



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION
LEGISLATION COMMITTEE

ESTIMATES

(Additional Estimates)

WEDNESDAY, 15 FEBRUARY 2006

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SENATE

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

Wednesday, 15 February 2006

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

Senators in attendance: Senators Carr, Crossin, Eggleston, Forshaw, Ian Macdonald, Joyce, Patterson, Robert Ray, Siewert, Stephens, Troeth, Webber and Wong

Committee met at 9.06 am

EDUCATION, SCIENCE AND TRAINING

In Attendance

Senator Vanstone, Minister for Immigration and Multicultural Affairs

Department of Education, Science 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

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

Mr Lorraine Neish, Acting Branch Manager, People Management Branch, Corporate Strategy Group

Mr Jason Coutts, Acting Branch Manager, Business Performance Improvement Branch, 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

Dr Evan Arthur, Acting 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 Paul Mills, Acting Branch Manager, Skills Analysis and Research Strategy Branch, Strategic Analysis and Evaluation Group
Ms Wendy Whitham, Acting Branch Manager, Transitions and Attainment Branch, Strategic Analysis and Evaluation Group
Ms Judy Cook, Acting Branch Manager, Income Support, Strategic Analysis and Evaluation Group
Mr Paul Balnaves, Director, Demographics and Lifelong Learning 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 Steve Irwin, Branch Manager, Science and Technology Policy Branch, Science Group
Ms Sara Cowan, Branch Manager, International Science Branch, Science Group
Ms Kylie Emery, Branch Manager, Science Programmes Branch, Science Group
Mr Patrick Davoren, Director, Radioactive Waste Management Section, Science Group

Higher Education Group

Ms Lisa Paul, Secretary
Mr Grahame Cook, 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
Dr Caroline Perkins, Branch Manger, Policy and Analysis 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 Margot Bell, Acting Branch Manager, Innovation and Research Branch, Innovation and Research Systems Group
Ms Julie Randall, Director, Research Programmes and Policy Unit, Innovation and Research Systems Group

National Training Directions Group

Ms Lisa Paul, Secretary
Mr Jim Davidson, Deputy Secretary
Ms Aurora Andruska, Group Manager, National Training Directions Group
Ms Linda White, Branch Manager, New Apprenticeships Services Branch, National Training Directions Group
Mr Neil McAuslan, Branch Manager, Funding and Performance Branch, National Training Directions Group

Mr Craig Robertson, Branch Manager, Strategic Directions and Infrastructure Branch, National Training Directions Group

Ms Margaret McKinnon, Branch Manager, New Apprenticeships Policy and Programmes Branch, National Training Directions Group

Ms Stella Morahan, Acting Branch Manager, New Apprenticeships Policy and Programmes Branch, National Training Directions Group

Industry Skills Development Group

Ms Lisa Paul, Secretary

Mr Jim Davidson, Deputy Secretary

Ms Rebecca Cross, Group Manager, Industry Skills Development Group

Mr Ben Johnson, Branch Manager, Skills Branch, Industry Skills Development Group

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

Ms Helen McLaren, 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, Branch Manager, Enterprise and 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 Resourcing Group

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

Ms Christine Dacey, Branch Manager, Schools Resourcing and Infrastructure, Schools Resourcing Group

Ms Bernadette McDonald, Acting Branch Manager, Australian Technical Colleges, Schools Resourcing Group

Schools Outcomes Group

Ms Lisa Paul, Secretary

Mr Bill Burmester, Deputy Secretary

Dr Trish Mercer, Group Manager, Schools Outcomes Group

Mr Noel Simpson, Branch Manager Quality Schooling, Schools Outcomes Group

Ms Di Weddell, Branch Manager, Literacy Taskforce, Schools Outcomes Group

Mr Gary Powell, Branch Manager, Performance and Targeted Programmes Branch,
Schools Outcomes Group

International Education Group

Ms Lisa Paul, Secretary

Dr Wendy Jarvie, Deputy Secretary

Ms Linda Laker, Acting Group Manager, International Education Group

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

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

Mr Greg Cox, Branch Manager, International Policy and Recognition Branch, International Education Group

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, Finance and Governance

Australian Research Council (ARC)

Professor Peter Hoj, Chief Executive Officer

Mr Greg Harper, Deputy Chief Executive Officer

Mr Len Marsden, Chief Operating Officer

Professor Elim Papadakis, Executive Director for Social, Behavioural and Economic Sciences

Dr Mandy Thomas, Executive Director for Humanities and Creative Arts

Professor Erich Weigold, Executive Director for Physics, Chemistry and Geoscience

CHAIR (Senator Troeth)—I declare open this meeting of the Senate Employment, Workplace Relations and Education Legislation Committee. The committee has agreed that we will commence today with the education, science and training portfolio. The minister, Senator the Hon. Amanda Vanstone, will be here shortly. I welcome the secretary, Ms Lisa Paul, and officers of the Department of Education, Science and Training and agencies as well as observers to this public hearing. The committee appreciates the initiative of the department in using a plain English version of its program structure used to make today's agenda.

The committee examined the budget expenditure of this portfolio at its hearings in June 2005 and asked supplementary questions in November 2005. Today the committee will consider proposed additional expenditure for the year ending June 2006, which the Senate referred to the committee on 9 February 2006. The committee has resolved that answers to questions on notice are to be returned to the committee by Friday, 31 March 2006 and it will report to the Senate on or before 28 March 2006.

I remind officers that, in its orders of continuing effect, the Senate has resolved that there is no area of public expenditure where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly

provided otherwise. I also advise officers that they shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of them to more senior officers or to the minister. I remind participants that oral evidence and documents in estimates proceedings are part of the public record. Good morning, Minister. I welcomed you in your absence, but I welcome you again. Would you like to make an opening statement?

Senator Vanstone—Only in that I apologise for being late. It was not my intention to show any disrespect to you or the committee members. I hope we can get on with this as expeditiously and civilly as we have in the past.

[9.08 am]

Australian Research Council

CHAIR—I welcome Professor Hoj.

Senator STEPHENS—Welcome, Professor Hoj. Can we begin with some understanding of the quality and scrutiny committee, please. I wonder if you can tell us first of all how that committee was established.

Prof. Hoj—Committees of the ARC are established through a process that is outlined in our act. It goes like this. The board will recommend to the minister membership of committees. The minister will consider those recommendations and approve or not approve membership as the minister sees fit. That is how the quality and scrutiny committee was established.

Senator STEPHENS—Did the department provide a range of names for this committee?

Prof. Hoj—When the ARC board considers who to put forward for committee membership, it will take into account a range of views—its own views and the knowledge that board members presumably have through their interaction with other parts of the sector. And indeed, if a departmental suggestion came forward to the board, the board would be entitled to look at that suggestion and decide on its own whether it would be advisable or beneficial to recommend that particular suggestion for membership.

Senator STEPHENS—I understand that the current membership consists of some deputy vice-chancellors.

Prof. Hoj—There are six deputy vice-chancellors and one vice-chancellor. The committee is chaired by Daryl Le Grew, the Vice-Chancellor of the University of Tasmania. Daryl is also on the ARC board. There are six deputy vice-chancellors: Professor Edwina Cornish, from Monash University; Professor Frank Larkins, from the University of Melbourne; Professor James Piper, from Macquarie University; Professor David Siddle, from the University of Queensland; and Professor Brian Stoddart, from La Trobe University. In addition, there are three other so-called community reps, who are Paddy McGuinness, Sir Daryl Dawson and Mr Ross Symonds.

Senator STEPHENS—What is the purpose of the three community representatives?

Prof. Hoj—The terms of reference of that particular committee are threefold. I will get my colleague Mr Harper to outline them.

Mr Harper—The quality and scrutiny committee essentially has three functions. It has a quality function, which involves assessing the relative quality of proposals within the six ARC research discipline areas by reading and ranking about 30 proposals for funding that are at or near the cut-off point for proposals recommended for funding by the college of experts and recommending to the board a distribution across those discipline areas of funding set aside for that purpose. It also scrutinises the processes followed by the college of experts in assessing proposals for funding from members of the college of experts and provides a report to the board on its scrutiny of the handling of those proposals. It has a community representation function, which involves assessing proposals recommended by the college of experts to the board for funding under the National Competitive Grants Program for their potential to deliver national benefit and providing a report to the board on that assessment.

Senator STEPHENS—Were the six deputy vice-chancellors nominated by the vice-chancellors?

Prof. Hoj—The six deputy vice-chancellors were known to the ARC board through their considerable contribution to the research sector in the past. Some of them are past members of the ARC board. Those six deputy vice-chancellors were nominated by the board itself.

Senator STEPHENS—You said that the board put forward names for the community representatives.

Prof. Hoj—That is correct.

Senator STEPHENS—How many were nominated?

Prof. Hoj—I will have to check the detail; I think it was about seven. I will have to find that. I believe it was seven—the three members we have already mentioned to you, and an additional four, three of whom were female and one male.

Senator STEPHENS—And the process of nomination?

Prof. Hoj—The process of nomination was again a process whereby the board discussed the matter in front of it and believed that the seven nominees, in addition to and in concert with the six DVCRs that it already knew it would nominate, would be appropriate to carry out the functions as read out by Mr Harper.

Senator WONG—Can I just clarify something—have you covered how the board came to compile those seven names?

Prof. Hoj—I think I have covered it in that I said that the board uses its own knowledge, and it is constituted because we believe it has knowledge relevant to the business of the ARC.

Senator WONG—Does that mean the board itself came up with the seven names that were considered for the three positions?

Prof. Hoj—The board itself decided to put forward those seven names, taking into consideration its own knowledge and views that had been put to it.

Senator WONG—Were the three community members on that original list of seven?

Prof. Hoj—Yes, the board included seven members, of which three, in the event, ended up being members of the committee.

Senator WONG—Did the minister's office request that any particular name be considered by the board?

Prof. Hoj—We on this side of the table are debating whether the word 'request' or 'suggestion' is the right word. I believe 'suggestion' is the right word.

Senator WONG—Can you tell me in relation to whom the suggestion was made?

