ones, obviously. I would also say that it is not just simply a matter of fact in the university sector that controlled entities making a loss of itself is always a problem even though state auditors tend to highlight this fact. There was one audit report I recall from Queensland that criticised some of the universities up there—and I cannot recall the details—for the losses they incurred in their venture capital and commercialisation arms on the basis that every endeavour that universities undertake to commercialise their IP should for some magical reason deliver a profit. That is never going to be the case and yet the auditor suggested in his report that that would have been a better outcome for the universities. That is why they use controlled entities: to provide some avenues for commercialisation of their IP.

Senator CARR—That is true. It is a perennial problem about risk taking in this area. I accept and acknowledge that. My experience with ANU and Anutech also pointed to the fact that prudent financial management says that you do not keep losing money.

Mr Burmester—That is correct, but in our monitoring of that the university sector has particular aspects that impact on controlled entities.

Senator CARR—Let us go to the Monash University South African campus. As I read it they have now lost \$55 million on that venture. The latest figures point to a further \$12 million loss.

Mr Burmester—I do not have the breakdown of that particular undertaking by Monash and to the extent that that would involve establishing a campus and purchase of assets and so on I am not sure that you would call it a loss. The university certainly treated some component of it as a long-term investment where they believe they will return a profit to the university from the undertaking in South Africa. I have not got with me the breakdown of that \$55 million into what you could call investment or operating loss over the period they have been there.

Senator CARR—I would ask that you have a look at it for me and see how you would describe the expenditure of \$55.6 million and to what extent these, what I call, losses are being covered by interest-free loans. Will they show up in the university's accounts?

Mr Burmester—Interest-free loans within the university?

Senator CARR—From the public university to the private arm.

Mr Burmester—We would have to go and ask the university for that level of detail.

Senator CARR—It may be appropriate.

Mr Burmester—I am sure my colleagues can undertake that.

Senator CARR—I am sure, Mr Cook, that you are going to enjoy this.

Mr Cook—Yes, I am sure that I will, Senator.

Senator CARR—You are deeply loved as a result of asking these sorts of questions. You should try Mr Burmester's old trick and say, 'Carr made me do it.' That is the report I am getting from around the country.

Mr Cook—I appreciate the tip, Senator.

Senator CARR—Or the better one is that you go down ahead of the estimates and say 'I expect that Carr will make me do it.' I will ask you to establish how it is that the university is financing these arrangements. Also, could you check whether the business plan proposed when this entity was originally established claimed that by this year they would be making a profit? I would be also interested to know what steps the university has taken to break even by 2007, which, as I understand it, is their latest claim.

Mr Cook—We will get what we can for you, Senator.

Senator CARR—Thank you. Can you find out for me whether the campus in South Africa generated revenues of \$4.9 million but there were expenditures of \$17 million?

Mr Cook—I will ask them.

Senator CARR—Can you find out for me how many students are actually studying at the campus? I have no doubt that they will tell you that they are ahead of target so I shudder to think what the targets were if they are ahead of them to produce those sorts of losses. If I look at RMIT, I presume that they have submitted their annual returns to you by now?

Mr Manns—Yes, we have the 2004 financial statements from RMIT.

Senator CARR—Were the expectations on the international student load met?

Mr Manns—I do not have the details of overseas student load at this stage. I would have to take the student number issue on notice.

Senator CARR—We have already confirmed, have we not, that the international student load of Central Queensland is now 52 per cent?

Mr Manns—That included offshore.

Senator CARR—Yes. On the domestic campuses, it was 49.8 per cent in 2004. Is that right?

Mr Manns—For Central Queensland?

Senator CARR—Yes.

Mr Burmester—While Mr Manns is looking for that, I have found some information on Vietnam. RMIT reported that the offshore operation had revenue of \$17.4 million and a small deficit of \$0.4 million, the first graduates graduated in 2004, and they are relocating to a new campus with a capacity of 3,000 staff and students in 2005. From that report, RMIT in Vietnam has reached that point of being a viable campus for the institution.

Senator CARR—There is still a deficit, though.

Mr Burmester—Yes, \$0.4 million out of a revenue of \$17 million—compared to previous years I think the trend is quite clear.

Senator CARR—Yes, absolutely. There is a huge turnaround, and obviously you wish them well.

Mr Burmester—We do.

Senator CARR—I do not know anyone who does not. It is all very well to be wise after the event. However, a number of people at the time thought that this was not the best investment. So there has been no discussion with Central Queensland about its dependence on an international student load of that size?

Mr Manns—I understand that that matter was raised with the university at previous profile or institutional assessment framework meetings. When we have analysed their financial statements—as I said, they look much healthier this year than they did last year—if there is an issue there we will again talk to them about it.

Senator CARR—Do you have any figures for 2005?

Mr Manns—No, not at this stage.

Senator CARR—As far as the department is concerned, given E801_05, you do not consider the international student market to be volatile. Is that right? Is that how it works?

Ms Paul—It is still growing. Our analysis would suggest that it is a maturing market, which is not a surprise, according to the conversations we have had, for example, with the international education advisory body that we work with. We watch it very carefully. The fact that there is not a decrease in growth and it is still growing has not come as a complete surprise, given the relative maturity of the market. The size of the industry is still extremely important for Australia, and it seems to keep growing in dollar terms.

Senator CARR—Ms Paul, are you aware of the ANAO report *Internationalisation of Australian education and training*?

Ms Paul—Yes.

Senator CARR—I take it that you would have seen an advance copy of it?

Ms Paul—Yes.

Senator CARR—Did you make draft comments and get an opportunity to respond to it?

Ms Paul—Yes.

Senator CARR—How do you respond to the proposition in the report that says:

... the ANAO considers that a lack of adequate performance information and indicators—
within the department—

is significantly hampering IEG's—

that is, the International Education Group, which is formally AEI—

capacity to both gauge and demonstrate the level of effectiveness of its activities and the extent of its contribution.

Ms Paul—The ANAO is talking there about how we are able to demonstrate our activities versus our data collection of student numbers and so on, which is really very good. We have taken their suggestions on board and have been working with them. I would be happy to canvass that in more detail when we have AEI here after the next group. In general terms, we were comfortable with the feedback from the audit and were happy to take on some suggestions. In terms of the external data on student numbers and so on, it is really very good now and we have been improving it over time.

Senator CARR—They also say that this lack of adequate performance information in indicators has resulted in:

... the reliability and quality of the higher-level departmental indicators of performance, which rely on these lower level measurements as their basis, are compromised.

That is a mouthful, but I was quoting directly from it. It is public service speak for saying they are not happy.

Ms Paul—I think they are saying there is room for improvement, but, when we have worked through it with them, it is by no means in all areas nor is it in business-critical areas—I think they are important factors too. It is a useful audit, not a threatening audit to us.

Senator CARR—Yes. They shouldn't be threatening and they should always be useful. I wouldn't expect a person in your position would have any trouble with that.

Ms Paul—Absolutely.

Senator CARR—I am just surprised that you are so confident about the performance of the department in this area, given the nature of those comments.

Ms Paul—I am confident because we worked through their findings with them. Indeed, we had some robust sessions with them in terms of how they were interpreting certain things and so on. I think we now understand the range of suggestions and, to the extent that we can improve things, they are easily done. Our database, as I have said, is improving. So, yes, I am confident.

Senator CARR—Equally, the auditors said that the performance measurement framework of your international division:

... did not incorporate the expectations of key stakeholders ... and their perspectives of IEG's performance in satisfying these expectations.

You would hardly be satisfied with that, wouldn't you?

Ms Paul—There was a lag effect too. For example, we now have the body that I mentioned before, the International Education Advisory Body, which I chair. We just had, I think, its fourth meeting last week. We have quite a long discussion of market trends backed up by data, and that careful look by those stakeholders will continue.

Senator CARR—Obviously, I will take that up with the division directly.

Ms Paul—Certainly.

Senator CARR—I would like to ask you about the University of New South Wales Singapore campus. It is a joint venture between the University of New South Wales and the

Singapore government. Mr Burmester, is there an understanding within the department that this entity will not be cash flow positive until 2017?

Mr Burmester—I do not have those details. I have had only one conversation with the Vice-Chancellor and management of UNSW about that operation. But, clearly, it is a high status undertaking in that UNSW is the first international university to be invited into Singapore to offer their own degrees. Singapore has put a great emphasis on the development of international universities and full research universities. I would say that the department as well as the university are optimistic about the benefits that will arise from being the first international university in Singapore.

Senator CARR—And the Singaporean government is putting in \$78 million to the project?

Mr Burmester—I do not have those details. I have not personally looked at the proposal in that detail. I would have to take that on notice and go to the university.

Senator CARR—I am interested to know how the \$113 million cost that the University of New South Wales will bear will be financed. I take it that it will be by borrowing.

Mr Cook—We will ask them.

Senator CARR—What is the borrowing rate at the moment for the University of New South Wales?

Mr Manns—Based on its 2004 financial statements, the University of New South Wales has no external borrowings.

Senator CARR—Clearly they are an asset-rich university and they will be able to finance \$113 million.

Mr Burmester—Their revenue in 2003 was \$740 million. It is a very big organisation.

Senator CARR—That is right.

Mr Manns—It had increased to \$755.6 million in 2004.

Senator CARR—There is no question about that. But, again, I come back to the point: what is the level of involvement with the department on these external ventures and to what extent are you made aware of them?

Mr Burmester—As I said, we were informed about the proposal and the scale of the operation, but I do not have those details with me. Given the size of the University of New South Wales, and the fact that there is considerable support from the Singapore government and that the council of UNSW have obviously considered this, we believe that it is a sound undertaking. We can get the details if the university will provide them.

Senator CARR—The University of Newcastle has now had five years of deficits.

Mr Burmester—Yes, I believe that is right.

Senator CARR—When did you first become aware of the magnitude of the problem facing Newcastle university this year? Was there a point where you realised that it was a bit bigger and better than normal?

Mr Burmester—We anticipated that the changed payment arrangements would have an effect on them, and on all New South Wales universities, because of the way the auditor there treats their accounts as opposed to in other states. But we were informed of the significant increase in the size of the underlying deficit when the vice-chancellor came to Canberra to inform us that that was his assessment of the university's situation. Shortly after he took over and had had a chance to examine the accounts and the financial circumstances of the university, he came down and ran us through the outcome that he was facing.

Senator CARR—When was that?

Mr Burmester—I think it was in February. I do not have the date.

Ms Paul—I think it was February. I cannot remember the date.

Mr Manns—I think it is worth pointing out that, certainly as far back as 2001, in the old profiles process, in those meetings the Commonwealth did raise with the university the fact that it was in deficit for the second year in a row, so throughout that period the Commonwealth has been raising concerns with the university.

Senator CARR—I am aware of that. What are the financial projections for 2005-06?

Mr Manns—We do not have any financial projections at this stage.

Senator CARR—They have not given them to you? The vice-chancellor came to Canberra and told you that he was going to cut 20 per cent of staff, didn't he?

Mr Burmester—The vice-chancellor has indicated to us what the likely deficit will be unless action is taken to redress the situation and that he was developing strategies to address that situation. I do not know whether there have been any developments from that time.

Senator CARR—So what are the figures?

Mr Burmester—I would have to go back and find them. I do not think I have got them here.

Ms Paul—At the first meeting we had with him, I do not remember him speculating on the impact on employment. It was more him running through his first analysis of the financial situation since taking on the position.

Mr Manns—I expect that you are aware that the university has issued discussion papers to its staff about its proposed restructuring. Those discussion papers include an outlook for the university if nothing is done to turn its situation around. They are the university's own estimates. We do not have any estimates.

Senator CARR—You do not have any estimates at all these days.