Prof. Hoj—We will take that question on notice, if you do not mind.

Senator WONG—Okay. You are entitled to do that, Professor. Perhaps then, also to clarify, could you take on notice whether the three eventual community members of the committee were amongst those in relation to whom a suggestion was made by the minister's office?

Prof. Hoj—Certainly.

Senator STEPHENS—You outlined the terms of reference for the committee and in one of them you described the scrutiny function. Can you tell us what level of scrutiny this committee is able to apply to the grant applications?

Mr Harper—There are not a large number of applications by members of the college, but the committee would investigate whether or not members of the college who had submitted proposals had been excluded from consideration of those proposals, whether their scores—as assessed by international and Australian readers—had been altered and, if so, in which way by the discussions among the college of experts, and undertake any other investigations that it thought appropriate to try to detect any untoward treatment of those applications. So it has a wide remit to investigate and report to the board on whether the special processes surrounding proposals for grants by members of the college had been appropriately handled by the college of experts itself. It goes to issues of conflict of interest and remote and independent handling.

Senator STEPHENS—With regard to that function, the previous minister's spokesman made a comment in the media. He said, 'Its terms of reference require the committee to provide advice, including recommendations to the ARC board.' Are you able to tell us whether or not the quality and scrutiny committee can overturn the recommendations of the ARC college of experts?

Mr Harper—The situation is that the board has established a college of experts to advise it on the relative merit of proposals that have been submitted. It has also established a quality and scrutiny committee to advise on this function in particular, and the board considers the advice of both of those bodies in formulating its recommendations to go to the minister. At the time that the board is formulating its recommendations, which will ultimately go to the minister, the board has in front of it recommendations from the college of experts and a report from the quality and scrutiny committee, and it would take both of those into account.

Senator STEPHENS—How many times has the quality and scrutiny committee met since it was established?

Prof. Hoj—Whilst we find out the exact detail to that, I will say that the quality and scrutiny committee is constituted for a lifespan of only one year. There would have been previous committees in previous years, but the current committee would have met a couple of times.

Mr Harper—It had an introductory meeting and then a meeting where it discussed the matters that were germane to its purpose.

Senator STEPHENS—When was the second meeting?

Prof. Hoj—That second meeting would have been in August.

Senator STEPHENS—How many grants applications would the committee have looked at in August?

Prof. Hoj—It would have been of the order of 1,000 grants that they would have considered.

Senator STEPHENS—So in the process of managing that consideration, there would have been some recommendations that came from the ARC secretariat. Is that right?

Prof. Hoj—What the committee will have in front of it are 1,000 relevant descriptions of grants that are deemed to be in scope for funding after the college of experts have met and ranked applications. From memory, in that distribution round there were some 910 to 920 grants approved for funding. Because the process was not totally finalised, the ARC played it safe and asked the committee to consider some 1,000 grants.

Senator STEPHENS—So the level of detail that the committee would have would be just the name, a description of the research and the amount of funds?

Prof. Hoj—The way this works is that it is easiest to give the committee 1,000 project descriptions. After that, they would also have access to the project summaries. At the meeting, there was access to every single grant that the committee deemed that it would examine in greater detail.

Senator STEPHENS—When you say that they have access to the descriptions and additional detail, do you provide that access through a secure extranet, or is it all paper based? How do they actually receive that copious information?

Mr Harper—It is paper based.

Senator STEPHENS—When Paddy McGuinness went on the public record saying he was considering resigning in September 2005, he said:

Quite frankly, it's pretty useless. It's limited simply to commenting on the titles of projects and nothing more. I think it's a waste of time. It's purely window dressing.

I wasn't clear what they wanted. It became clear what they wanted was a PR exercise.

He also indicated in that interview that he asked Dr Nelson to veto 27 projects. Can you tell me whether it is your understanding that he approached Dr Nelson about vetoing 27 of the projects?

Prof. Hoj—I do not have access to records of conversations that Mr McGuinness had with Minister Nelson. It is quite possible that those conversations took place through the means of emails, phone conversations or whatever. I was never party to those conversations between Mr McGuinness and Minister Nelson, should they have occurred, and I think I can safely say that none of my officers would have been party to those conversations either.

Senator STEPHENS—Did Mr McGuiness express his concerns about those projects at the committee meeting?

Prof. Hoj—I was not present at the meeting. By way of introduction, Mandy Thomas is the executive director who has been responsible for running our largest grant scheme, the Discovery Projects scheme. It was that scheme in particular that was of interest to the committee.

Senator STEPHENS—My question, Dr Thomas, is whether Mr McGuiness was vocal about his concerns about those projects at the meeting.

Dr Thomas—All the members of that committee were permitted to talk freely about the proposals, Mr McGuiness included.

Senator STEPHENS—Can you go through for us the process that has been established with the committee to provide feedback on and responses to their considerations?

Prof. Hoj—Sorry, could you clarify that question?

Senator STEPHENS—It having been suggested that he had some concerns, how were those concerns reflected in the record of the meeting and reported back to the board?

Prof. Hoj—The committee provided a report to the board and that report included, to the best of my knowledge, a variety of views that were expressed by the committee. Whether those views were of a unanimous nature or a more varied nature, the board was, to the best of my knowledge and recollection of the nature of the report that was given to the board, fully aware of the breadth of views across the committee membership.

Senator STEPHENS—Of the 1,000 or so grants that they were asked to consider that day, how many did the committee recommend?

Prof. Hoj—The committee, following its deliberations, had a majority view that the college of experts recommendations had found proposals that were all worthy of funding.

Senator STEPHENS—I am sorry; how many?

Prof. Hoj—We do not normally disclose how many applications are considered and approved or not approved along the various steps of the approval process, but it would have been not very different from the number of grants that the minister finally approved. As I said, there were about 917, but we need to get those numbers.

Senator STEPHENS—So you cannot actually indicate whether the committee rejected or did not recommend funding for any projects?

Prof. Hoj—The process is that those committees—the college of experts and the quality and scrutiny committee—do not reject or approve grants. They make recommendations to the board. The board considers all that knowledge available to it and it is the board that makes recommendations to the minister for funding.

Senator STEPHENS—Could you just tell us about the governance arrangements around the operation of the quality and scrutiny committee in terms of its communication with the board and then with the minister. Do you have a formal reporting process and is there an expectation that there would be informal communication, as you suggested—perhaps by email or personal conversations?

Prof. Hoj—My colleagues will correct me if I get some of the detail wrong, but the way it works is that the quality and scrutiny committee is a committee of the board, so its function is to consider material in front of it and form views that it puts to the board only. So the quality and scrutiny committee will report to the board only. That reporting and interpretation of the views of the committee is facilitated by the fact that the committee is chaired by a current board member. As I said, that was Daryl Le Grew, the Vice-Chancellor of the University of Tasmania.

Senator STEPHENS—So there is that expectation that the committee actually reports to the board on its recommendations. You said that the majority of the committee made the recommendation. So that is the usual process—a majority. You also mentioned that this committee is established for one year. Have previous committees actually had community representation on them?

Prof. Hoj—The committee, as established last year, had its terms of reference expanded, as Mr Harper outlined. In the previous year, the membership was confined to a chair, which was a member of the board, and a number of Deputy Vice-Chancellors (Research), which of course themselves can carry their Deputy Vice-Chancellor (Research) expertise into the committee and they can also carry a view, I assume, that they have formed as normal members of the community.

Senator STEPHENS—So the life of this committee is to September this year?

Prof. Hoj—Mr Marsden might be able to tell us about the terms of engagement. I think it goes until 31 December but I could be wrong.

Mr Marsden—The committee was just engaged for the purposes of that one scrutiny exercise. So, as outlined earlier, they had the pre-meeting and had the formal meeting itself. After that the committee reports through to the board and then disbands and is reformed again next year.

Senator STEPHENS—So it will be reformed with new membership next year.

Prof. Hoj—In other words, if a committee of that nature is to be re-formed, we would have to go through the same process that is prescribed in the ARC Act—that is, that the board will recommend to the minister a membership of that committee, and the minister will approve or not the membership of that committee, as she sees fit.

Senator STEPHENS—Will the committee meet again this year?

Prof. Hoj—Currently, we do not have a committee of that nature, because, as Mr Marsden has outlined, last year it terminated its work and, indeed, its tenure, and we have not yet formed a committee.

Mr Marsden—Assuming our legislation remains as it currently exists, then it is most likely the committee will be re-formed at about the same time as it was this year, to meet straight after college of experts committee makes its decisions, to review those decisions before it goes through to the board.

Prof. Hoj—I should clarify. Some people would be aware that the ARC has been submitted to the Uhrig governance review and a determination has been made. Currently, we are still acting under the old ARC Act, and my answers are framed with the knowledge that I am still

working under the old ARC Act. If that act should be changed, and it is likely that it will be changed, then some of my answers about the processes through which committees are established might well change, but I cannot speculate on that.

Senator STEPHENS—I appreciate that. Is it usual practice to provide minutes of the meetings of that committee to the minister?

Prof. Hoj—I do not know about usual practice. I have been in the job for 1½ years, so I will ask some of the old hands to comment on that.

Mr Harper—I think that it would be more accurate to say that the usual practice was not to.

Senator STEPHENS—Did the minister request the minutes of this meeting?

Prof. Hoj—To the best of our knowledge, no, the minister did not request those minutes. The minister does need to get the set of recommendations from us, and the minister did get that.

Senator STEPHENS—Can you tell us whether or not you have had discussions with the new minister about this committee and the process of recruiting for it?

Prof. Hoj—We are yet to have a one-on-one formal meeting with the new minister.

Senator STEPHENS—So you have not yet started the process of considering recommendations for names and things simply because of the fact that you have not had that meeting and that discussion?

Prof. Hoj—It is too early in the year and, as I said, we have not met one-on-one with the minister to discuss this issue.

Senator STEPHENS—Thank you very much. I will move on, then, to the abolition of the ARC board, which the former minister announced in July. Senator Wong I think asked some questions in November about the timeline for changes. Can you bring us up to date about what has happened since that time? I understand that two members of the board resigned in August. Can you start with a general comment and description about what has happened since November?

Prof. Hoj—Since November it is our understanding that work is under way to draft a new ARC Act. Until such time as that happens, we will continue to work under the old ARC Act that requires us to have a board and a chairperson. All those things are still in place and we still have regular board meetings.

Senator STEPHENS—Can you tell us whether or not Mrs Holmes a Court and Dr Kailis have been replaced?

Prof. Hoj—No. None of the places that have been vacated through resignations from the board have been filled.

Senator STEPHENS—How many people are now participating on the board?

Prof. Hoj—I believe that there are eight people left—five ex officio members and three non ex officio members.

Senator STEPHENS—Are you able to give us any indication of how the new act is progressing?

Mr Harper—Our understanding is that a bill to amend the act is being drafted. As is often the way, the bureaucratic carriage of the drafting of that amendment bill is with the department, who may be best placed to answer that type of question. As I understand it, a bill is being worked up.

Senator STEPHENS—Professor Hoj, have you given advice on the new act to the department?

Mr Marsden—Yes, we have. The department does consult with the Australian Research Council on that. As Mr Harper said, we are now waiting for further drafts of that bill before it is presented to parliament. Hopefully we will get further chances to comment on that, and I expect we will. The department has been quite good and open with us in that process.

Senator STEPHENS—Professor Hoj, I am just thinking about your comment about the membership of the board. Has anyone else resigned from the ARC board since those resignations in August?

Prof. Hoj—Yes. If you go to the ‘Snitch’ column in today’s *Australian*, you will see that it speculates about who is there and who is not there. The additional resignations from the board—in addition to Mrs Holmes a Court and Dr Kailis—would be Mr Wal King, Professor Rory Hume and Dr James Fox.

Senator STEPHENS—So there have been three more resignations from the board since that time.

Prof. Hoj—That is right.

Senator STEPHENS—I would hate to say it was deserting a sinking ship. It is a bit of a disaster. What does it do to the quality of advice to have that many people resign?

Senator Vanstone—We are shattered actually; we are just getting our breath back after that horrifying remark!

Prof. Hoj—Sorry—what does that do?

Senator STEPHENS—What does it do to the quality of advice to have so many resignations from such a significant board?

Prof. Hoj—The quality of advice remains the same. The quantity of it might have been reduced.

Senator STEPHENS—Did the other three members give any reason for their resignations?

Prof. Hoj—They would have written to the minister in resigning, and they might well have given reasons to the minister for resigning that I am either not aware of or not at liberty to recite.

Senator STEPHENS—Can you tell us then, if you are not able to give us the reasons for their resignations, when exactly those three members resigned?

Prof. Hoj—I am not across that detail. I believe that Dr Fox resigned in January. This will have to be confirmed, but Mr Wal King probably resigned in December or thereabouts, and the three other members that resigned—Rory Hume, Patricia Kailis and Janet Holmes a Court—resigned between August and November last year.

Senator WONG—Professor Hoj, why do you say that you are not at liberty to disclose the reasons for the resignations? I appreciate that you may not have been in receipt of the letter to the minister. I am not asking you to comment on that. But surely, in your position, you would have been advised by those members as to the reasons—

Senator Vanstone—I can give you an answer to that, Senator. If people resign, they are free to tell the public whatever they want. If they have written to the minister, the correspondence is between the person resigning and the minister; therefore, there are two people free to reveal those details.

Senator WONG—If I could repeat the question: I appreciate that it is not for you to disclose what might have been communicated to the minister. But in your position, was there anything communicated to you by these resigning members as to the reasons for their resignation?

Prof. Hoj—Not specifically. It would be a matter of speculation. Many things could have happened. They are very busy people.

Senator WONG—I am asking what you know, Professor Hoj.

Prof. Hoj—Yes, and I do not think I know anything specifically. I could only speculate as to why they resigned.

Senator WONG—Was dissatisfaction as to the conduct of the ARC expressed to you or to your staff by the resigning members?

Prof. Hoj—To the best of my knowledge, no.

Senator STEPHENS—Can you tell me whether or not the new minister has indicated whether or not she will continue the direction of abolishing the ARC board and pursuing ministerial control of the research grants?

Prof. Hoj—We have prepared, as many other people do, an incoming brief for the new minister; but we have not yet had an opportunity to meet with the minister to discuss the issues outlined in that incoming brief.

Senator STEPHENS—Do you have an appointment date?

Prof. Hoj—We have been promised one.

Senator STEPHENS—Let us move on from the board to the whole issue of the ARC and the research quality framework. In the November estimates, the department told us that they would initiate a public process to work out how the RQF would apply to both the ARC and the NHMRC. Can you provide us with an update of that progress and your considerations of the application of the RQF to the ARC?

Prof. Hoj—I think it would have to be in general terms, because the minister has tasked DEST to do that. So you should direct those questions to DEST. The general picture of the RQF is that the expert advisory group met in late December to finalise its advice to the then

minister. It was expected that sometime in 2006 a final proposed model for the RQF would be released, following ministerial approval or modification of the advice given to the minister. I assume that the reason why we have not seen further developments in this area is because of the change of minister, and this complex issue rightly requires detailed familiarisation with it before further developments.

That is where I think it is at, but the exact process that DEST intend to follow to look at this issue of the RQF and its possible application to other government funded initiatives is one that you would have to explore with DEST.

Senator STEPHENS—Do you still have concerns about the application of the RQF to the ARC?

Prof. Hoj—The ARC has considerable knowledge of the research sector and what, in our view, will and will not work. I will not have any specific concerns until we know whether the preferred model the expert advisory group has put to the minister will be the model with which we will run. Once we know the shape of the preferred model, we can advise and communicate views about the appropriateness or otherwise of the application of the RQF to other initiatives.

Senator STEPHENS—I understand you said that you are expecting that final preferred model to be available for consideration in mid-2006. Is that what you said?

Prof. Hoj—DEST has carriage of the RQF process, and it is probably better that you explore those issues with DEST. I assume they have better knowledge of the detail of that process.

Senator STEPHENS—Are you able to comment on whether or not you think the RQF should apply to the ARC?

Prof. Hoj—I cannot form a firm view at the moment; it depends on what the RQF is able to deliver. It is conceivable that the RQF can inform other agencies and funding schemes at a certain level, but it depends on what the preferred model will look like, how it will be executed, the quality of the execution et cetera.

Senator STEPHENS—Are you still on the expert advisory group?

Prof. Hoj—It is my understanding that the expert advisory group had a tenure until 31 December 2005 and that it no longer exists, but I would have to take that on notice.

Senator STEPHENS—Okay. Thank you.

Prof. Hoj—To finalise this business of numbers, I talked about 910 to 920 proposals for funding under Discovery-Projects. It was 919.

Senator STEPHENS—The issue of the minister vetoing projects is of concern to us, as you can imagine. You said before that the committee provides the board with a majority recommendation of the projects that should be funded. Getting back to the projects that Mr McGuinness expressed a concern about, there were projects that were not funded by the minister, weren't there, despite the recommendations of the board?

Senator Vanstone—That has happened before—back when I was a minister. There is no point in sending projects to a minister for approval if you mean: 'Rubber-stamp them.' Of

course you have advisory bodies, and you want to listen to them, but that does not rule you out of having any say. Otherwise, we would simply give the money to a separate body and say: 'Here. Do with it what you want. Don't bother coming and reporting to us. We don't care. It's taxpayers' money.' That is a ludicrous proposition. There will be occasions, hopefully, when a minister will override advice they are given, otherwise the Public Service is running the country and an election is not worth having, because it is just a joke. The executive is a joke; parliament is a joke, if that is what happens.

Senator STEPHENS—I can appreciate that there are circumstances when the minister might want to overrule a recommendation, but the processes that have been put in place that are about public scrutiny and accountability allow the recommendations to go forward and to be seen to be transparent and accountable. You have suggested, Minister, that it has happened. When you were in the portfolio, did you veto any such projects?

Senator Vanstone—Yes, I think I did. That is my memory, yes.

Senator STEPHENS—Is it a very common occurrence, Professor Hoj? Has it happened before in Minister Nelson's—

Prof. Hoj—We have just heard it has happened before.

Senator STEPHENS—No, I said in Minister Nelson's tenure in the ministry.

Prof. Hoj—At the Senate estimates some time ago—

Senator Vanstone—This issue has been covered.

Prof. Hoj—it was covered. We outlined that in 2004 that the minister declined to approve three recommendations that we put to him.

Senator WONG—In 2004.

Prof. Hoj—2004 for funding in 2005.

Senator STEPHENS—How many did he decline this year? So three in 2004-05.

Prof. Hoj—Yes.

Senator STEPHENS—In 2005-06?

Prof. Hoj—I believe it has been widely promulgated that the minister this year declined to approve seven recommendations that were put to him.

Senator STEPHENS—A final question: if the minister does veto a project or projects that have been recommended by the board, does the board get advice as to what the minister's concerns were?

Prof. Hoj—The minister does not veto things because they have not been approved until he or she approves it. In respect of the grants that the minister declines to approve, the minister will have due regard to the selection criteria and the selection criteria include the significance of the proposed work and the national benefit. In those cases where the minister declines to approve a grant for funding, it is overwhelmingly likely that the national benefit was deemed by the minister not to warrant the funding that we recommended.

Senator STEPHENS—My question was: does the minister actually advise the board of his reasons for declining funding?

Prof. Hoj—We have to be able at the ARC to give material reasons for why things are either funded or not funded. The material reasons that we are given in the cases where the minister does not approve our recommendation are along the lines of national benefit. In all the cases that I know of and in some cases, even setting aside the national benefit angle, the significance of the proposed research is not deemed to be of such a magnitude that it warrants funding.

Senator STEPHENS—Has the minister changed the recommendations for funding of projects—for example, the level of funding that might go to a project, what was applied for and what was actually granted?

Prof. Hoj—We consider about 5,000 grant proposals per annum. For me to give you a blanket answer I would have to be very certain of the facts, so we would prefer to take that one on notice.

Senator STEPHENS—In the course of your everyday consideration would that be an unusual occurrence?