Mr Manns—We do not seek to estimate how each university is going to manage its affairs.

Senator CARR—I suggest that in your folder there you would have projections on their revenues, expenditures, debts and student load, otherwise you would not be able to calculate the funding requirements. Would that be right?

Mr Burmester—We do not compile projections—

Mr Manns—We certainly ask for estimates of future student load as part of the IAF process, because that does inform our budget estimates—it does not drive them as such.

Senator CARR—But would you have advice on their research income?

Mr Manns—We have data on those matters. I am not sure we ask them for projections into the future. We do on load and some of those matters.

Senator CARR—And you cannot tell me what your projections of their deficits are for the next two years.

Mr Manns—As I said, the university has put out its own projections.

Senator CARR—What are they?

Mr Manns—If it did not do anything about its current situation, in round figures in 2006 the deficit would be \$19 million; in 2007, \$22 million; in 2008, \$22 million; in 2009, \$26 million; and, in 2010, \$29 million.

Senator CARR—They have undertaken redundancy measures of 20 per cent of staff. That is right, isn't it?

Mr Manns—They are proposing a range of staffing reductions.

Senator CARR—Do you think 20 per cent is an unrealistic figure?

Mr Burmester—I think the order is closer to 15 per cent than 20 per cent.

Senator CARR—That would have to be unprecedented in your experience, wouldn't it?

Mr Burmester—It is certainly a large adjustment in any organisation.

Senator CARR—Can you recall an occasion in any Australian university where there has been a reduction in staff of 15 per cent?

Mr Burmester—Not off the top of my head. I do not remember the scale of the restructuring that occurred at the University of Adelaide a number of years ago.

Senator CARR—I do not recall it being anything like this.

Mr Burmester—I do not believe there has been another case where there has been something like a 15 per cent reduction.

Senator CARR—Are they proposing to cut courses?

Mr Manns—They have indicated that there will be some course rationalisation—removing duplication and so on. However, the university has advised us that there are only two areas that it proposes to get out of completely.

Senator CARR—What are they?

Mr Manns—Industrial design and herbal therapies.

Senator CARR—What are the reductions in national priority areas?

Mr Manns—I am not sure that I have that information. They have assured us that there will be no changes, I think, in undergraduate provision in those areas. I think there is some minor change in one of the postgraduate fields in education, but there is a huge amount of detail in their proposals, as you would probably appreciate—and they are proposals at this stage, not final decisions.

Senator CARR—When are they intending to make final decisions?

Mr Manns—My understanding is that the open request for comment among staff and so on goes until 1 July, then there will be a process of consultation with their staff consultative committees for about another week following that. The proposals will be considered by the council in the week beginning 11 July. I cannot anticipate how long it will take the council to decide, but the obvious intention of the university is to resolve these matters sooner rather than later.

Senator CARR—There was the restructure fund that was available. I forget what it was called, but it was a structural adjustment redundancy fund that the department used to run. Is that still operating?

Mr Burmester—No, under the Backing Australia's Future arrangements there was a transitional fund to assist universities through the three-year transitions to 2008. But Newcastle was not eligible for that fund, because it actually gets additional funding through the changes from Backing Australia's Future, including 1,200 new places. The trouble with the structure of their finances, as I understand it, is that there was underprovisioning for some of their liabilities and bringing them properly to book pushes their expenses up quite considerably. So they have to make adjustments across the university to get their books back into shape.

Senator CARR—What is their deficit for 2004? That would be an actual, wouldn't it?

Mr Manns—Yes, I thought we gave that figure to you earlier.

Senator CARR—Remind me again.

Mr Manns—For the university it is \$28.6 million.

Senator CARR—However, you say that there are some adjustments on that. What is the official name of the fund I was referring to, whereby the Commonwealth makes payments via an operating grant in advance?

Mr Burmester—There is still an advance provision.

Senator CARR—There is a provision, but what is the official name of it?

Mr Manns—There is no particular name for the fund.

Senator CARR—It used to have a name—I can assure you, Mr Manns, that it had a name.

Mr Manns—In the new HESA—

Senator CARR—It is just a fund without a name.

Mr Manns—There is a specific provision called special advances or something like that. The university has been given a \$10 million advance under that provision.

Senator CARR—You know what I am getting to, then—that is good. But the old structural adjustment fund is no longer there?

Mr Burmester—No.

Senator CARR—It used to be a floating reserve of about \$30 million.

Mr Burmester—Yes. There was a limit to the amount of funds that the minister could advance across the sector, so there was a queuing arrangement—you had to wait until some universities paid back earlier advances.

Senator CARR—It was about \$30 million, was it?

Mr Burmester—Yes.

Mr Manns—It is a similar arrangement at the moment: there is a \$25 million limit on the amount of advances in any one year under that provision at the moment.

Senator CARR—And universities receive a grant in advance of their operating grant and then are required to repay it?

Mr Manns—That is correct.

Senator CARR—So it is a shifting of—

Mr Manns—It is a bringing forward of their funds, effectively.

Senator CARR—So Newcastle has been offered \$10 million from that fund; is that right?

Mr Manns—Yes, that is right: it has been given \$10 million.

Senator CARR—Has any other university been offered funding from that resource?

Mr Manns—I think there are some advances from earlier years. I am not sure that any others have been given this year.

Senator CARR—There is New England and RMIT. They had their hand in the pot, didn't they?

Mr Burmester—They were advances made under the previous act, and I am not sure how we have treated those under the new provisions—that is, whether we started with a new \$25 million under the new act.

Senator CARR—Really! That would be good! Perhaps you could take that on notice and tell me how you have transferred these funds across.

Mr Burmester—We should be able to explain the impact of our legislation—I just do not know it off the top of my head.

Senator CARR—That is all right: you got my point! And you cannot tell me, Mr Manns, whether anyone else has had access to that funding?

Mr Manns—I will take that on notice. I thought I had those figures here, but I cannot turn them up at the moment.

Senator CARR—They will probably come to you in five minutes. Previously, Adelaide had access to this money?

Mr Burmester—That was some years ago.

Senator CARR—They had it for a couple of years, if I recall rightly.

Mr Burmester—It was \$10 million in total for Adelaide, but I cannot remember—

Senator CARR—Yes, that was over a couple of years. What about Deakin?

Mr Burmester—I would have to look at an old triennium report to check that.

Senator CARR—You know where I am going here too. Will the new report contain that information?

Mr Burmester—Certainly.

Senator CARR—The FEE-HELP 2005-06 figures appear higher than the forecast of two years earlier in terms of the amount of money that is made available or accounted for under PELS. PELS also allocated \$193 million in 2002-03. I am told it is up to \$630 million. Is that right?

Mr Manns—The estimate for the total FEE-HELP debt for 2005-06, which includes all elements of the scheme currently, is \$579 million. That figure that you have just suggested for the old PELS element alone would not seem to be correct.

Senator CARR—You can help me here by giving me a total, in both calendar and financial years, through to 2009 for the projected FEE-HELP debts excluding debts that would previously have been incurred under PELS. Can you do that? If you like, I will get that written up for you.

Mr Manns—I am sure we could provide that.

Senator CARR—Can you confirm for me—and I will preface this by telling you that this will also be asked of the Taxation Office—whether it is the department’s understanding that full fees paid for in an Australian undergraduate course by an Australian student are tax-deductible?

Mr Manns—That would generally be the case, if it was work related, under the normal taxation arrangements. Self-education expenses are tax-deductible.

Senator CARR—I will put some questions on notice on that matter as well. The Melbourne Institute of Business and Technology is now an eligible provider for FEE-HELP. That is right, isn’t it?

Ms Sparkes—Yes, that is correct. They have been approved as a non-listed provider under the Higher Education Support Act.

Senator CARR—What are the criteria that the minister uses for determining whether a provider is eligible with regard to FEE-HELP?

Ms Sparkes—The details for any provider who wants to access FEE-HELP are on our web site under ‘Information and application packs’. That clearly outlines the criteria that we use to assess them. There is a range of criteria going to financial viability, issues around review, merit procedures, grievance procedures and tuition assurance arrangements et cetera.

Senator CARR—Is there any process by which the department is able to establish the bona fides of a provider that has access to the FEE-HELP arrangements and/or its principals?

Ms Sparkes—When you are talking about bona fides, are you talking about financial arrangements?

Senator CARR—I am talking about whether or not they are acting properly within the education industry.

Ms Sparkes—Under our legislation we require all providers to be registered and accredited providers. We would normally undertake appropriate checks with the relevant state and territory accreditation authorities in that respect.

Senator CARR—In terms of the ESOS arrangements, do you check whether persons engaged in an institute have met their obligations under the ESOS Act?

Ms Sparkes—Not that I specifically recall. If they are a registered provider under ESOS we do that check to make sure that they are complying with that.

Senator CARR—The monitoring provisions of the ESOS Act are undertaken, are they? Do you cross reference against those?

Ms Sparkes—We do cross reference, yes.

Senator CARR—I take it that before an institute such as the Melbourne Institute of Business and Technology was put on the list for FEE-HELP there would be a check to see whether or not the provider has enrolled students appropriately in terms of their ESOS obligations?

Ms Sparkes—We do a check with our ESOS colleagues. I do not know the extent of the detail. I might have to get back to you on that.

Mr Burmester—Just to make it clear, students enrolling under ESOS are not eligible for FEE-HELP. You have to be an Australian citizen.

Senator CARR—Absolutely. But you would want to make sure that the students who were studying at these colleges were studying in an institute that was actually in accordance with the law, wouldn't you?

Mr Burmester—Certainly. But the way you asked the questions—

Senator CARR—I appreciate the differences there. I was wondering what would happen if, say, the same provider was providing an offshore campus in Indonesia. Students there could undertake a diploma giving them access to Deakin University's business courses at a second-year level without application of the prevailing academic progress rules. Would that be a matter of concern to the department?

Mr Burmester—I do not know enough about the ESOS Act to follow that one up.

Senator CARR—But would it be a matter of concern to the department if there appeared to be a circumvention of the domestic regulations in these matters?

Mr Burmester—Clearly.

Senator CARR—Would it be a concern to the department if the offshore campus was in fact taking advantage of distance in presenting its capacity to deliver students to Deakin second-year studies even though they had not met the academic progress requirements for an Australian campus?

Ms Sparkes—They would be issues that would be covered under the ESOS Act. But I am not an expert on that act.

Senator CARR—But they become matters of concern for you if those students seek application and are admitted to an Australian university and then under the provisions of these new arrangements have access to the FEE-HELP loan program.

Ms Sparkes—In terms of our application process, we are looking at the standing and the status of the provider in terms of its financial viability, its review procedures, its grievance procedures et cetera. We are not looking at the instances relating to particular students.

Senator CARR—That is the point: the FEE-HELP arrangements go to students, don't they?

Mr Burmester—Domestic Australian citizens.

Ms Sparkes—Domestic students.

Senator CARR—Only domestic Australian citizens?

Ms Sparkes—Yes. Australian citizens.

Mr Burmester—They are not available to overseas students. From your questions, the only people who could go through that arrangement and access would be Australians—

Senator CARR—Even if they went through this process—

Mr Burmester—who went to Indonesia and who then were admitted by Deakin, on the basis of their studies in Indonesia, as Australian citizens. And that really is a matter for Deakin.

Senator CARR—It is a matter for you if they have been admitted and they gain access to a loans program and they are not properly enrolled.

Mr Burmester—Admission practices for Australian citizens are the responsibilities of universities. That has been the case. The range of admission practices across the sector is quite varied. It is one of the areas on which universities are quite clear: it is their responsibility to admit students who are capable of completing their courses.

Senator CARR—I have a number of questions that I will be seeking advice on in regard to HECS-HELP and updating previous answers E462_05 and E833_05. Can you explain how the industrial relations changes that are being proposed for universities have been formulated?