Prof. Hoj—What would be an unusual—

Senator STEPHENS—To change the grant: what was approved for the grant as to what was proposed.

Prof. Hoj—Would it be unusual for the minister to change the amount of funding?

Senator STEPHENS—Yes, or the conditions of the grant in some way.

Prof. Hoj—Extremely unusual, I would say, based on past practice.

Senator STEPHENS—If you can take that on notice and advice if that has occurred, that would be helpful.

Prof. Hoj—Yes, I will.

Senator STEPHENS—Thank you very much. That is all, thank you, Chair.

[10.00 am]

Australian Nuclear Science and Technology Organisation

CHAIR—We now call the Australian Nuclear Science and Technology Organisation—if those officers could come to the table. Dr Smith, welcome.

Senator STEPHENS—Good morning. Thank you very much for appearing today. At the last estimates, you actually tabled an amended licence condition for HIFAR and I am interested in knowing how that is going and whether or not ANSTO sought an extension beyond 2006 for HIFAR's operation.

Dr Smith—At this point in time, we have written to ARPANSA indicating that there is the possibility we may have to extend the operation of HIFAR.

Senator STEPHENS—Can you tell us by how much you might seek to extend its operation?

Dr Smith—We are still hopeful that we will not have to extend its operation, but we decided that, given the contingency that was left in the OPAL project now and given Dr Loy's

requirement that we advise him as soon as there was a possibility we would need to extend it, we have simply said that is a possibility. My hope is that we will not extend at all and, if we do have to extend it, that it will not be by more than one month.

Senator STEPHENS—When did you actually write seeking that extension?

Dr Cameron—We wrote on 9 February.

Senator STEPHENS—That time line is interesting. Does that relate to the whole discussion about the nuclear waste dump, the issue of the nuclear waste dump?

Dr Smith—No, that has no implication at all. It is simply a matter of the commissioning process that is going on in the reactor at the moment.

Senator STEPHENS—So, since the November estimates, has ANSTO explored any intermediate waste storage options?

Dr Smith—We believe that the options are in place.

Senator STEPHENS—I understand that the contract with the company building the reactor includes an option for the company to take back immediate waste.

Dr Smith—That is one of three options that we have.

Senator STEPHENS—It is one of the three options? What are the other two?

Dr Smith—The option that is obviously preferred at the moment is the take-back program from the United States—this is for the waste from OPAL. The second option would be reprocessing at COGEMA. This is for spent fuel, not waste, of course.

Senator STEPHENS—Yes. It is my understanding that the low-level waste space is running out. Is that the case?

Dr Smith—That is not a pressing problem for us at the moment. It is a problem that we will have to address by putting in some extra equipment to super-compact that waste to create more space.

Senator STEPHENS—So, in terms of how you are dealing with that, has ANSTO actually applied to ARPANSA for a licence to take care of the space shortages for low-level waste?

Dr Cameron—Our current licence with ARPANSA covers our waste management operations and will continue to cover them as we currently operate.

Senator STEPHENS—Does your current licence cover intermediate waste?

Dr Cameron—Yes, it covers all the waste that ANSTO handles as part of its operations.

Senator STEPHENS—So you have some options about your waste. I wonder whether you have considered options such as supercompaction technology to create more waste.

Dr Smith—That would reduce the volume of the low-level waste

Senator STEPHENS—Is that something that you are actively considering?

Dr Cameron—Yes.

Senator STEPHENS—What about the option of disposing of some of the current waste which has decayed to a safe stage? Is that something that you are considering?

Dr Smith—That is normal practice when it decays to meet the standards that it can be disposed of as industrial waste, yes.

Senator STEPHENS—Is ANSTO looking at creating additional storage space?

Dr Cameron—Yes, as Dr Smith mentioned, we are looking at a number of processes. Clearly, supercompaction is one of those we have had on the table for some time. We see that as one of the major ways by which we can reduce volume. But we are also going through a process of reinventorying all the drums that we currently store. That is part of the option of seeing which of those have been in store long enough that they can be cleared as non-radioactive waste. Those are the options that we are currently going through. In addition, we are moving with all our current processes to make sure that we segregate waste earlier in the process. That gives us a better option to delay and decay waste that does not need to be put into store in the first place.

Senator STEPHENS—Dr Cameron, you say that you are undertaking an inventory at the moment. When do you hope to have that complete?

Dr Cameron—I will probably have to take that on notice. It is a project that has been going on for some years. We have a drum scanner that we can put those drums in. It gives us an inventory of what is in the drums and, on the basis of that, we can make the determination whether that waste is suitable for release as non-radioactive waste. Certainly we have been going at it enough time that we must be quite a way through, but I have to take on notice what the actual percentage is.

Senator STEPHENS—Thank you for that. Given the fact that ANSTO does have the capacity to store intermediate waste and you are looking at options of expanding your storage capacity, could intermediate waste returning from France be stored at Lucas Heights, at least in theory?

Dr Cameron—What we were talking to you about earlier was low-level waste. The issues to do with supercompaction et cetera relate to low-level waste only. We clearly have the capability to store intermediate-level waste. The waste that will return from France after reprocessing will be an encapsulated waste form in a container. If you are asking whether we could put that container on the Lucas Heights site, the answer is that yes, of course you could—as you could put it on a number of other sites—because it is already encapsulated and already shielded and it is suitable for transport. Essentially, if where we would park a transport container is what you are asking is then the answer is yes, we could park one at Lucas Heights, but the ANSTO Act does not permit us to take waste back.

Senator STEPHENS—Do we have a confirmed date of when that reprocessed waste will be returning from France?

Dr Cameron—Yes. There are two types of waste: the waste coming back from the United Kingdom and the waste coming back from France. We believe the earliest date for that would be 2011 and the later waste might be 2015.

Senator STEPHENS—Going to HIFAR and the new reactor, how are things going? Is it on schedule?

Dr Smith—The reactor completion figure now is 97.6 per cent but we are going through the cold commissioning phase, which began this week. Commissioning of a complex system, such as a nuclear reactor, is not a predictable process. We would expect we will not have any major problems but you go through the commissioning process for the purpose of determining if there are any problems. At this point in time, I think the process is going as expected.

Senator STEPHENS—Have you applied yet to ARPANSA for a licence to hot commission the reactor?

Dr Smith—We need the cold commissioning results before we formally ask for permission to load fuel.

Dr Cameron—Just to clarify, we applied for an operating licence over a year ago and that operating licence submission sets out the case for how we will actually operate the reactor. We did indicate in that that we would provide the cold commissioning results towards the end of that process but the application itself has been lodged for some time.

Senator STEPHENS—In your discussions with ARPANSA, have there been any developments based on technological advances or research to change or modify the hot commissioning licence processes?

Dr Cameron—We have responded to a large number of questions from ARPANSA about the licence application. It is part of their review and assessment that they go back to the operator for further information. During the process, we have had an arrangement with ARPANSA where every change or every modification is submitted to them for separate approval. So the case that we have got is built up of our regional safety case plus all those approved modifications. So ARPANSA are aware of everything that has been going on during the course of our precommissioning and commissioning.

Senator STEPHENS—We look forward to hearing your progress at the end of February. Thank you for your time.

[10.15 am]**Commonwealth Scientific and Industrial Research Organisation**

Senator WONG—Can I start with some brief questions about Westridge House. I understand that it is a former Forestry house—is that correct?

Dr Garrett—That is correct.

Senator WONG—And it is still owned by the CSIRO?

Dr Garrett—That is correct.

Senator WONG—Can I just check, when did that become a residence?

Dr Garrett—My understanding is that from the beginning of my tenure it was converted to a formal residence after many years of being offices. There were also a number of years when it was not in use. So around 2001, I think, was the time when it was converted into a residence.

Senator WONG—You have resided there since about that time—would that be correct?

Dr Garrett—Yes, at the end of 2001.

Senator WONG—Prior to that there would have been refurbishment of the property, no doubt?

Dr Garrett—I believe so.

Senator WONG—Do you know about the order of the costs of that initial refurbishment?

Dr Garrett—My understanding is, from previous discussion in this forum, that the overall refurbishment—I can check through Mr Whelan's officers—was of the order of \$500,000. I can check on that data from a previous submission.

Senator WONG—Would that be about right, Mr Whelan?

Mr Whelan—That is about right.

Senator WONG—Was that the original refurbishment to convert it?

Dr Garrett—That is correct.

Senator WONG—Subsequent to that, in the last five years, has there been ongoing expenditure by CSIRO on refurbishing or renovating the house or the surrounds?

Dr Garrett—That was the extent of the overall refurbishment, the surrounds. As you would be aware I rent the premises—it was part of the requirements of the chief executive when I came into this particular job—so I do not believe there will be any other further major expenses at all.

Senator WONG—Well, major or minor?

Dr Garrett—There might have been minor refurbishments—fixing electricity supplies that go off and day-to-day maintenance are all part of the arrangements.

Senator WONG—And what about the grounds? If there are changes there, is that paid for by CSIRO or is that a cost you meet?

Dr Garrett—When you say the grounds, Senator—just clarify that for me.

Senator WONG—I am just clarifying, have there been any changes to the grounds, to the garden, security lighting—those sorts of things?

Dr Garrett—When the original refurbishment was done there was some landscaping, there were fences put up—that was all part of the overall bill that we are talking about here. There have not been any since that initial activity, to my understanding.

Senator WONG—Perhaps you can advise—just take on notice if you could—what costs have been expended by CSIRO since the 2001 refurbishment in relation to that property.

Dr Garrett—Of a capital nature or with ongoing maintenance? Do you want the total?

Senator WONG—Both—total costs.

Dr Garrett—Yes.

Senator WONG—Obviously, Dr Garrett, I do not want to pry too much into your personal affairs, but I assume that the rental arrangement is part of your remuneration package?

Dr Garrett—That is all in my overall remuneration package, yes. I pay formal rent and that has been the arrangement.

Senator WONG—How is the rent determined?

Dr Garrett—The rent is determined by the process inside the organisation. In terms of when it was originally set and reviewed my understanding is that the responsible officers consulted with estate agents—externally—to set a market rate, which is what I pay.