Ms Baly—The proposals have been formulated as a joint initiative between the Department of Education, Science and Training and the Department of Employment and Workplace Relations, and they were jointly announced by the respective ministers.

Senator CARR—Were these joint projects developed by the departments or were they policy decisions of the government?

Ms Baly—They were policy decisions of government.

Senator CARR—I take it you have consulted with the Vice-Chancellors' Committee.

Ms Baly—We have ongoing consultation with the Vice-Chancellors' Committee.

Senator CARR—What has been the response of the Vice-Chancellors' Committee to these new regulations?

Ms Baly—It has been mixed.

Senator CARR—Mixed?

Ms Baly—There are some vice-chancellors who have supported in broad terms the announcements that have been made and there are others who have some concerns with aspects of it.

Senator CARR—Which ones have supported it?

Ms Baly—The Vice-Chancellor of James Cook University has been in the press.

Senator CARR—Yes. Any others?

Ms Baly—I am not aware of others that have been in the public arena.

Senator CARR—Who else has indicated that they support these regulations?

Ms Baly—I would have to take that on notice.

Senator CARR—Surely it is pretty straightforward. You have had a series of meetings now.

Ms Baly—As I have said, the reaction has been mixed.

Senator CARR—Yes, I know.

Ms Baly—There are certainly vice-chancellors who welcome aspects of the reforms.

Senator CARR—I just want to know who they are. That is not such a big deal, is it?

Mr Burmester—It is up to the individual vice-chancellors to make public statements about their views.

Senator CARR—The officer has just indicated that there has been a mixed reaction. We have one public statement that it is terrific and they support the changes. I have not seen any others. I am just wondering where all this mixed reaction is. All I have seen is an overwhelming rejection. I think it is only reasonable that the committee be informed who these other vice-chancellors are who have supported these proposals.

Ms Baly—As Mr Burmester has said, I think it is up to them to reveal what their own views are. Certainly the response to us has been mixed.

Senator CARR—Which vice-chancellors have suggested to you that providing AWAs will improve their workplace relations or the education outcomes of students?

Ms Baly—I do not know that there are any who have suggested it in those terms.

Senator CARR—I am just trying to establish what the nature of their support for these arrangements is. Given that you have had these working parties now—and you have had how many meetings?

Ms Baly—I did not say we had had any working party meetings; I said that we have ongoing consultation.

Senator CARR—I see. So you have had these ongoing consultations. There would have been a quite lengthy exchange of views, surely?

Ms Baly—There has been an exchange of views.

Mr Burmester—The reforms are in line with the government policy position on workplace relations more broadly. As we have said, it is a policy decision of government at the end of the day.

Senator CARR—Yes, that is exactly what it is. That is all it is. We cannot try to dress this up as anything other than a policy decision of government. Can the department point me to any international university model that is seeking to replicate these types of industrial relations regulations? Can you give me the international experience that supports these regulations being introduced?

Mr Burmester—The government's policy intention in this area has been known in regard to the university sector since the announcement of the Backing Australia's Future package. It was to ensure that excellence and flexibility existed across the sector and could be recognised within the sector, that there was a closer relationship between the university and their own staff without third party involvement where that was not asked for by the staff. These facts have been around since the announcement of the package.

Senator CARR—I asked what is the international research you are relying upon to justify these changes.

Mr Burmester—I do not think this is an international comparison. It is about the Australian work force and the rigidities within the Australian work force. The government's industrial relations agenda has been quite clear for quite some time. This is an application of that broad policy to a particular sector which the government funds to a very high degree.

Senator CARR—To a much lesser degree than it ever has. You have now had a chance to talk to individual universities, and you have heard there is a mixed reaction. Can I have from you the details of the instructions that universities have issued regarding their compliance with these new regulations?

Mr Burmester—That we issued to universities?

Senator CARR—Have you issued any?

Mr Burmester—I am not sure.

Ms Baly—They were issued in the media release that accompanied the minister's announcement.

Senator CARR—So the media release is the only official instruction there is on this matter?

Ms Baly—That is right. There was an attachment to the media release, and that has the details within it.

Senator CARR—So no correspondence has been released other than that press release?

Ms Baly—No.

Senator CARR—That is an unusual way of doing business, is it not?

Ms Baly—Sorry, there was a letter that was sent out from the department at the same time to vice-chancellors that outlined the same details.

Senator CARR—Have you got a copy of that? Is that available?

Ms Baly—We can provide you with a copy. I do not have a copy here.

Senator CARR—Can you take it on notice, please, to give me a copy of that letter. Does the attachment cover the full extent of the detail?

Ms Baly—It does.

Senator CARR—That is it? Are you intending to issue any further proclamations or advice on this matter to universities about how they should run their—

Ms Baly—Those requirements will be formally issued as guidelines under the act. But they will not contain any more description or detail than what is currently available.

Senator CARR—When we see these guidelines? Will they be issued as a draft first?

Ms Baly—We expect to issue them in June.

Senator CARR—And they will not go any further than the attachment to the media release?

Ms Baly—No, they will not.

Senator CARR—Will there be any prescription on tenure in any future agreement?

Ms Baly—That is not contained in the requirements that have been announced.

Senator CARR—So there is no issue on tenure?

Ms Baly—No, not that I am aware of.

Senator CARR—Will there be a requirement, as far as the department is concerned, on tenure in regard to AWAs that are offered to staff?

Ms Baly—I do not follow the question.

Mr Cook—I do not believe so. The guidelines indicate that the university must offer their staff a genuine choice as to whether or not they wish to take up an AWA. As in the case of other AWAs, the negotiation of the AWAs, I believe, will be between the university and the staff member. We are not seeking to put prescriptions around those things.

Ms Baly—We are not asking that AWAs go beyond the terms of the requirements that have been announced.

Senator CARR—How many AWAs are there in the university system at the moment?

Ms Baly—I could not give you a precise number, but I believe it is in the hundreds.

Senator CARR—Hundreds? How many staff are in the system?

Ms Baly—There are many more than that.

Mr Cook—There are roughly 80,000 in the higher education work force.

Senator CARR—And we have how many hundreds of AWAs?

Ms Baly—I thought it was about 300, but I cannot be precise.

Senator CARR—I will ask you to take that on notice. But it is of the order of 300? I am not holding you to that precise figure.

Mr Cook—There could be a significant proportion on common law contracts, of course.

Senator CARR—No, not awards and various other forms of arrangements—I am talking about registered AWAs, the employer advocates and the department of employment.

Mr Cook—I understand. We will take that on notice.

Senator CARR—I would like to know what percentage of the work force would be on AWAs at the moment. I am wondering what the demand is and what the need is. Given there is such a mixed reaction to this, why is it that there are so few people on AWAs?

Mr Cook—The key thing about this policy is that the guidelines require universities to give staff a genuine choice about AWAs. At this stage they are not necessarily doing that.

Senator CARR—How do you know that? What is your evidence for that statement?

Mr Cook—Up until the last round, when BAF was announced and the legislation was passed, certainly most if not all agreements within the university sector actually precluded the offering of AWAs, which removed the right of individuals to access AWAs if they so chose. The removal of that ability to preclude was done through the legislation passed by the parliament. The government has now announced that universities will be required to offer all their employees AWAs so that that choice can be exercised.

Senator CARR—My recollection is that at the ANU there are hundreds of different types of arrangements in regard to the employment conditions. It may well be that there are as many as 900 different types of arrangement. There is immense flexibility.

Mr Burmester—But I do not think any of those provided the coverage of AWAs—

Senator CARR—But why would they need to?

Mr Burmester—and the protections under the Workplace Relations Act.

Senator CARR—What protections?

Mr Burmester—That is what the AWAs do: they provide for individual employment agreements within the coverage of the act, other than through common law contracts which only have the protections at common law.

Senator CARR—I see. I would have thought these figures speak for themselves.

Mr Burmester—If they have not been offered it is no wonder that there has been very little take-up.

Senator CARR—Or it might equally be argued that they are not needed.

Mr Burmester—That is not the government's view, and the government has made a policy decision on this matter.

Senator CARR—I understand that, by 29 April, an employer who has made an agreement is legally obliged to put such agreement to ballot to certify it. Is it the intention of these regulations to deem any institution that has not had a ballot by 29 April to not have an agreement? Is that the impact of these regulations?

Ms Baly—Since the announcement was made a number of universities have sought clarification from us or from the minister on the situation where they have ballots completed on the 29th but have not yet had an agreement certified. That situation has now been clarified

for those universities: if they have an agreement approved by a ballot of staff on or by 29 April, they will have until 31 August next year to comply.

Senator CARR—There is a requirement for a ballot, is there?

Ms Baly—That is right.

Senator CARR—So, Edith Cowan, University of Queensland, Canberra, James Cook and Griffith have all reached agreements but have not had ballots.

Ms Baly—My understanding is that those universities that you mentioned had all completed ballots by 29 April. Some of them had already lodged—

Senator CARR—If they have completed, they may not have been lodged. You are saying that they still have until the middle of next year to get a ballot in place. Is that the thrust of what you are saying?

Ms Baly—No. If they had a ballot completed by 29 April, when the announcement was made, they are in the group of universities that have to have compliant agreements by August next year.

Senator CARR—I take it that the department has read all certified agreements currently in force in institutions?

Ms Baly—We have had a look at most of them.

Senator CARR—I see. Have you provided any of the universities with advice on the direction or allowable matters in their certified agreements?

Ms Baly—A number of universities have provided draft agreements to us to look at. We have not as yet completed any assessments of those agreements. We are still working on them.

Senator CARR—When will you do that by?

Ms Baly—We are working on them at the moment.

Senator CARR—You do not have a date to have that completed?

Ms Baly—No, but we want to get back to those universities as soon as we can, so we are not intending to delay that process.

Senator CARR—So you have raised no objections with any of them? There have been no objections raised with any of these agreements?

Ms Baly—The agreements that are currently in place are by and large not compliant with the requirements that have been announced.

Senator CARR—I see. So you expect that all of them will be noncompliant?

Ms Baly—Most are noncompliant, as far as we know. There is one that we have not looked at in any detail that we think may be but we are not sure.

Senator CARR—Given that you are relying on transparency in these performance management assessments, how do you do that with an AWA that is confidential?

Ms Baly—We are assuming that details of a performance management system that a university has in place will be part of their policies and procedures that will be available to all staff. There is no requirement that that be detailed in an AWA.

Senator CARR—So they will be confidential AWAs but there will be a presumption of transparency in all other measures?

Ms Baly—AWAs are not allowed to have a confidentiality agreement in them.

Senator CARR—They are not allowed to?

Ms Baly—So it is entirely up to the individual as to whether they want to divulge what is in their AWA.

Senator CARR—Are you saying that you think that AWAs can be made public?

Ms Baly—If the individual that has signed the AWA wants to make it public, yes, they can.

Senator CARR—By agreement they can be made public?

Ms Baly—No, as I understand it, the individual can make it public; the employer cannot.

Senator CARR—The employer cannot. So they have to be secret?

Ms Baly—I am saying it is up to the individual. As I understand it, it is up to the individual who signed it to decide whether or not they want to divulge the contents of it. But certainly with regard to a performance management system we would be expecting that that would be something that was readily available to all staff through policies and procedures.

Senator CARR—I wonder whether, when we finish here, you can have a look at the transcript about the number of ballots that have happened. Some of the evidence that you have presented is being challenged. If you could have a look at it again for me, I would appreciate it.

Ms Baly—Sorry, have a look at?

Senator CARR—The number of ballots that have been held by 29 April.