Senator WONG—Has that been revised since that date?

Dr Garrett—I do not believe so.

Senator WONG—So the rent, which was set in 2001, is continuing at the same rate.

Dr Garrett—I believe that is the situation at the moment, but it is obviously reviewed on a regular basis.

Senator WONG—Well, not in the last five years.

Dr Garrett—But it will be. Absolutely, yes. I agree.

Senator WONG—What is the process for reviewing? Who initiates that? Is that some independent process?

Dr Garrett—I believe that would be an internal process associated with the remuneration committee of our board. We can take that on notice and come back to you. I am the recipient as opposed to the initiator of that process.

Senator WONG—Is it Mr Whelan who would deal with that?

Mr Whelan—No. I am not responsible for remuneration matters, but I can certainly follow up how the rent was determined for that property.

Senator WONG—Yes, and could you let me know at what rate the market rent was set in 2001?

Mr Whelan—Will do.

Senator WONG—I am a little confused, Dr Garrett. You said you understand there is a certain remuneration process, but who is actually responsible for ensuring the rate is reviewed appropriately within reasonable time frames?

Dr Garrett—I do not know the answer to that. I think it would be through our human resources function. It was initially set through the corporate secretary—at that time, Dr Cain—so we will have a look at the process again.

Senator WONG—Are you taking that on notice?

Dr Garrett—Yes.

Senator WONG—Has CSIRO purchased, or does it rent, any artwork or any other items within the house?

Dr Garrett—No.

Senator WONG—Do you hold any formal functions there?

Dr Garrett—When you say formal functions—

Senator WONG—Official functions, I should say.

Dr Garrett—I would not say official functions. I obviously entertain CSIRO staff from time to time. I have had other guests on an irregular basis, but I do not have formal functions per se.

Senator WONG—I am just trying to clarify the process of setting the rent with regard to the use of the facility and whether there was any regard to its use for official purposes.

Dr Garrett—Yes. I think when it was originally set up it was assumed there would be a responsibility on the incumbent to entertain as is deemed to be appropriate—as does happen from time to time.

Senator WONG—Dr Garrett, do you think it might be a more open and transparent process if rent setting occurred external to the organisation which you head?

Dr Garrett—Potentially. We can certainly look at that. I think there is a governance process through the board remuneration committee. My remuneration is also established through the appropriate official arrangements.

Senator WONG—What does ‘the appropriate official arrangements’ mean?

Dr Garrett—I am trying to think of the appropriate channel. I will have to check with my colleagues. Our board consults with the Remuneration Tribunal, so, as an officer of the Public Service, that is the channel through which my remuneration is set. And then the board remuneration committee look at my own package on a regular basis.

Senator WONG—When was the last time your remuneration package went through that process?

Dr Garrett—It goes through it on a regular basis each year. I think it was within the last few months. I could check again on the detail and provide that to you.

Senator WONG—But it would be likely to be annually?

Dr Garrett—Annually, yes.

Senator WONG—But for some reason rent has not been part of that review process over the last five years.

Dr Garrett—The classification of rent over the last five years, I believe, has not been part of that process. It has been assumed to be a certain level. It has not been renewed. That is my understanding.

Senator WONG—Do I assume from that that the Remuneration Tribunal actually has no role in setting the rent?

Dr Garrett—That is correct. The Remuneration Tribunal, as I understand it, set the overall level of package, of which this is part.

Senator WONG—I will just go back to the official functions. Was there any assumption as to what proportion of the use of the premises would be for official purposes in terms of the—

Dr Garrett—No. There was no discussion along that line.

Senator WONG—Is there a written lease arrangement or is it simply part of your contract?

Dr Garrett—It is all part of the contract.

Senator WONG—Does any term of the contract go to the issue of official use?

Senator Vanstone—I think that is a repeat question.

Dr Garrett—I do not know the answer to that in terms of the formality, but we can certainly take that on notice and provide you with that full detail.

Senator WONG—Does any part of the contract go to the review of rent process?

Dr Garrett—I do not know the answer to that. I would have to check with that contract. It is not a contract that I have looked at for a long time. I will check on that through our board remuneration committee and come back to you.

Senator WONG—I look forward to receiving those answers on notice. Thank you, Dr Garrett. I think Senator Stephens has a couple of questions.

Senator STEPHENS—Could we talk about the research priorities of the CSIRO. There was an extensive article in the *Canberra Times* on 31 January, 'CSIRO changes direction'. I am sure you have seen that article, Dr Garrett.

Dr Garrett—Yes, Senator.

Senator STEPHENS—Can you bring us up to date with your research priorities? It is generally signalled in this article, but perhaps you can give us an overview of what changes you envisage.

Senator Vanstone—Before the officer does, these are the additional estimates. At some point we are going to have to get some questions on the additional estimates. It is a very expensive taxpayer-funded exercise to just ask questions that you could put on notice at any time you like. All of these people here are not paid tuppence. This is an expensive exercise. It is deliberately targeted towards additional estimates, and that is where we are going to have to get to.

Senator WONG—An early defensive tactic, Minister. There is plenty of stuff on the public record about what is happening at CSIRO—which is funded through the current budget appropriation round and subsequent. I would have thought the Australian taxpayers are entitled to know how their money is being spent.

Senator Vanstone—Taxpayers are, of course, entitled to know how their money is being spent. That is why we have the budget estimates, and we have the additional estimates.

CHAIR—I think the minister's comment is very relevant and, Senator Stephens, I would ask you to bear that in mind when asking your questions.

Senator STEPHENS—Rather than giving you the opportunity to generally explain, perhaps I can go to some of the specifics. In the article, it suggests, first of all, that funds for livestock and wool industry research will be cut by up to five per cent. Can you confirm that that is the case?

Dr Garrett—Yes. And perhaps it would be appropriate to make a short response to your original question, to put it into context. I will provide some introductory comments, and my

colleague Dr Sandland, who has responsibility for the science investment process, will add to that. From that, we can dig into the detail as you so wish.

Senator STEPHENS—Thank you.

Dr Garrett—As part of the ongoing strategic implementation of the organisation, in line with one of our key goals around focusing our science investment, we are the stewards—as you are aware—of more than \$600 million of taxpayers' money. As such, we need to regularly review the wisdom and efficacy of these investments. We have run a process over the last 18 months on the basis of the impact and relevance of this work of our overall portfolio, and we have designed a process to evaluate these investments by the taxpayer across 125 themes in the environment. This has been, for the first time, a comprehensive evaluation of our overall investment portfolio—as we call it—and it has given us the opportunity to look at the linkages again in terms of our strategy of taking a one-CSIRO approach to our activities and determining where we can make maximum impact and where we can look at the opportunities to provide better coordination and better linkages with other agencies with whom we work. That is the background for the process.

In October last year, we published some guidelines for our senior executives across the organisation in divisional leadership positions, which we call the broad direction setting document—you may well have a copy of this; if you do not, I am happy to make that available to you—which sketched out the principles upon which we made some decisions for the budget going forward but also the general areas in which we need to increase our investment, maintain our investment, and perhaps reduce our investment. That is the overall context of being what we believe to be appropriate stewards of a significant proportion of taxpayers' money. As part of that process, we obviously spend a lot of time reviewing international trends, understanding our own strengths and relative weaknesses, and reviewing other technical, economic and such processes in order to inform our decisions. That is the background.

Dr Sandland—After that, as Dr Garrett has indicated, the process then became one that was conducted within our research divisions, taking into account input from a number of stakeholders, using quite transparent criteria to determine their proposals for theme investments. Those theme investments were then scrutinised by CSIRO's executive committee and, at the end of that, we came up with a set of proposed investments at the theme level for the organisation. The criteria, I would like to emphasise, were based on the relevance of the science and the impact that science would be likely to have. So the relevance related to the value from the R&D work, whether or not it was CSIRO's role to be involved in that—because we are increasingly just one player in the national innovation system—and the relevance of research and development to actually getting a solution out.

So there are areas where it might be thought that science might make a difference, but unless R&D makes a difference it is not actually relevant. Then there was the likely impact, and there we took into account the likelihood of adoption of the research, the productivity of research and development in that area—are you going to get a big bang for your buck by doing research and development in that area?—and also CSIRO's research competence. So that was the process that we went through. It was an extensive process that engaged a large number of people across the organisation. If you like, it was a top-down and bottom-up

response type of process. The ultimate investments that we have agreed on are not investments that we made up; they are investments that came from the people in the organisation who know best where that research ought to be carried out.

Senator STEPHENS—Thank you.

Dr Garrett—That is the background context. You had a specific question about livestock industries?

Senator STEPHENS—No. I actually had quite specific questions about several parts—

Dr Garrett—Okay. Let's try and handle those for you.

Senator STEPHENS—But I was responding to the minister's comments. Dr Sandland, just on that point: you said that there was extensive consultation within the organisation; was there consultation with key industry groups, external to the organisation, as well?

Dr Sandland—We have a process in the organisation called sector advisory committees. Those sector advisory committees consist of people from outside the organisation from the range of customers, stakeholders and government areas, and they provide input into that process. That input was used very much as a part of that. We also had a number of consultations and workshops to form what we call the group strategies, and those group strategies were also a significant input. So there is an ongoing process for input. We cannot in the time available, obviously, consult every potentially interested stakeholder in the community and we certainly cannot consult every potential lobby group in the community. But, to the best of our ability in the time that was available, we did consult extensively.

Dr Garrett—Could I add to that, Senator. One very important point is that the words that we use—our own particular jargon—around this process at this stage, because we are designing a new process as well as developing content from it, is the precautionary principle. In other words, in this round we have been quite circumspect about the decisions. We have, I think, reached new heights of transparency in terms of the publishing of that broad direction-setting document. Following the decisions by the executive team, we made available to everybody in the organisation the results of those decisions for the next budget year, around 31 January. They were also made available to the media. As such, in the course of the next few months, we expect significant consultation as part of that process, which will lead up to the production of our 2007-11 strategy towards the end of this year. So we have a new process, we have developed some decisions out of that, we have made the information widely available, we are undertaking very significant consultation outside and inside through that process which will inform the development of our strategy towards November this year for the next four years. So there is very intense ongoing consultation. Does that make sense; have I answered your question there?