Mr Burmester—I have some facts here that might be able to be checked. By 29 April five universities had agreements lodged with the commission but had not been certified. So there are five that had completed ballots and in fact lodged with the commission: Edith Cowan, Canberra, James Cook, Queensland and UNE. Two others, Griffith and Tasmania, had ballots that had closed but they had not proceeded to lodging the outcome of those ballots with the commission.

Senator CARR—What do the regulations say about the regulation of casual employment in universities?

Ms Baly—They do not say anything.

Senator CARR—So they are silent?

Ms Baly—That is right.

Senator CARR—There is no provision at all and there is no problem with any restrictions on casual employment?

Ms Baly—No, there is not.

Senator CARR—So it is not a matter covered by the regulations.

Ms Baly—It is not.

Senator CARR—Will these guidelines rely upon regulations?

Ms Baly—The guidelines will be the requirements.

Senator CARR—Will they require the promulgation of regulations?

Ms Baly—They will require an amendment to the act.

Senator CARR—So it will be by legislation?

Ms Baly—By legislation.

Senator CARR—When will that legislation be presented?

Ms Baly—We expect that the legislation will be finalised before 30 September.

Senator CARR—Will it be retrospective legislation?

Mr Burmester—Yes; to the extent that, when the government announced the policy, it flagged 29 April as being the cut-off date. The legislation will have effect on agreements and arrangements made after that date.

Senator CARR—I take it that you have had legal advice on that matter and that you are able to do that?

Ms Baly—The date of compliance with the new requirements is actually 30 September. The date 29 April determines which universities are in which categories, and it is the date by which they need to comply. But it is this year or next year.

Senator CARR—I am just trying to follow this through. You are saying that by September you will have amendments ready to go to the legislation?

Ms Baly—No. We are expecting that they will get through.

Senator CARR—That they will be passed by the parliament by September?

Ms Baly—Yes.

Senator CARR—That is good. Have we seen them yet?

Ms Baly—They have not been introduced yet.

Senator CARR—They have not been introduced yet, but you can give us the date on which they will be passed?

Ms Baly—The amendment to the legislation is a relatively minor amendment which allows for guidelines to be put in place. The guidelines—

Senator CARR—I am just a senator here; I am interested to hear from the Public Service that we now have dates on which legislation will be concluded through the proceedings of the two chambers. Is this another efficiency dividend that we can put down to the new regime?

Mr Burmester—I do not think that was the implication.

Senator CARR—I took it as the implication.

Mr Burmester—Of course individuals cannot anticipate the will of parliament, and that is not what we would be suggesting.

Senator CARR—So when will you have legislation introduced?

Ms Baly—I cannot give you a precise date on that.

Senator CARR—Has the proposal for the legislation change gone to Executive Council?

Ms Baly—It is on the legislative program.

Senator CARR—Has the proposal for the legislation change gone to the draftsman yet?

Ms Baly—Yes, it has.

Senator CARR—It is back from the draftsman yet?

Ms Baly—I have not seen it back from the draftsman.

Senator CARR—I take it that it has been through cabinet, because you have made the announcement. Is that right?

Mr Burmester—Yes.

Senator CARR—I am interested to know: will regulations follow that legislation's passage? Is that the pattern that you are expecting?

Mr Burmester—I believe that would be the form of the legislation. I have not seen the legislation, but the most likely approach would be that the legislation would say that, to receive the additional funds, universities must comply with the policies set out in the regulation, and then the regulation would be tabled to implement that policy.

Senator CARR—Would that be retrospective?

Mr Kriz—Senator Carr, can I assist?

Senator CARR—Mr Kriz, I always like to hear a lawyer's view.

Mr Kriz—Yes, we are a very nice bunch of people! As to when the legislation will be introduced and so on, it is obviously a matter for the government. The bit that I want to touch on is the way that it will operate. As was mentioned earlier, the idea is to amend the power in the act which deals with the power to issue guidelines. Guidelines would be made rather than regulations. It is a delegated instrument, and in that sense it operates similarly to regulations, but I do not think strictly that—

Senator CARR—They are not necessarily regulations?

Mr Kriz—No, they would be—

Senator CARR—So they will not be disallowable?

Ms Baly—They are disallowable.

Mr Kriz—The guidelines are disallowable instruments; they are disallowable by parliament.

Senator CARR—Thank you for that.

Mr Kriz—Whether it actually ends up like that is obviously a matter for the government and, as you pointed out, the parliament.

Senator CARR—Has opinion been sought on the legality of backdating the provisions?

Mr Kriz—I would have to check. I do not have that information.

Senator CARR—Can you take that on notice, please. What is the legal opinion on the legality of backdating these provisions?

Mr Kriz—Broadly, Commonwealth laws can operate retrospectively. There is no prohibition on it.

Senator CARR—Certainly taxation laws can.

Mr Kriz—Any laws. There is no prohibition on it. There are some restrictions that operate in relation to regulations under provisions in the Acts Interpretation Act, where a person's rights—property rights and so on—are adversely affected. But the Commonwealth has the power to pass retrospective legislation.

Senator CARR—So in your view those restrictions do not apply to industrial relations matters?

Mr Kriz—Any. The Commonwealth can pass retrospective laws.

Senator CARR—Thank you for that; I appreciate it.

Mr Cook—Just to be clear, the date of 29 April, as Ms Baly explained earlier, determines the date by which a higher education provider must have compliant arrangements in place.

Mr Manns—It is also probably worth mentioning that the provision does not compel a higher education provider to do anything; it attaches a condition of grant and that condition attaches to grants that are payable in 2006.

Senator CARR—Yes; the subtlety of that will not be lost on the system. Thank you. I asked about the Oceania University of Medicine at the beginning of proceedings. This was a matter we thought we had raised in February. It is a Samoan university—at least, it purports to be a university—operating out of premises in east Melbourne and it offers medical degrees. What is happening with the review into the entity known as Oceania?

Ms Sparkes—I am not sure what review you are referring to.

Senator CARR—I understood that the minister had announced a review.

Ms Sparkes—In respect of Oceania?

Senator CARR—Yes. Ms Macklin raised the matter back in February, and I understood that the minister responded by saying that there would be a review.

Ms Sparkes—I will give you an update in terms of our department's knowledge on this matter. Yes, it was raised in February. It was brought to the attention of both the Commonwealth and the Victorian state authority that is responsible for accreditation and approval processes. My understanding is that we had a dialogue with Victoria. They have had a series of discussions with the principle in Australia in respect of the regulations and requirements that that institution must meet to operate in Australia in terms of compliance in respect of national protocols and in respect of the specific requirements under the Tertiary Education Act in Victoria. As I understand it, there have been ongoing discussions between the Victorian government and Oceania in respect of that.

Senator CARR—So are they legal or not?

Ms Sparkes—The information that I have been provided is that they are not operating in Australia at the moment. In addition, following the discussions between the Victorian authorities who are responsible for accreditation matters, they are no longer purporting to operate as a university or using the term ‘university’ in Australia.

Senator CARR—So they have effectively been closed down?

Ms Sparkes—At the moment, they are not operating.

Senator CARR—But they were in February.

Ms Sparkes—Effectively, yes.

Senator CARR—So we can now say that they have been closed down?

Ms Sparkes—Yes, that is correct.

Senator CARR—I take it that there has been no reliance on the Corporations Act in terms of registration of a business name which may have the effect of circumventing the regulations that the Commonwealth department uses in terms of regulation of the term ‘university’.

Ms Sparkes—If they were going to use that term then they would have to apply. As you are aware, we protect the title ‘university’ under the Corporations Law and that would come to us for—

Senator CARR—And no application has been made?

Ms Sparkes—No application has been made. Indeed, I think the discussions that the Commonwealth has had with the Victorian department on this matter have clearly pointed out to Oceania, which I now understand has changed its name in Australia—

Senator CARR—What is it called now?

Ms Sparkes—I think it is now called ‘Medical Education Services Australia’. The discussions that the Commonwealth had with Victoria and that the Victorian officials have had with that organisation have clearly articulated to them what they need to do to operate and to comply with both Victorian and Commonwealth laws.

Senator CARR—Has there been any attempt to gain registration in Australia of this entity through the Australian Medical Council?

Ms Sparkes—Not that I am aware of. Of course I have not been privy to these discussions, but I think those requirements have been pointed out to that organisation through discussions between Victorian officials and the particular organisation.

Senator CARR—They are not eligible for any Commonwealth assistance, are they?

Ms Sparkes—No. Not under the Higher Education Support Act.

Senator CARR—So they are not eligible for FEE-HELP?

Ms Sparkes—No. To become eligible for FEE-HELP you have to meet the definition of a higher education provider under the act and you would need to meet our quality and accountability requirements. They would formally have to lodge an application under our act for us to give that due consideration.

Senator CARR—In terms of the action that the department has taken, has there been any attempt to alert registration authorities, be they the Medical Council or any other body, that this entity is not a university and not operating in Australia?

Ms Sparkes—We immediately took action and alerted the Victorian state government, who have the relevant powers and delegations to approve organisations of this type. As I understand it, they have acted in accordance with their rights and responsibilities and brought these matters to that organisation's attention.

Senator CARR—So you have not contacted the Australian Medical Council?

Ms Sparkes—The Commonwealth department has not contacted the Australian Medical Council, no.

Senator CARR—Do you think it would be appropriate to raise this matter with them?

Ms Sparkes—The issue relates to whether or not this particular organisation is approved to operate and operate in Victoria. Those matters are being dealt with by the relevant state accreditation authority in Victoria.

Senator CARR—I have been told that the DEST web site lists them as being eligible for FEE-HELP.

Ms Sparkes—I have no knowledge of that and I would find it most unusual. I would like to know the section of the web site that refers to it, because at the moment they are only eligible for FEE-HELP if they have been approved as a higher education provider under our act, and they have not been approved.

Senator CARR—I could get my office to email you the link.

Ms Paul—To our own web site?

Senator CARR—That is right. They have just emailed it to me.

Ms Sparkes—It is an absolute surprise to me.

Senator CARR—I bet it is.

Ms Sparkes—If it is, it will be removed immediately.

Ms Paul—It will not be there long.

Ms Sparkes—A nanosecond I suggest.

Ms Paul—What is the URL after 'www.dest.gov.au'? What comes next?

Senator CARR—It goes on and on. It says, 'Main courses, providers, providers and courses, higher education providers, list all, Oceania Polytechnic Institute of Education, htm'.

Mr Burmester—I have the same list, obviously. There is an Oceania listed, but it is a polytechnic institute of education. It is not the body that we have been talking about.

Senator CARR—That would account for it!

Ms Paul—That is an extreme comfort. I am glad that we have not eliminated the wrong organisation!

Mr Burmester—I am pretty sure that we would not have approved a polytechnic that was offering a medical degree.

Senator CARR—That is good to hear! Wouldn't it be appropriate, though, to raise this matter with the Medical Council, given that they are seeking registration?

Mr Burmester—Yes, of course, we will do that. My recollection, now that there is a bit more information around this, is that, at the time in the press, it was made clear that graduates of any medical degree that was not offered by an Australian recognised medical school would not be able to operate as a medical practitioner in Australia in any case.

Ms Sparkes—That is my understanding in terms of the discussions that have been occurring between the Victorian accreditation authority and this particular institution. The requirements for accreditation and registration do actually revolve around accreditation through AMC. So I think there are two issues there that are being progressed in tandem.

Senator CARR—I just want to be clear about this. In terms of the use of the corporations power, which the regulations of universities rely on, there is no way in which an organisation can bypass that by registering a business name?

Ms Sparkes—No.

Senator CARR—None at all as far as you are concerned?

Ms Sparkes—No.

Mr Burmester—Only DEST has the authority to approve the registering of a business name containing the word 'university'. It would actually cross Ms Sparkes' desk for approval.

Senator CARR—Can I have a copy of the investigation that was undertaken in regard to that Oceania matter?

Ms Sparkes—There was not a formal investigation. Basically, what we were doing at the time was alerting the Victorian authorities to ensure that they were taking the appropriate action as they had the relevant role and responsibility in that area.

Senator CARR—So it was a telephone call?

Ms Sparkes—Yes, it was. We have had ongoing discussions with Victoria in relation to this. We are monitoring that on a regular basis.

Senator CARR—What is the process for review of the national protocols?

Ms Sparkes—As you will be aware, the process essentially involved a research report by Gus Guthrie, which was released by the minister towards the end of last year. After that, the Commonwealth released a discussion paper, referred to as *Building university diversity*. Subsequent to its release, there has been a series of national consultations on that discussion paper and more generally on the Guthrie recommendations. At the recent MCEETYA meeting the MCEETYA ministers agreed that there should be a national forum on the national protocols. We are currently working with a working group of Commonwealth and state officials to progress that. We would expect that to happen possibly in July or early August. After that, there will be a report back to MCEETYA at the next meeting.

Senator CARR—I understand that Boston University put a submission to this review. Is that right?

Ms Sparkes—Yes, that is correct.

Senator CARR—It said that it was going to establish an office here and therefore it would be able to enforce the free trade agreement with the United States.

Ms Sparkes—I have not read that submission in detail, so I would not be able to comment on that.

Senator CARR—I will put a series of questions to you on notice if that is the case. I take it you would not have had time to read the submission from Tabor College in Adelaide either?

Ms Sparkes—I have only read about 15 of them. We have received 83 to date.

Senator CARR—I have a series of questions that go to those issues. I will put them on notice. If the new university in South Australia—the Carnegie Mellon campus in Adelaide—goes ahead, and given that I understand the Premier of South Australia is supporting it I presume it will, will this private university be eligible for table B entry under the HESA Act?

Ms Sparkes—At the moment, we are still trying to ascertain the outcome of Carnegie Mellon's application to the South Australian state accreditation authorities in terms of their approval to operate as an institution in South Australia. Our understanding is that they have lodged an application with the South Australian government. An independent panel has been appointed to assess their application against the criteria of the national protocols, and we expect that outcome by the end of June, so it is premature for us to comment in detail at this point.

Senator CARR—I will put some questions on notice on those matters. Is it the case that the funding of the University of Tasmania's TasInformatics centre has led to a dispute between the university and the Commonwealth?

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

Senator CARR—I am told that there was a grant of \$20 million to the University of Tasmania for the TasInformatics centre. It was proposed as part of a joint venture, and the university has withdrawn from the fund because of what it believes to be the unreasonable restrictions being placed upon research into stem cells. Is that the case?

Senator Colbeck—They have certainly withdrawn from the project.

Senator CARR—Equally, the *Campus Review* of 4 May highlights the vice-chancellor's remarks—

Mr Cook—We will have to take it on notice. It could be an ARC issue. I am not sure what the funding source is.

Senator Colbeck—The funding source was the \$40 million Intelligent Island fund that came from the first tranche of the sale of Telstra.

Senator CARR—To the university?

Senator Colbeck—No, to the Tasmanian government. The Intelligent Island board was managed by the Tasmanian government, a range of projects were proposed and a bid was

submitted by the university as part of a funding arrangement to set up a project called TasInformatics. As I understand it, there were agreements in relation to the terms of research that could be undertaken that were submitted, agreed and approved. The university sought to vary that. The variations were not agreed to, so the university withdrew.

Mr Burmester—We understand that the funding is through the DCITA portfolio.

Senator CARR—So it has to be a question on notice to them.

Mr Burmester—Yes.

Senator CARR—Senator Colbeck, since you are obviously very well informed on this—

Senator Colbeck—I would not say very well, but I have some understanding.

Senator CARR—Perhaps you could assist me here. The vice-chancellor is quoted as saying that he could not proceed with the project because ‘each of the several proposals put forward has been knocked back by the federal government and Senator Harradine without any attempt at compromise’. He also said, ‘We have been trying to break this gridlock for months,’ and that restrictions proposed by Senator Harradine and backed by Senator Coonan would have ruled out any involvement of the centre in embryonic stem cell research even though this was already permitted under current Commonwealth law.

Senator COLBECK—As I said, my understanding of the situation was that a proposal was put to the Commonwealth by the organisation set up as Tasinformatics with a set of agreed conditions and that universities sought to vary those conditions because they saw them as restricting their capacity to conduct research. The Commonwealth did not agree to the variation to those agreements. That is my understanding of it.

Senator CARR—Fair enough.

Senator COLBECK—I think what has gone backwards and forwards is fairly well documented. Your questions on notice to MCEETYA will certainly flesh that out.

Senator CARR—I see that Dr Arthur has rushed to join us. Is he able to throw any light on this issue or is he here just for the choice of company?

Dr Arthur—I am here to provide advice to my colleague that that was indeed DCITA funding.

Senator CARR—All right. We will deal with that elsewhere.

Mr Burmester—Chair, I would like to clarify two of my earlier comments that my colleagues have suggested need a little bit of clarification. I would have to check whether the Commonwealth controls both business names and company names with regard to the use of the word ‘university’. We certainly control company names, but I will have to check on the arrangements with the states about business names. The other matter was my enthusiasm for the early release of the funding report in subsequent years. I have been reminded that it still depends on the speed with which we receive the data from universities, so we may not be able to bring it out early in the immediate next few years. It depends on our computer system improving so that we can release statistics a lot earlier in the year.

Senator CARR—Mr Burmester, you used to be able to provide it on the knocker just before Christmas every year. It disturbed my holidays for many a year. I am shocked that you suddenly say you cannot provide it six months later.

Mr Burmester—The nature of the report is that we want to provide factual data from the preceding year. We only get that data, obviously, in the subsequent year. The timing of that will improve as our computer systems improve, but next year it certainly will not be as early as I had anticipated. It may take some time to improve the timeliness of that report.

Senator CARR—Given that you are seeking to clarify the powers of the Commonwealth with regard to the use of the term ‘university’, am I to understand, Mr Burmester, that in your view there may be an opening for companies to use business names to get around the regulations on the use of the term ‘university’?

Mr Burmester—I do not believe so. All I want to do is to determine who has the correct power and how it is exercised. The use of the word ‘university’, either through our own powers or through states powers, is limited and controlled.

Ms Sparkes—It is my understanding that all states have enacted legislation to give effect to the national protocols, and one of those is to protect the title ‘university’. Victoria does have that power in place under its Tertiary Education Act.

Senator CARR—I must say that Victoria has been very strong on this issue.

Ms Sparkes—Correct.

Senator CARR—I do not see any likelihood that that has changed. Have there been any additional appropriations to cover the additional cost to universities as a result of any VSU legislation?

Mr Manns—The answer to that is no. Of course, harking back to your earlier comments, the legislation is not yet law.

Senator CARR—Yes, that is absolutely right. But I want to know whether or not the budget contained any measures that would seek to compensate universities for the anticipated loss of revenue.

Mr Manns—I think you are making an assumption there about the loss of revenue, but the answer to your question is that there is no specific appropriation for that matter.

Senator CARR—So, in terms of student welfare and counselling services, has there been any consideration by the department of measures to address the prospect of those services being withdrawn as a result of the passage of the VSU legislation?

Mr Cook—I think we would be speculating in drawing that sort of conclusion. The point of the VSU legislation is to give students a genuine choice as to what services and amenities they may wish to participate in or purchase. Clearly, it is difficult to predict what the outcome might be, because many students will value different amenities and services and will continue to purchase them. All the legislation is doing is making that a voluntary choice as opposed to a compulsory one.

Senator CARR—Given the new compliance measures that are required under the new accounting standards, do you anticipate that there will be extra costs for universities?

Mr Burmester—I am not sure I have got the association between the accounting standards and VSU.

Senator CARR—I have moved on to another topic.

Mr Burmester—Sorry.

Senator CARR—I have made my point on VSU and I have now moved on to something else. The question goes to the compliance costs for the new financial reporting standards. Has there been any consideration of the likelihood of increased compliance costs for universities in meeting the new financial reporting standards?

Mr Burmester—No. We have worked with the sector on the changes to the accounting standards that have to be introduced, including the timing of them, for the sector. But, as with all other entities, the cost of meeting accounting standards—and when they vary from time to time—is up to the organisation itself.

Senator CARR—Are you expecting there to be any additional costs that the universities will have to meet?

Mr Burmester—We have not done an assessment of whether there would be a net overall increase in costs from meeting one set of standards as opposed to meeting another set. There might be some transitional costs as they adopt new standards and implement them through their financial systems, but beyond that we have not done any assessment. These are internationally agreed standards for the whole of Australia. It was not the department's choice to introduce these: the government has to conform with them as much as universities do.

Senator CARR—Do you have any staff dedicated to assisting universities to meet these new standards?

Mr Burmester—I would not say we have staff dedicated to this function, but the accounting unit within the group has been involved with interpreting the requirements. Our financial reporting guidelines were adjusted and adequate notes provided to allow universities to provide the information in the appropriate form. I believe the sector itself has arranged some seminars or conferences to make sure that there was broad understanding of the requirements by the accounting officers in each of the universities.

Senator CARR—I would like to ask you about the Indigenous Higher Education Advisory Council. Who appointed the members of that council?

Ms Sparkes—It is a matter that is probably best answered by our colleagues from the Indigenous group who, unfortunately, came before us, I think.

Senator CARR—It is a higher education matter.

Ms Sparkes—It is managed by our Indigenous education group.

Mr Burmester—They were ministerial appointments.

Senator CARR—All ministerial appointments?

Mr Burmester—As I understand it, yes.

Senator CARR—Are you able to tell me who was consulted?

Mr Burmester—No, I do not know that.

Senator CARR—Can you take that on notice?

Ms Paul—We will have to take that on notice.

Senator CARR—Is anyone able to help me with the review of medical education that the minister announced on 18 February?

Ms Paul—That is our research group that we dealt with in the cross portfolio. What would you like to know?

Senator CARR—If you like I will put my questions on notice. They are about the cost of the review, the process by which the review is being undertaken, and consultations. If you can take those on notice, please.

Ms Paul—Certainly.

Senator CARR—Have there been any discussions within the division about the possible merger of CSIRO divisions in the ANU?

Mr Cook—As you heard from CSIRO yesterday, Dr Nelson has encouraged the two institutions to look at areas for further collaboration. That work is being done by Professor Ian Chubb and Dr Garrett, assisted by Professor Graeme Davies from the University of London.

Senator CARR—So that will be a marriage made in heaven with those three.

Mr Cook—The department is not directly involved in those discussions.

Senator CARR—So you have had no involvement at all?

Mr Cook—I have had some briefing, of course, from Dr Garrett about where things are up to, but we are not part of the group that is doing the work.

Senator CARR—Could I ask about the indexation review. Why was it that the department sought a submission only from the AVCC?

Mr Burmester—The review is required to be undertaken under the Higher Education Support Act. As to the form of the review, it was determined that it be a review by the departments concerned with indexation and funding in the Commonwealth. We believed that it was important to get the views of the peak council for the sector, but largely it was largely a departmental review, as required under the act.

Senator CARR—So it was not a serious review, was it?

Mr Burmester—Yes, it was a serious review.

Senator CARR—You took one submission from the AVCC—is that right?

Mr Burmester—We did invite one from the AVCC, and they responded. I believe one or two others were also made available to the officials on the review committee.

Senator CARR—You didn't seek a submission from the Group of Eight?

Mr Burmester—No. But I believe that was one of the other ones that was provided to the group.

Senator CARR—Were there any other groups within the education system that were approached?