Senator STEPHENS—Yes, it certainly does. I will ask you, then, about Peter Corish's comment in the *Canberra Times* last week:

Neither the NFF, nor our key commodity members with an interest in wool and livestock were invited to comment on the strategic directions.

Dr Garrett—As Dr Sandland has indicated, that was the reality in the spirit of the process at this stage, but of course there is, as I have indicated, a lot of intense activity now. Through

our appropriate advisory councils, we take significant input from the external sector. But you are right. There was no specific consultation, but there is ongoing consultation now following the initial decisions.

Senator STEPHENS—So the NFF and key commodity groups are represented on the sector advisory committees?

Dr Garrett—I would have to check on that detail. They are not represented per se. The sector advisory councils are appointed around individuals in their personal capacities. In the area of the agricultural domain, we also do not currently have a sector advisory council and we are reviewing the way in which we consult with that grouping through the responsible group executive, Dr Robertson.

Senator STEPHENS—On that point, I do not know whether you know that I am a superfine wool grower, so I was quite interested to see that the document quite specifically indicated a 10 per cent reduction in funding to merino wool and sheep research. Do you want to make a comment on that?

Senator Vanstone—How many microns is your wool—22, 23, 24?

Senator STEPHENS—Fifteen.

CHAIR—Fifteen is quite low.

Senator STEPHENS—It is very fine.

Senator Vanstone—Not for carpets.

Dr Garrett—I should say—and Senator Carr will know this—that we have undergone very significant ongoing reviews around our textile activity for many years before my time. We had a review process some 18 months or two years ago, which was widely consultative and agreed to maintain the textile division as an entity. We have recently recruited a new chief for that division. He has been on board for the last couple of months or so, and is doing a fine job. We also invest significant funding—more than \$8 million—into the merino wool work, which is more than our collaborating partners, but our relationship with AWI is important too. Our view, recognising that making hard choices is tough, is that we have an appropriate investment in this domain at this point in time, and it is still a considerable investment. The responsible chief will be taking that forward as part of his strategic review process. My answer to you is: yes, there is a cut, but we believe we can accommodate that. We are working increasingly with our collaboration partners. We anticipate that the industry itself will provide more funding. We are refocusing our research agenda, but it is still a substantial investment of taxpayers' money.

Senator STEPHENS—What is the quantum investment cut in dollar terms to the livestock and wool industries?

Dr Garrett—The total reduction of both of those was of the order of \$2.1 million. In the livestock industry case, that is less than five per cent of their overall appropriation funding. In that case, as with the textiles, we anticipate, as we have communicated, that the overall investment in agricultural related research will not decrease. We are anticipating being able to grow our external revenue consistent with the achievements we have made in other sectors of

the agricultural business—for example, plants. In the textile area, I think we were of the order of around 10 per cent reduction of the overall budget. Is that correct, Ron?

Dr Sandland—Yes, circa 10 per cent.

Dr Garrett—So there was about a five per cent reduction in the livestock industry overall appropriation, and circa 10 per cent in the textile domain. Obviously, we have made some choices to put those funds elsewhere and grow other activities.

Senator STEPHENS—Can you confirm that merino wool research, as part of textile and fibre technology, is going altogether?

Dr Garrett—There is no intention of that. As I indicated, essentially even with the reduced budget investing of around \$8 million into that domain, it would be incumbent on the new chief to review the overall research portfolio in that division and work out the appropriate balance of the investments that makes sense to him and his team in consultation with appropriate external stakeholders. So the answer is no.

Senator STEPHENS—What about the industrial physics division. What are the circumstances there?

Dr Garrett—In the industrial physics domain and also in the manufacturing and infrastructure technology, as per the documentation, we have been in a process of reviewing our overall contributions to Australia's manufacturing sector. Those are two divisions that have had reduced appropriation going forward—close to 10 per cent—and we are having those discussions with the divisions at the moment. We believe that we need to migrate some of the more traditional technologies out of the organisation and invest in new areas. Some of those areas within industrial physics we are growing, such as the work in advanced materials and advanced polymers. In the overall process, as you will have gathered, several divisions—and particularly with the growth in our flagship programs—had increased investments. A number were essentially constant and there were some reductions—those are the four we have talked about.

Senator STEPHENS—The dollar figure for the industrial physics division?

Dr Garrett—The dollar figure for industrial physics is as per our broad direction setting document—I will have to get that, if you can bear with me for a second, Senator—

Dr Sandland—It is a \$920,000 reduction. I might say that the investment decisions were not based on finding funding for particular divisions, rather they were based on research themes. This is the outcome of the process for particular divisions, so the outcome there was a reduction of \$920,000.

Dr Garrett—That is 5.1 percent on a 2005-06 base of \$18.07 million.

Senator STEPHENS—I understand the manufacturing and infrastructure technology division is also suffering a cut.

Dr Garrett—Yes, the cut in net revenue is approximately 10 per cent on a current base of \$56.5 million. We have been rethinking, as we have articulated in the published document, our contribution in the overall equipment and instrument sector. We are redirecting appropriation funding from more conventional process technologies into new investment

domains, as I indicated, including advanced materials and sensor technologies. We are putting significant investment into information and communications technologies and our mathematics activities, but there are some cuts in that overall portfolio of themes under the broad umbrella of the division currently called manufacturing and infrastructure technology.

Senator STEPHENS—Sorry, did you give me a dollar figure for that division?

Dr Garrett—Yes I did: the appropriation will reduce by \$6 million—six per cent across a number of the sectors which it serves, compared with its current base of \$56.5 million. We gave you the industrial physics figure: \$0.92 million or 5.1 per cent.

Senator STEPHENS—What is the overall financial effect of cutting some areas and increasing funding in others? Is the strategic investment program resulting in net savings for the CSIRO?

Dr Garrett—It is not a question of saving; it is a question of saying, ‘We have an overall appropriation investment which will be growing to \$608 million over this year.’ We have made some significant increases as per our strategic plan into our flagships programs as per the documentation. A number of areas are growing: in the preventative health area; in the water area through the significant new investment in the water resources observation network concept, which is very exciting; and in the information and communications technology. Some areas are shrinking. So we are not looking at savings. We are looking at in this year, through the precautionary principle, readjusting the balance of our overall portfolio. CSIRO has been doing that for many years. Part and parcel of what we do is to review the priorities, review our capabilities and see how we can enhance, as Ron has articulated, our impacts and relevance for the programs. So it is not about savings; it is about wise investment for the future.

Senator STEPHENS—You released this document on 31 January, I understand.

Dr Garrett—That is correct. Let me clarify: there is a two-step process. There was the initial concept document, which we will call the broad direction setting, which was advice to chiefs of divisions and flagship directors. That was also subsequently made available to all staff. That was the guideline that enabled divisional management teams to prepare theme based proposals through October and November into early December. We evaluated those 125 proposals. We have made some precautionary principle changes to the budget in 2005-06, which we have communicated through this document—the science investment process—which was made available to staff around the 31st—if that was a Monday—of January. Does that answer your question?

Senator STEPHENS—Yes. Given that that was the final document, can you outline to us the time line for the implementation of these changes.

Dr Garrett—Over the next couple of months, or since that time, divisional management teams have been working with those decisions and that framework to develop their specific theme based budgets for the budget process, under Mr Whelan’s guidance. That is work in progress at this point in time. So the first thing is the preparation of budgets for this financial year coming—2006-07.

In the cases where there are changes—for example, obviously in the ICT and maths areas—the responsible leaders are already looking at ways they can recruit and work with their colleagues across the organisation to develop new program areas. In the areas where there have been some reductions, the teams are working to say from where those changes will come. So those discussions are happening now. Over the course of the next financial year—2006-07—those changes will be implemented.

Senator STEPHENS—So what changes have occurred already?

Dr Sandland—I believe these changes are all focused on the 2006-07 financial year. We are basically in the planning phase and the budgeting phase, translating those theme allocations into project budgets, which will be agglomerated ultimately at divisional and flagship level. They will take effect from 1 July 2006. So the changes have been going on in terms of the planning and the preparation rather than in the implementation of that research agenda per se.

Dr Garrett—So they are changes in the thinking—how do we actually work with these changes moving forward?—as opposed to the detailed practical implementation.

Senator STEPHENS—Given that you have actually undertaken a comprehensive consultation process within the organisation, that has led to you identifying these key priorities for investment. You have identified the divisions where funding is being reduced. Has work been done to date on what projects within those divisions will be reduced or will go?

Dr Garrett—That is part of the planning process that we talked about and that is happening now through the combination of project planning with budgetary implications. Just to clarify one point: you talked about comprehensive consultation through the organisation; as I indicated, there was some considerable consultation but we anticipate, through the publication of this document, much more extensive consultation as we build our planning for the next four years.

Proceedings suspended from 10.49 am to 11.03 am

Senator STEPHENS—Dr Garrett, we were talking before the break about the process of identifying the projects that might go and whether or not the review, having identified where cuts were occurring to some divisional funding, had identified individual projects to go.

Dr Garrett—That is the process at the moment with the leadership teams in our division on environment.

Senator STEPHENS—Is that going to be finished for the 2006 budget?

Dr Garrett—Yes, by the end of June for the start of the new financial year. Our budgets will be finalised in May.

Mr Whelan—The detailed divisional plans and budgets will be built up over March and April, will be reviewed in May and will feed into the organisation's operational plan, which will hopefully be approved by the board in June.

Senator STEPHENS—Will that revised budget be published?

Mr Whelan—It will be in the organisation's operational plan and I would assume the figures would be consistent with budget estimates, so yes.

Senator STEPHENS—Will it include the number of jobs cut, by research area, and associated support jobs in research and administration? Would that be part of the overall plan—people will have a bit of certainty?

Mr Whelan—The organisation's plan would contain details of resources by division and research theme and would also contain details of staff numbers across the organisation. It would separate those between support and research.

Senator STEPHENS—Dr Garrett, can you give us an indication of how much this process has cost the organisation in terms of consultants, senior management that might come on board or administrative support that is going to allow this all to happen?