Mr Burmester—Not that were invited to make a submission. As I said, I cannot recall which other submissions we received, other than the AVCC one.

Mr Manns—As far as I am aware, the only other unsolicited formal submission was from the Group of Eight.

Senator CARR—It seems to me that not a lot of work went into this review. That would be right, wouldn't it, Mr Burmester?

Mr Burmester—No. There was an examination of quite a range of material by the committee. It went to the financial position of the universities and the change over recent years in their funding and revenue. It also looked at the indexation principles that the Commonwealth applies across a budget; that examination included higher education but, broadly, it was across the budget. It was an extensive review, based on the information that was readily available, to address the issue of indexation.

Senator CARR—You went through the motions, but the decision had already been made, hadn't it?

Mr Burmester—No. The conclusion of the officials, which was provided to government, was that in the current circumstances it would be premature to change the indexation arrangements. That went to the significant growth of revenue in previous years for universities, the productivity gains that they had already achieved in that period and the prospect over the coming period of substantial further growth in revenue from the government—they were not looking beyond or trying to project their own revenue growth. In fact, the growth in Commonwealth funding, not including student fees which of course are now up to universities to determine, was an additional \$824 million or a 17 per cent increase over the three years from 2005 to 2008. So, in that context, it is pretty difficult to convince anyone that the sector needed additional supplementation over and above the extra funding that the Commonwealth was providing. In the context of the general view of indexation that applies to the Commonwealth budget, some of the principles that apply in those circumstances were articulated in our report to government. Some of those were that indexation should maximise the incentives for programs to be delivered efficiently, that indexation should enable the forward estimates to reflect the minimum realistic cost of delivering policy outcomes at the quality and quantity levels set by government and that indexes used should include only wage increases which are not offset by expected productivity improvements. Basically, the use of the SNA meets those three criteria in this circumstance.

Senator CARR—You have a 16-page report here, and given the enormous attention that the Senate references committee has given to these issues over the years, I can say to you that the proposition that you wouldn't be able to convince people of the need for an improvement on the indexation arrangements would fall on deaf ears here. I know that certainly was the case during the last election campaign, because the amount of moneys that universities have foregone as a result of the failure to deal with indexation would clearly be way in excess of the \$800 million you have spoken of. Given the quality assurance regime issues, the student ratios that have fallen and the decline in infrastructure provision, I could point to a whole list of issues that could be dealt with in terms of the failure to deal with indexation.

I will put on notice a series of questions that go to these matters and give you an opportunity to persuade me how wrong I am on this. Given the request from the minister that I provide more detailed questions, I am only too happy to facilitate his request. I look forward to a detailed discussion on your answers, perhaps not with you, Mr Burmester. But Mr Cook will be only too happy to take up this quest to persuade me that the university system does not need any more money.

Mr Burmester—I trust we can answer your questions as succinctly as we wrote our report.

Senator CARR—That means we get another whitewash, do we?

Mr Burmester—If you look at the findings of our report, I think you will find that they are quite compelling and quite succinct.

Senator CARR—They are certainly succinct. I have to agree with you about that.

Mr Burmester—I think that is a positive thing.

Senator CARR—I will put the rest of my questions for the division on notice. Hopefully, I have not missed anything of great moment. Can we talk to the international division, please.

Ms Paul—Do you have nothing for the research group?

CHAIR—The Innovation and Research Systems Group are next on the list.

Senator CARR—No. We dealt with them before, I thought.

CHAIR—So you do not wish to see them?

Senator CARR—I have no further questions for them.

[6.05 pm]

CHAIR—I welcome the international education group.

Senator CARR—I want to ask about the review of the ESOS Act. Has that been completed?

Ms Laker—The independent report has been provided to the department by the consultant. We have a copy of that to provide to the committee this evening.

Senator CARR—Has one come in? Wow! This is going to speed things up. That is great. That is fantastic. Do you only have one copy? Our secretariat is very efficient and is very keen to keep original documents away from me, because they reckon I lose them.

Ms Laker—It is currently at the printers. As soon as we have the printed copies we will provide more to the committee.

Senator CARR—You only have one here tonight, though?

CHAIR—It does exist, Senator Carr. You will get a copy.

Senator CARR—This is one of those ones that I am very keen to read. We might have to photocopy it or something.

Ms Paul—I do not think our print run will take long.

Ms Laker—Another week. We can provide another photocopy in the meantime.

Senator CARR—I do not know if I will be trusted for a week. I take it that it has been to the minister?

Ms Laker—Yes.

Senator CARR—What has the minister decided to do?

Ms Laker—At this stage, the minister has agreed to the public release of the report. There will be additional consultations with a range of stakeholders on the recommendations that are included in the report. He is still considering the actions that will be taken on the recommendations.

Senator CARR—Okay.

Ms Laker—There are some 41 recommendations, some of which are quite complex. It is, as you can see, a 200-odd page report.

Senator CARR—Are you able to give us an indication at this time as to the department's response to the report?

Ms Laker—We see it as a very valuable report. It provides us with some indications of areas of the operation of the act which can possibly be improved. It also highlights some of the advantages that the act being in place has created. It shows that there is widespread support for the act within the industry and that it does support our reputation overseas.

Senator CARR—Yes. I do not think that anyone could argue with that latter point. There has not always been support for the act, though, has there?

Ms Laker—It is certainly a significant advance on the previous act. There are a number of recommendations that go to the national code and converting the national code into a set of standards, which appears to be a very sensible approach.

Senator CARR—You are not watering them down, though, are you?

Ms Laker—No. In fact, I would say the opposite.

Senator CARR—Toughening them up?

Ms Laker—Providing greater clarity.

Senator CARR—What do you have to say on the question of the regulation of education agents?

Mr Zanderigo—We discussed this last time and—

Senator CARR—But you did not have the report here. I am talking about it in the context of this report.

Mr Zanderigo—I might leave Linda Laker to address that. But basically that is one of the issues that have been raised and we would be looking to find clarity on how to achieve the objectives of the act in that area.

Ms Laker—Recommendations 15 and 16 relate to education agents and some recommendations for how the activity of education agents could be monitored and regulated.

Senator CARR—It is proposing rewriting a set of standards on marketing and recruitment.

Ms Laker—Sorry, I should have referred you to recommendation 16 on page 144.

Senator CARR—Okay. So 16 goes to DEST investigating the implication. I always look with some trepidation upon a review requiring another review. That is what it says, isn't it—'DEST investigate'?

Ms Laker—It also suggests a number of other actions, including consideration of providing funding to a peak body to enable education agents to be more self-regulating.

Senator CARR—Self-regulating? You think that is a strengthening?

Mr Zanderigo—That would be an advance upon what we have at the moment—

Senator CARR—Which is nothing.

Mr Zanderigo—No, I would not say that we have nothing. But, in terms of having some register of agents in Australia—

Senator CARR—We have no registration of education agents in Australia—

Mr Zanderigo—That is correct, and this sort of—

Senator CARR—so that is nothing.

Mr Zanderigo—No. We have the ESOS provisions and we are working with the migration department on education agents in Australia as well as overseas.

Senator CARR—But you have no regulations covering education agents at the moment. Isn't that the case?

Ms Laker—Our regulatory power is solely to operate against providers who continue to use agents.

Senator CARR—I think I know the act reasonably well. I cannot see within the act where you have the capacity to regulate education agents.

Ms Paul—We do not have a regulatory regime. We use other methods, as you know—

Senator CARR—Absolutely. There is nothing.

Ms Paul—and we have spoken about that before, and this takes some new steps—

Senator CARR—And this proposes a self-regulation model. I hope the minister really does look at that. I can see that that would be an issue. I thank you very much for that. I will have a look at that when I have a chance to read the material. Is there any proposal for students to fund higher regulation arrangements or are there any proposals for increasing fees for the regulation of providers?

Ms Laker—Is this still in the context of the evaluation report?

Senator CARR—Yes, in the context of the report.

Ms Laker—No.

Senator CARR—It is probably a bit hard to answer when you do not know what the response is going to be, but you are not actively considering an increase in fees given the increase in charges that occurred last year, are you?

Ms Laker—No, there are no recommendations in the report that would go to raising charges.

Senator CARR—Thank you very much for that; that is great. I understand a DEST discussion paper entitled ‘A national quality strategy for Australian transnational education and training’ has been prepared. That is right, isn’t it? There is a DEST paper?

Dr Jarvie—A discussion paper was released by the minister.

Senator CARR—Is it with the minister or has it been—

Dr Jarvie—Minister Nelson released the discussion paper on 8 April.

Senator CARR—Right. Why was it necessary to prepare such a paper?

Dr Jarvie—I think it is very clear why it is needed. One of the issues has been that our system of quality assurance for offshore arrangements is actually quite strong and quite robust. However, there is a comparatively poor understanding of this in other countries and it is quite a complex thing for students to understand and for parents to understand—it is hard to explain it to people. So one of the reasons that we produced the discussion paper was to stimulate discussion as to how you can have a much more transparent, simple and straightforward system of quality assurance. It was also to strengthen it where some gaps had been identified.

Senator CARR—Do you think there is a need to improve Australia’s quality assurance regime for offshore provision?

Dr Jarvie—We think there are certainly areas where it can be strengthened. We want to make it very clear that we regard it as strong already, but we think it can be strengthened further.

Senator CARR—And who would you see as being an appropriate body to undertake the quality assurance monitoring?

Dr Jarvie—The discussion paper proposes three different models, and that is what the discussion paper is about. It has been put out to stimulate discussion around those models or, indeed, other models or ideas that might come forward.

Senator CARR—In relation to the consultation process that followed the paper, I understand that submissions are now closed. Is that right?

Dr Jarvie—Yes, submissions have now closed. They closed I believe on 20 May.

Ms Whittleston—That is correct.

Senator CARR—How many did you receive?

Ms Whittleston—We received over 30 submissions.

Senator CARR—Are they available?

Ms Whittleston—All submissions are available on the web site, and people who put in submissions were asked if they were willing for them to be on the web site.

Senator CARR—Did anyone object to that?

Ms Whittleston—No.

Senator CARR—That is good. I know where to find those. Where do we go with this consultation? What is the time line?

Dr Jarvie—We will be working on it this year. We have a process where we have set up an offshore reference group, which I chair, which will be meeting later in June to discuss the submissions and the way ahead. We are also having discussions with state and territory governments simultaneously, and we will be preparing a paper. We will also be doing a workshop in Melbourne in July.

Senator CARR—When do you expect decisions to be made?

Dr Jarvie—It is an issue for the Commonwealth and the state and territory governments. It will be the subject of a MCEETYA discussion later this year. It will be going through those sorts of processes. Quality assurance in Australia is an issue that the states and territories, as well as the Australian government, have a responsibility for. Any improvements and strengthening would have to be done by the two working together.

Senator CARR—I appreciate that. One of the outcomes of the ESOS Act has been that the Commonwealth has taken an increasingly important role in this area of quality assurance and, over the last 15 years, has provided significant leadership in these areas. So the Commonwealth's role is pre-eminent in terms of quality assurance on international education issues, wouldn't you say?

Dr Jarvie—We certainly have a role in trying to ensure national consistency and that what we present to the world is coherent and understandable. In that sense, I certainly see its role as strong—

Senator CARR—And credible.

Dr Jarvie—credible, robust and all those things. This is very important for our image and for international students if we want them to continue to come to Australia.

Senator CARR—Do you expect the recommendations of your deliberations will come forward by the end of this year?

Dr Jarvie—The discussion at MCEETYA will be later this year.

Senator CARR—I will turn now to estimates on generated income. Export earnings are now \$6.7 billion. Is that the latest figure you have or is there a more recent figure? I think we discussed this earlier.