Dr Garrett—I cannot give you a definitive cost involved in that. The process has been organised through Dr Sandland's office. We have a general manager with some support who has helped run that process. We have two senior people who have been working in that environment over the last 12 months or so. The engagement in the divisions would be along the lines of an increase in the profile and intensity from previous years. As I indicated earlier, in its history, CSIRO has continually reviewed its research portfolio and its priorities, and that requires work. But I do not have a definitive number. It is part and parcel of appropriate strategic and tactical planning.

Dr Sandland—I might add something there. The office, as Dr Garrett has indicated, is a relatively small one. The planning efforts that have gone on in the divisions have been, if you like, consistent with what divisions would normally have to do anyway. It is a similar case with the flagships. So it has essentially integrated that into a single process. The cost of running the entire process from the office point of view is less than a million dollars, and there were no consultants employed in putting this process together. It was entirely an internally developed process.

Senator STEPHENS—Moving on to the manufacturing review that you referred to in the SIP document, on page 6 of the document you say:

CSIRO's Manufacturing Review has identified the need for some immediate change in our investment profile and additional change is foreshadowed in the future.

Can you provide some details to the committee of the manufacturing of these findings, including which research areas will be cut and when?

Dr Garrett—Let me make the following comments. This again is work in progress, through Dr Rod Hill, who has responsibility for that group of divisions. The report from Dr Hill will be presented to the board and the executive team within the next couple of months or so. We obviously have some early indications which have fed into our science investment process review along the lines I talked about before. It is not yet completed.

Senator STEPHENS—Is it possible for you to table that report for the committee when it is completed?

Dr Garrett—Let me take that one on notice.

Senator STEPHENS—So the review itself was done internally, and there were no external consultants?

Dr Garrett—No. We engaged, through an open tender process, some consultants to support Dr Hill in that exercise over a number of months.

Senator STEPHENS—Has the tender been let?

Dr Garrett—Yes, that was run last year. The consultants providing support have been engaged and are working with Dr Hill and his colleagues.

Senator STEPHENS—Who are those consultants?

Dr Garrett—Deloitte, as I understand it.

Mr Whelan—Deloitte Touche Tohmatsu.

Senator STEPHENS—And the cost of the contract?

Mr Whelan—The expected life cost of the consultancy is \$438,900.

Dr Garrett—That information is provided in our normal routine list of consultants.

Senator STEPHENS—Concern has been expressed about the future of the major laboratories in the manufacturing and industry technology division. We see that the division is taking a 10 per cent cut in the review process. Is there any intention to shut down any of the laboratories?

Dr Garrett—We have been engaged in a review process. Mr Whelan could provide more detail, should you so wish, of our overall site management over a number of years. Quite a few years back, the organisation covered more than 100 sites. We now have approximately 57. In the manufacturing domain, we have a planning process in place which has been communicated around our laboratories in Preston, which we are consolidating into our site at Clayton in Melbourne. We have also had a number of discussions over many months with the group in South Australia at our Woodville laboratories, but those decisions have not been finalised at this stage.

Senator STEPHENS—Preston will be subject to some consolidation?

Dr Garrett—Yes.

Senator STEPHENS—And you have made no decision about Woodville.

Dr Garrett—We are discussing that with our board next week, after which a formal decision will be communicated.

Senator STEPHENS—Is it the intention of the CSIRO to dispose of any of its facilities that are redundant under this process?

Dr Garrett—Our work to date when we vacate premises has been that we normally sell off that appropriate facility, and that would be the intention in this case.

Mr Whelan—That is correct. Dr Garrett was referring to the Clayton consolidation program. At this point in time, current plans involve the consolidation of existing sites at Preston, Hihett and Aspendale to the Clayton site over the next five to 10 years. Part of

processing and funding that consolidation process will involve the sale of those three properties.

Senator STEPHENS—What do you anticipate that that consolidation will save the CSIRO? What savings will that represent?

Mr Whelan—There are two drivers for the consolidation. The first driver relates to the collaboration and interaction of CSIRO scientists. Increasingly, the organisation's strategy over the last three years has been to drive to larger scale multidisciplinary science. Often, the best way for that to happen is for people to be adjacent to each other. The major drive for consolidation is research collaboration, but there is a secondary benefit as well, which is that maintaining multiple sites, particularly within one metropolitan area, requires us to fund separate telecommunication linkages and the like and there are opportunities to make efficiencies by bringing those together. We do not have a targeted saving for the Clayton consolidation, but we do expect to make savings over time from that consolidation exercise.

Senator STEPHENS—You do hope that it is a net gain, not a net cost.

Mr Whelan—Our expectations are that it would be a net gain but, as I said, the net gain is not the primary driver for the consolidation.

Senator STEPHENS—I understand that. Dr Garrett, with regard to Woodville, you said that the recommendations about the Woodville laboratories would be going to the board next week. Is that right?

Dr Garrett—We are having a discussion with the board next week, yes.

Senator CARR—In the past, you have had these consolidation programs and the revenues received from the sale of properties has gone back into consolidated revenue. You had an argument with Finance a few years ago. Has that matter been settled now? Will you be able to keep the proceeds of any sales?

Mr Whelan—In general, in these consolidation initiatives where we have disposed of sites the revenue has been retained by CSIRO. As I recall, there were three instances under the department of finance property asset realisation program where facilities in Canberra at Gungahlin, Limestone Avenue and Yarralumla were sold. The revenues from that did flow back to the department of finance and the organisation was supplemented for the rent of those properties.

Aside from those three, to the best of my knowledge, CSIRO has retained the right to sell and dispose of its property and reinvest in the construction of new and appropriate facilities. Indeed, that has been the basis on which the organisation has consolidated its property portfolio over the last 10 years and, in my view, lifted the standards of laboratories across the organisation. We have some really world-class facilities these days.

Dr Garrett—There is one other point of relevance. You will be aware of the importance in our strategy of working closely with other science and technology providers, particularly the universities. As such, our consolidation program aims to facilitate that process. The consolidation of Clayton and the new developments in Western Australia and the Queensland developments are geared towards providing increased critical mass—

Senator CARR—Do you rent these new laboratories out to people as well?

Mr Whelan—In general we occupy laboratories; we are not in the business of constructing capacity beyond our needs.

Senator CARR—So do you rent them out to anyone?

Mr Whelan—There are instances where, over time, the requirements for occupying a building may change and we may end up with surplus capacity. Where that is the case, we do rent them out. An example of that would be Lindfield in Sydney, where there is surplus capacity at that site. Some of that is rented out. Also, with changes made to the responsibility for the National Measurement Laboratory, which became part of the National Measurement Institute, that organisation has become part of the DITR portfolio and they pay rent for that property in Sydney.

Dr Garrett—There are also examples where we have incubated technology and subsequently spun it off into small companies that perhaps for an initial time rent premises from us with the scientists.

Senator CARR—Can I have a list of your current external rentals?

Mr Whelan—Certainly.

Senator CARR—Thank you.

Senator SIEWERT—I would like to go back to the sustainable agriculture, plant industries, livestock side of your activities. First off, can I just clarify: you have gone through this process and you have made the first indicative decisions on what programs are going to go—is that right?

Dr Garrett—And what programs are going to grow or be sustained.

Senator SIEWERT—What I am after is some specific detail about how much has been cut from sustainable agriculture and plant industries. You have already addressed livestock industries so I will not ask you to do that again. My understanding of the process is that you are going to the program leaders and they will decide which projects are being cut. Is that right?

Dr Garrett—That is correct—or which programs are growing or which are being maintained.

Senator SIEWERT—My understanding about sustainable agriculture and plant industries is that there is a cut across those programs. Is that correct?

Dr Garrett—Let us be clear around the sustainable agriculture domain. In reviewing—and this was the first time we were able to get a holistic view of 125 themes—it was evident that in the area of sustainable agriculture there were a number of different and complementary, sometimes overlapping, activities across half-a-dozen divisions. The total budget associated with that was of the order of \$50 million. We are running a process over the next few months to review the work programs therein and find areas where we can do appropriate consolidation. As an indicative guideline, we believe there are savings, as we have published, of the order of \$2 million in that process. As far as plant industries are concerned, they are obviously involved in that process, but we are maintaining the investment in plant industries going forward, as we have communicated.

Senator SIEWERT—So there is no cut with plant industry. Is that what you are saying?

Dr Garrett—I will give you the data for plant industry. That depends to some extent on the output of the sustainable agriculture review because, as I indicated, that covers around half-a-dozen divisions, of which plant industry is one. Across those divisions there will be, in our view, of the order of \$2 million in savings. Some of that might be found in the plant industry area. I do not have any more detail at this point in time.

Senator SIEWERT—So there is a potential there that plant industry could have projects cut.

Dr Garrett—There is a potential that some projects will be cut in that area, but other areas are growing in plant industry.

Dr Sandland—Plant industry in total has an increase of \$1.4 million in its expenditure through the science investment process.

Senator SIEWERT—Who is doing the review of the sustainable agriculture department?

Dr Garrett—We have a group of divisions. They would be reporting in to the two responsible group executives, Dr Morton and Dr Robertson. I believe that the chief of sustainable ecosystems, Dr Johnson, will be coordinating that amongst the group. So the idea is to get the group of divisions who are most involved in sustainable agriculture together and say, ‘Where can we build critical mass? Where are there some savings? Where are there some overlaps? Where are there some duplications? Where are some new opportunities in this overall portfolio called sustainable agriculture?’ That is part of our strategy also to take a one CSIRO perspective whereas previously we were rather siloised, if that is a word, in our approach.

Senator SIEWERT—What happens if the review comes back and says, ‘Listen, we’re all doing a really good job. We don’t think that there’s two million bucks there?’ Is that an acceptable response or have you said, ‘\$2 million has to come out of that program: find it?’