Ms Paul—I was speculating, and I should have let my people know. I mentioned a \$7.5 billion figure which could well be wrong. So please correct me if you need to.

Mr Zanderigo—I can help you with that. The value of exports in 2004 is estimated at around \$6.7 billion. We have a total estimate of national income from a range of other sources, plus that, for that year of \$7.5 billion. Both numbers have validity. In addition to the \$6.7 billion, around another \$200 million comes in earnings to lecturers and consultants who travel overseas for up to 12 months. There is an estimate of some \$56 million for business to business transactions, which is essentially the sale of intellectual property. We also have an estimate of some \$374 million by way of returns from offshore operations to our economy, but they are not listed in the export data.

Senator CARR—Can you give me a table that breaks all of that down? This is for 2004. I presume it is too early for 2005 estimates?

Mr Zanderigo—Yes, it is too early.

Senator CARR—Are the numbers for 2004 actuals?

Mr Zanderigo—Yes, they are, although the ABS is at the moment in the process of looking at and revising the national accounts to pick up these numbers. A lot of the data that appears in the national accounts in relation to education exports comes from our department.

Senator CARR—They are very substantial figures, aren't they?

Mr Zanderigo—Yes.

Senator CARR—The growth rate is remarkable. According to your estimates here, it was just under \$2 billion 10 years ago.

Mr Zanderigo—The growth rate between 2003 and 2004 is a lot larger on paper than it is in fact, because between those two periods we developed a new system for estimating student spending that is far more accurate and has now captured data that we did not have before.

Senator CARR—Do you think your earlier estimates, back to 1994, are still accurate in the answer you gave me to E679?

Mr Zanderigo—They would be an undercount.

Senator CARR—By what factor do you estimate?

Mr Zanderigo—I would have to take that on notice.

Senator CARR—You have these revisions at the other end of the scale. These are tremendously strong figures—

Ms Paul—It is clear to us that it is an increasingly important industry for Australia.

Senator CARR—But 300 per cent is remarkable.

Mr Zanderigo—The other thing about the export data is that for some time, apart from not fully capturing student spending in Australia, we were not counting as well as we do now revenue from overseas operations, intellectual property sales and so on.

Senator CARR—Back to Australia?

Mr Zanderigo—That is correct.

Senator CARR—And offshore universities?

Mr Zanderigo—Yes.

Senator CARR—If you could update E679_05 in light of the revisions I would appreciate it. I would also like a breakdown of how that aggregate figure of \$7.5 billion was reached.

Mr Zanderigo—I can provide that. The basic breakdown is actually in the answer to E679_05, but we can provide further disaggregation in some of those components.

Senator CARR—I see; it is over the page. That is a breakdown for the sector. That gives me an indication of the difference in higher education VET. I appreciate the fact that you have provided that, but on top of that, regarding that \$7.5 billion in income, can we say fees in one category and the nature of the income itself rather than the sector in which it is earned?

Mr Zanderigo—We can certainly do that.

Senator CARR—Do you do any forecasts with any individual universities on these figures?

Mr Zanderigo—No, we do not.

Ms Buffinton—In terms of how, more generally, the international student numbers are running, we do expect new commencements growth for the higher education sector to be running at around about three per cent for the year.

Senator CARR—What was it last year?

Ms Buffinton—This year, higher education commencements, as opposed to enrolments, are running at 2.8 per cent. Higher education enrolments for the year to date this year are running at 10.4 per cent. So total enrolments growth from last year is 10.4 per cent year on year and commencements growth is 2.8 per cent.

Senator CARR—What was the commencement rate last year?

Ms Buffinton—In terms of growth between 2003 and 2004—

Dr Jarvie—The figure I have for the higher education sector in terms of commencement growth is 7.2 per cent over the commencement figures in—

Senator CARR—So it has gone from 7.2 per cent down to 2.8 per cent?

Dr Jarvie—It is now, from April to April—

Ms Buffinton—The figure on commencements is 2.8 per cent, so there is a slowing of growth.

Senator CARR—What is the source of this material that you are quoting?

Ms Buffinton—This is our PRISMS data.

Senator CARR—I see. It is not in the financial statistics or any published source?

Dr Jarvie—No, it is on our web site. The latest figures for April were put out this week.

Senator CARR—I am wondering if you can assist me on a particular matter. I have no doubt you will tell me it is a matter for DIMIA, but it goes to regulation in terms of this department. It has been brought to my attention that an Indian student was detained in Baxter and other detention facilities for two years and nine months and was subsequently built \$97,000 for the privilege. Are you aware of that case?

Ms Paul—No.

Senator CARR—I am quoting from the *South Asia Times*. It was the front page story of 7 February 2005.

Senator Colbeck—That is a question better put to DIMIA, I think.

Senator CARR—I understand that—that is why I made the point before that I had no doubt you would advise me that. But it goes also to the measures the department takes so that students understand the consequences of detention. I understand that this particular student, as I said, was detained for two years and nine months. The student claimed he was not aware of the consequences of what he thought was a minor breach of the student visa. He believed the so-called education agents or migration agents or persons advising students about their

educational conditions here. Are any steps being taken by this department to advise education or migration agents about the consequences of breaches of student visas?

Ms Buffinton—As far as education agents go, we do have a very active program with DIMIA. Both AEI and DIMIA combine to do agent training throughout the world. That is giving them a high level of background on the migration process, the nature of student visas and their obligations to let the international students know about those obligations. Also, the institutions in Australia take a great deal of interest in this in terms of induction programs once students arrive to make sure that international students are aware of their obligations and roles. Because we are constantly trying to improve—I think it is fair to say that Australia is one of the leading high-quality providers of international education and advice to students—it is something that we are constantly working on with DIMIA and education agents. We are currently producing an agent training package for that purpose.

Senator CARR—Is there any way of knowing how successful you are in providing this advice to agents?

Ms Buffinton—I guess the ultimate indicator is the large number of students that Australia deals with—we have 320,000 enrolments—compared with the relatively small number of breaches and so forth. That would suggest that, while we can never be relaxed—we have to constantly be working with agents to improve their knowledge—for the most part this is working well.

Senator CARR—Does DIMIA advise you when a person on a student visa is detained?

Ms Laker—They do not pick up the phone and say, ‘Someone has been detained.’

Senator CARR—It would appear that they do not pick up the phone anyway. That has been a big problem, hasn’t it, and not just for you.

Ms Laker—Our PRISMS database communicates constantly—24 hours a day—with DIMIA’s database. When they take action on a student visa, it automatically puts the information back into our PRISMS database so that the provider is then aware of the status of that student.

Senator CARR—So you will know, won’t you, that a student has been detained?

Ms Laker—We will not specifically know that they have been detained but we will know if their visa has been cancelled.

Senator CARR—How long will it take you to be advised of that?

Ms Laker—DIMIA puts the information into their system and then virtually 10 minutes later it comes through into the PRISMS system.

Senator CARR—Were you ever advised about the student that was held in Baxter for nearly three years?

Ms Laker—I would have to take that on notice with some details. We would need at least the name of the student and, preferably, the date of birth to be able to identify precisely an individual student.

Senator CARR—Why don't we put that on notice for you. Can you tell me how many international students have been held in detention and for what period over the last, say, three years?

Ms Laker—No, I am sorry that is not information that the department would have.

Senator CARR—You do not keep that?

Ms Laker—We would not have that information.

Senator CARR—Surely you would be advised of the providers that those students were associated with, would you not?

Ms Laker—The only information that we would have would be whether or not the visa had been cancelled.

Senator CARR—But that is after the event.

Ms Laker—There is no mechanism by which the department is required to be told about a student being detained. I am sorry to say it but it is a matter for DIMIA.

Senator CARR—I will put some stuff on notice in that regard. You normally provide me with a table of your enforcement actions. Have you got that here tonight?

Ms Laker—Yes. Would you like me to summarise the action while you are waiting for a copy of the table?

Senator CARR—If I get a copy I can read it; it is pretty straightforward. Are you providing the names of providers on this one?

Ms Laker—Yes. It is the same format as we have provided you previously.

Senator CARR—I think you stopped providing the names.

Ms Laker—I can provide you with the names of the cancelled providers.

Senator CARR—What about the ones that are subject to suspension? Are they provided?

Ms Laker—Yes, we do provide that. At the moment, for the period that we are providing you—that is, this financial year to date—there are only two cancellations. There are no suspended providers or providers with conditions. That is in attachment B.

Senator CARR—What are the two that have been suspended?

Ms Laker—Attachment B is the table that has the names of the providers.

Senator CARR—If I can get hold of that, I might come back to it. I have here a report of a raid on some brothels in Brunswick. My local newspaper drew my attention to this matter. They found that a number of persons had student visas but were otherwise engaged and suggest that they had been working illegally. You would be surprised to hear that I get complaints about my concerns on this matter, because I am advised it is not illegal to work in the sex industry, but there is an issue about the number of hours that one works in the sex industry that covers the regulations here—and these are people presumably working for more than 20 hours. I will get that clear before I get the barrage of complaints. The point I am raising is whether DIMIA informed you of the number of students that had been apprehended working illegally earlier this year—the report I have got is the third of this year.

Ms Laker—I cannot comment on that one in particular as I do not know the details but, generally, I can say that we communicate extensively with DIMIA and they advise us where there is any relevance between some action they are taking on students that they have been investigating which has relevance to a provider.

Senator CARR—Have they not provided you with information about this already?

Ms Laker—I cannot comment on that one: I do not know the facts of that particular case. I can certainly take it on notice.

Senator CARR—The problem here, I have been reminded, is not just that these people may well have been working in excess of 20 hours a week but that their place of work was illegal as well. You were not advised of this?

Ms Paul—I think Ms Laker is saying that she needs to check her documents.

Senator CARR—This is in the first week of March this year: it is not so long ago.

Ms Laker—I am not aware of it, but DIMIA would provide that information to us if there were a relevant reason to do so—that is, if there was any relationship with the provider.

Senator CARR—I am surprised that you are not aware of this. So you cannot tell me what provider these students were associated with?

Ms Laker—I would not be able to find that information without at least their names and dates of birth.

Senator CARR—I will draw your attention to the newspaper report on this, from 7 March. There has been a series of newspaper reports about Chinese students associated with the Central Queensland University's Fiji campus. Can you tell me if there have been any reports to the department about students operating through that campus with Australian providers associated with Central Queensland University?

Ms Laker—No, there were no connections found between students studying in Fiji at the CQU campus and any onshore operations of any providers.

Senator CARR—You have no connection at all?

Ms Laker—There were no connections. They were studying in Fiji—if they chose to come to Australia they would have had to get Australian visas and have confirmation of enrolment for an Australian provider.

Senator CARR—Are you aware of claims that thousands of overseas students are trying to use false English language test results to get student visas, as reported in the *Financial Review* of 23 May?

Dr Jarvie—We have certainly been watching it in the press recently, with a number of these allegations appearing. The issue is around the fraudulent use of documentation, obviously this does occur. That is one of the reasons that countries such as China have an AL rating of four, and the students are required to go through more checks because of the higher level of fraud in documentation.

Senator CARR—I would ask you to have a look at the report in the *Financial Review* on 23 May and take on notice whether or not you think the IELTS score is still appropriate, given the details that are revealed in that report.

Dr Jarvie—I can make some comments about that. More generally, there have been a series of allegations in the media about various aspects of the international education market in Australia. I was wondering if I could make a brief statement about some of them. Would that be helpful to the committee?

Senator CARR—I would be delighted to hear that.

Dr Jarvie—I will start at the beginning. Australia's international education industry has been and continues to be a great success story for Australia. Recent student and alumni surveys and world rankings of institutions continue to reinforce the fact that Australia is a quality destination. But in recent weeks a series of allegations have been made in the press questioning the standards of our system. We are concerned. Journalists naturally think they have a domestic audience for these allegations. However, they can run the risk of being picked up in the international media to the potential detriment of our market. We had a meeting of our industry advisory body last week. Members there indicated they were concerned about some of the allegations—many of them erroneous—that were being made. They asked if we would say something on the record about them. So, for the record, we wish to make a few comments.

One of the issues that have been raised is that there has been a lowering of assessment standards in Australian universities for international students. However, we would like to point out that Australia's approach in this area is in fact highly regarded internationally. Assessment practices are regularly audited. They need to comply with a clear code of practice. The AVCC has recently revised and issued its code of practice for the provision of education to international students.

More specifically, though, people have raised the use of multiple choice examinations and the notion that that is being used increasingly to substitute for proper assessment of international students, ostensibly because they struggle with English. This form of assessment has been adopted world wide. It is a worldwide trend. It is used for all students, not just international students. It does not relate to the English language ability of overseas students in Australia.

Another area that you have touched on is this area around IELTS and inadequate English language preparation. English language assessment and preparation are squarely matters for the institutions and for the education providers. They are in the best position to make judgments about this. A number of them have said to me that they think constantly about what IELTS level is appropriate for different disciplines. However, the bottom line is that they have argued that it is really the support—certainly they have to meet a certain minimum level, but it is the support a student gets when they get to Australia when they start the course that is the most significant factor.

We understand that it is the institutional responsibility but nevertheless the government requires all providers to advise intending students of the level of English required to successfully complete their intended course of study and to obtain evidence from the student

of their English language proficiency. That is in the ESOS national code, as I think you well know. The AVCC code of practice also has clear requirements for assessing English ability, and goes further to cover cultural issues and broader study preparation. We have talked recently to the AVCC and they are going to ensure that discussion continues with the international deputy vice-chancellors to address and monitor these issues about assessing English ability and to support it. The migration regulations, as you are aware, also require English language testing in the high risk markets.

The use of fraudulent documentation has been raised and it has been suggested that fraud is commonplace. We have to say that institutions are highly vigilant in relation to detecting and addressing fraud and they have in place systems for this and refer cases to the relevant authorities. In fact, that is why we have an ICAC investigation: because of their vigilance. The incidence of fraud is small scale in the context of the some 270,000 overseas students in Australia last year. Universities and other providers crosscheck evidence of prior educational attainment to ensure that students have the ability to proceed in further study. This is backed up by sophisticated fraud detection in DIMIA.

You mentioned the IELTS test. Most students who need to satisfy specified requirements for migration purposes sit the IELTS test required by DIMIA. IELTS is used because it has a very sophisticated security feature and is a world leader in combating identity fraud and exam cheating. It is extremely difficult for students to evade these provisions. Other major English language testing services are working to upgrade their security arrangements to match the IELTS standard. Thank you very much for allowing me to say all that. We really wanted to put it on the record.

CHAIR—I was going to ask you to table it but I realised that you may want to have it on the record.

Dr Jarvie—Thank you very much for allowing us to do it. There have been a series of comments and journalists' articles in the press that have been based on single words, single commentary from individuals, individual students and individual academics, and we believe that they are very broad—

Senator CARR—This is a longstanding debate. You are entitled to make the statements—and I do not think that anyone objects to your making the statements—but they are a variation on the old argument that we should not talk about problems because it affects our international reputation. I take the view that, on the contrary, the more we talk about the measures we are taking to clarify and to enforce quality assurance the better. We have dealt with this through this committee for many years and the fact that you table these documents is actually of benefit, I would suggest to you—

Ms Paul—I do not think that we would argue with you, Senator. You are absolutely right. The more we can get the message out across the world that we have got a high-quality regime—

Senator CARR—That is right, that you are running a tough regime here—that is all to the better. Furthermore, there was a change in attitude in this department some years ago. There was a view I think when other officers headed up the division and it was much smaller that the market should determine these things and there should not be a strong regulatory regime.

That was the whole problem behind the old ESOS Act. I think the changes have been beneficial, and I have strongly supported the tougher measures that have been taken. I believe that in part they were taken as a result of the work that we did on this committee to identify problems. We will not drive the crooks out of this industry by going soft on them. In fact you will undermine the enormous work that 99 per cent of the industry actually provides and the great benefit. That is the point that I am raising and I will continue to raise it. I do not make comments loosely about these issues but when you get clear cases of document fraud then you have to come down like a ton of bricks on it.

Dr Jarvie—And we do and providers do.

Senator CARR—Where you have got clear cases that people use fraud in the sex industry you have got to stop it. You have got to stop people misusing student visas for work purposes rather than education because if you do not you will undermine the sustainability of the industry. I would strongly resist any attempt to go back to the old ways on this matter. The reason you have got the increased resources and the substantial increase in appropriation is to be able to deal with these quality assurance issues.

Ms Paul—You might have noticed in the organisation chart that I gave you, and as I mentioned yesterday, that we have expanded the group again at the top level structure so it now has four branches.

Dr Jarvie—We agree with you about the need to crack down on fraud, poor providers and the like. What we were commenting on there are the allegations that are in error and are very isolated but are built up.

Senator CARR—I accept that people make ill-informed comments. A multiple choice questionnaire is not a point that I have raised with you. But where you have clear cases of plagiarism and cheating, where you have got cases of document fraud and of people abusing their work entitlements, you have to say something about it because you will endanger the 90 per cent of people who do the right thing if you do not. I want to ask you about the investigations that you have undertaken in regard to the recent report of the University of Western Sydney's law course offered in Hong Kong which is described in the *Sydney Morning Herald* on 23 May as an Australian university's English language course in China. Have there been any discussions with the University of Western Sydney in regard to that matter?

Dr Jarvie—Not to my knowledge, about that specific matter.

Senator CARR—Are you able to provide Australian universities that are operating offshore with assistance in combating fraud, plagiarism and other similar problems? Is there any move to provide that sort of assistance?

Dr Jarvie—Not specifically. We have provided \$1.5 million to universities to identify best practice in offshore provision. They have been running now for some time, so we have certainly been doing a lot of work on best practice.

Ms Whittleston—The projects are due to be completed in October this year. We will have a report from the AVCC, which is managing those projects, in November. We can make it available then.

Senator CARR—Is it your belief that the program has worked well?

Ms Whittleston—We have not received any report on those projects at this stage.

Senator CARR—So we will have to wait until that report has been received.

Ms Whittleston—Yes.

Ms Buffinton—More broadly on the offshore operations, there is a jurisdictional responsibility for Australia because they are offshore provisions but, in the case of Hong Kong, for example, both AUQA and AEI have a close relationship with the accrediting systems in Hong Kong. So we do work extremely closely together.

Senator CARR—I look forward to that report when it comes out. Has any compliance work been undertaken with the Melbourne Institute of Technology? This is not the Royal Melbourne Institute of Technology but a private provider known as the Melbourne Institute of Technology.

Ms Laker—Yes.

Senator CARR—When was that undertaken?

Ms Laker—Very recently.

Senator CARR—Was it to do with non-attendance and poor academic progress? Are they on your list here?

Ms Laker—No.

Senator CARR—Why is that?

Ms Laker—We did a compliance visit as part of our activities, given that the University of Ballarat has an arrangement with MIT to deliver courses.

Senator CARR—When was the compliance visit undertaken?

Ms Laker—In early May.

Senator CARR—Were any breaches of the act identified?

Ms Laker—No. There were no breaches.

Senator CARR—Were there any breaches of the code?

Ms Laker—No.

Senator CARR—So they got a clean bill of health.

Ms Laker—Yes.

Senator CARR—Have you had discussions with the Victorian authorities about the Melbourne Institute of Technology?

Ms Laker—It was a joint visit with the Victorian state authority.

Senator CARR—Why did you find it necessary to have a compliance visit?

Ms Laker—In this particular case it was in response to a complaint that we had received.

Senator CARR—And you found the complaint to be unfounded?

Ms Laker—We found no evidence to support the complaint.

Senator CARR—When was the complaint received?

Ms Laker—Earlier this year. It was probably less than a month before the visit took place.

Senator CARR—Did the Melbourne Institute of Technology know you were coming?

Ms Laker—Yes.

Senator CARR—Do you think that is a problem with your compliance visit?

Ms Laker—Not in general, no. We have the capacity to enter under a warrant if we believe there is a reason to go in without providing advice about a visit.

Senator CARR—What was the nature of the complaint?

Ms Laker—A number of individual allegations were made in the complaint.

Senator CARR—So one person made the complaint.

Ms Paul—It sounds like it was one complaint with several parts.

Ms Laker—It was an anonymous complaint.

Senator CARR—What was nature of the complaint, given that you have found no grounds for it?

Ms Laker—There were a range of aspects to do with facilities.

Senator CARR—There was an earlier investigation into the Melbourne Institute of Technology as well, wasn't there?

Ms Laker—I do not have information on that with me.

Senator CARR—Could you take that on notice please?

Ms Laker—Yes.

Senator CARR—I understand there was a letter sent to you.

Ms Laker—That is correct.

Senator CARR—That was the form of the complaint?

Ms Laker—Yes.

Senator CARR—And you say they are anonymous?

Ms Laker—The person requested that they remain anonymous.

Senator CARR—I see. I have got correspondence on this matter as well and I am not certain that—

Ms Laker—They asked that their identity not be revealed.

Senator CARR—Right. When did you receive the letter?

Ms Laker—On 20 April.

Senator CARR—And when did you visit the Melbourne Institute of Technology?

Ms Laker—On 4 May.

Senator CARR—And 20 April was the first point of contact?

Ms Laker—Yes, we received the letter then.

Senator CARR—The complaint went to the quality of teaching, cancellation of classes—

Ms Laker—Enrolments, record keeping—

Senator CARR—change of timetables and the student rolls. Those are the issues?

Ms Laker—Yes.

Senator CARR—Did DIMIA take any action?

Ms Laker—No.

Senator CARR—You are not aware of that? I am told that section 20 letters were sent from DIMIA; is that right?

Ms Laker—Section 20 letters are actually sent by the provider. So, if the provider has reason to report—

Senator CARR—At the request of DIMIA?

Ms Laker—No. It is part of the ESOS Act where the provider has to notify the student that they have reported them. It is done in a format which is approved by DIMIA, but the letter itself is sent by the provider.

Senator CARR—It has been put to me that the original correspondence actually went to the Victorian authorities on 4 March. It didn't find its way to you until 20 April?

Ms Laker—We may have received a copy from OTTE as well, but the letter came to us formally on 20 April.

Senator CARR—But it took until 4 May to get the visit together?

Ms Laker—We wanted to do it in conjunction with OTTE. I do not have a calendar with me but that was around Anzac Day and Easter—I do not think it was a significant delay.

Dr Jarvie—About a fortnight by the sound of it.

Senator CARR—But if the original complaint was put on 4 March, that is a little longer than a fortnight.

Ms Laker—If the complaint was put to OTTE that was because many of these matters are the responsibility of the state authority.

Senator CARR—Fair enough. Have you done any work with the Melbourne Institute of Business and Technology?

Ms Laker—No.

Senator CARR—Have you had their credit transfer arrangements with their Indonesian operations brought to your attention?

Ms Laker—No, I am not familiar with that.

Senator CARR—I will put some questions on notice in terms of the work that the provider is doing in Indonesia allowing students to transfer from its Indonesian sites through to Deakin. That will give you a chance to have a look at the detail of it and we will see how we go from there.

Ms Laker—We will take it on notice.

Senator CARR—I will put the rest of my questions on notice. Thank you very much for coming and for the report—it was very good of you.

CHAIR—Thank you to the committee and to the minister.

Committee adjourned at 7.00 pm