Dr Garrett—We have indicated at the moment the latter; however, if they come back and say, ‘We can’t find \$2 million,’ we would say, ‘Where else are we going to find the \$2 million?’ and that would put pressure elsewhere in the system. In order to come to that decision, you will be aware that we had significant documentation available to us from the various themes. As we compared the themes across the divisions with the responsible leaders in that environment, it was evident that there were some savings possible. So our anticipation is that is a framework, a strategic guideline, for this group to not only find \$2 million but more importantly develop a more holistic strategy for sustainable agriculture going forward. That is the driver.

Senator SIEWERT—You describe the people who are leading the review. Will you be going to the agricultural community, NFF et cetera, to involve them in that review or is it internal?

Dr Garrett—I have no doubt whatsoever that the responsible people would consult appropriately with their external stakeholders.

Dr Sandland—Yes.

Dr Garrett—So the answer should have been shorter: yes.

Senator SIEWERT—Can I just clarify: there have been no projects actually cut yet?

Dr Garrett—There have been no projects cut yet because we are in this particular financial year where the budgets are already provided.

Senator SIEWERT—Sorry; has there been a decision made to cut projects in 2006-07 yet?

Dr Garrett—In the sustainable agriculture area: no.

Senator SIEWERT—And plant industries.

Dr Garrett—As Dr Sandland indicated, the budget in plant industries for next year has actually increased. In addition, we have not completed this review of sustainable agriculture, so until we have got that review done there is no way we can determine which projects get changed.

Senator SIEWERT—If you decide to cut some projects, how are you consulting your partners in various projects? Where CSIRO and sustainable ag and plant industries are heavily involved in a number of joint projects—sustainable grazing, for example, and saline land; you name it—how do you resolve those issues if you decide to cut projects and those projects are still ongoing?

Dr Garrett—There are a number of aspects here, and I am sure Dr Sandland would add comment, because this is an issue across the organisation as we change our portfolio. We obviously have commitments to external partners and, where you have commitments, it is difficult to change those without appropriate negotiation. It is important to bear in mind also that the level of change is actually quite modest. We are talking a couple of per cent here in this domain and, as we have indicated, our overall investment in the agriculture related industries will remain at the order of in excess of \$200 million. We do not believe that the discussions with stakeholders will be that difficult, but they will be taken on a case-by-case basis, saying: what are the implications; how do we work together; is there some funding from other sources that we can make on here? These are discussions that we have routinely as we migrate our portfolios across the board.

Dr Sandland—I will add one thing: when we established this process, we recognised that, having made those decisions at a thematic level, there could be a number of constraints or unintended consequences that we were unaware of at the time we made those decisions. There is a part of this process that says, ‘Come back to us if there are unintended consequences’—in other words, an iteration of the process. However, the indicative theme investments are made at a level which we expect to be adhered to. The changes, as Dr Garrett has said, are not actually in some ways different to the kinds of changes that have occurred in the past, but we do have now a way of looking at the organisation in a more granular way than we have been able to in the past.

Senator SIEWERT—Why is that?

Dr Sandland—Because we have done it at the theme level. This is the first time that we have actually looked at the organisation as an aggregation of themes—some 125 themes across the organisation—rather than looked at it as a group of divisions per se. At one time we

looked at a group of industry sectors per se and made investments in that way. Those were much more highly aggregated decisions, so you did not get the fine detail. For example, in agricultural sustainability, in the past we were not able to see this Venn diagram, if you like, of a whole lot of overlapping areas of work within a number of those themes. It is a much more granular view of the organisation because it was done at the theme level.

Senator SIEWERT—Where is the extra \$1.4 million for plant sciences going?

Dr Sandland—It is based on an aggregation of the themes in the division, so I do not have in front of me immediately exactly which themes have been enhanced in that totality.

Senator SIEWERT—Can you provide that?

Dr Sandland—We can provide that, yes.

Senator SIEWERT—That would be useful, because as you know it has been reported in the media that in fact programs are going to be cut there and that there are projects in sustainable agriculture that are being dumped. So it would be useful to have an indication of where the additional money is being spent.

Dr Sandland—We can certainly do that, Senator, and, as Dr Garrett has said, we will be able to provide details of project-level changes after this process has been completed in May.

Senator SIEWERT—That will be completed in May, prior to—

Dr Garrett—The start of the budget year in July.

Senator SIEWERT—Okay. When you are doing your review, are you going to look at the impact it is potentially going to have on the rural sector? The rural sector, I understand, believes that CSIRO is very important in terms of developing cutting edge research on plant varieties. Are you consulting the rural sector with a view to looking at the sort of impact that there could potentially be if that research is no longer going on?

Dr Garrett—Absolutely. That is critical for us. Indeed, a key element of our strategy going forward is to seek to develop new value-added products that will actually enhance the ability of our rural sector to compete into the future. So those consultations are very important to us.

Senator SIEWERT—How will you do that consultation?

Dr Garrett—I would ask the responsible officers in the environment to do so through their own stakeholders, through the people that are engaged in projects at the moment, through appropriate fora that they engage in on a regular basis. This would be the routine way in which we interact with our external partners and stakeholders.

Dr Sandland—Senator, you would also appreciate that in doing that consultation we nevertheless have the constraint of a fixed budget. We could put our hands on our hearts and say that, based on the material that was put forward to us in this process, we could certainly invest a larger envelope, but we have to cut our coat according to our cloth. Therefore, we have to balance the desires of particular groups against the needs that exist in other areas. It is ultimately a constrained process.

Senator SIEWERT—I understand that. I understand there has been a review of the Water for a Healthy Country program. Is that correct?

Dr Garrett—As part of the processes of evaluation we regularly review all our major activities. Water for a Healthy Country is one of those.

Senator SIEWERT—Are those reviews publicly available?

Dr Garrett—I do not know the answer to that.

Dr Sandland—There has not been a formal review of the Water for a Healthy Country flagship at this stage. The Water for a Healthy Country flagship, like all other flagships, goes through a governance process through the flagship oversight committee. There was a science review of the Water for a Healthy Country flagship some 12 months ago that led to a redirection of some of the science themes in that area. But four times a year the flagship oversight committee looks at each of the flagships in terms of their themes, their progress against those themes and, towards the end of the year—although this will ultimately be integrated fully with our science investment process—it also looks at the level of investment that we should be making in each of the flagships. That happened in November 2005.

Dr Garrett—That is the review process I was talking about which has been substantially increased in the last couple of years.

Senator SIEWERT—Has there been a decision to change the budget for that particular flagship following that review?

Dr Garrett—As far as our science investment process is concerned, the overall budget—and Ron might have the detail here for the overall budget going forward—will be increasing. We are putting more money into that flagship, along with the other areas. We are growing our flagship investment from some \$130 million to \$160 million. There is a major new \$9 million investment in the water resources observation network, which I talked about earlier, which will be run through the flagship. That is a flagship that is certainly receiving additional revenue next year.

Senator SIEWERT—I want to ask you about a specific project, parochially from Western Australia—Rural Towns. My understanding is that you have been a partner in that project for quite a significant period of time. Are you maintaining your involvement in that program?

Dr Garrett—I have to take that on notice, because I do not have that detail. We can make some inquiries offline. The question is about the work funded through Water for a Healthy Country in the Rural Towns program.

Senator SIEWERT—It is called Liquid Assets.

Dr Garrett—If we can get it today, we will give it to you.

Senator SIEWERT—That is the end of my questions on sustainable agriculture. I have a further set of questions, but in an area different to what I have just been asking about.

Senator CARR—Dr Garrett, as you know, I have had an extensive interest in this question for some time now, and I am interested in your view that there is a need for further review of the organisation. I understand that the CSIRO conducts a regular customer value survey.

Dr Garrett—That is correct.

Senator CARR—That is a survey of the largest customers, if you like, of the CSIRO—that is, companies that have contracts in excess of \$10,000. It is the biggest companies that deal with the CSIRO, isn't it?

Dr Garrett—That is correct.

Senator CARR—Is the most recent report the report of 6 January 2006?

Dr Garrett—That would be the latest report.

Senator CARR—How often do you do these surveys?

Dr Garrett—We typically do them quarterly. We ensure that each of the clients we work with is not imposed upon more than once a year, so there is a distribution across the quarter-by-quarter assessment.

Senator CARR—It is a comparative survey designed to measure CSIRO's research services. That is correct, isn't it?

Dr Garrett—That is correct.

Senator CARR—It is a survey that measures the success of CSIRO in providing value for money as well as external perceptions of CSIRO and whether or not CSIRO is providing those in the view of your major customers.

Dr Garrett—That is correct.

Senator CARR—Can you confirm for me that the issues measured by the survey include the quality of service provided, the perception of value derived from CSIRO, value for money and willingness to work with CSIRO again or to recommend CSIRO to others?

Dr Garrett—That is correct. That is information we also report in the annual report, as you would be aware.

Senator CARR—I understand also that the last survey involved responses from 120 of the largest companies. Is that right?

Dr Garrett—I would have to check the detail. I do not have that document in front of me.

Senator CARR—Would it also be true to say that that is the highest response rate for many years—44.4 per cent?

Dr Garrett—I think it was around the mid-40s, so that is a good response.

Senator CARR—In fact, prior to 2002 the response rate was closer to 60 per cent.

Dr Garrett—I do not have that data.

Senator CARR—Can you confirm that for me?

Mr Whelan—I can confirm that the response rate for quarter 3 of 2005 was 120 replies out of 270 surveys, which is 44.4 per cent. That represents the highest response rate since quarter 3 of 2002.

Senator CARR—But back in 2002, the response rate was closer to 60 per cent?

Mr Whelan—I don't have that detail, Senator.

Senator CARR—So it was in that range for a number of years prior to 2002. Can you confirm that the survey perceived that the value of the CSIRO research service has declined for the past year?

Dr Garrett—That is the situation, Senator.

Senator CARR—Can you also confirm that the customer perceptions of the value of the CSIRO service has fallen in terms of value, quality, price, business processes adopted by CSIRO and the range of services offered?

Dr Garrett—That is the feedback we are getting, recognising that we are still above the norm.

Senator CARR—In fact it has fallen steadily over the last three quarters?

Dr Garrett—That is correct.

Senator CARR—Can you also confirm that there has been growing recognition over the past decade of the value of brands—the brand itself—to organisations either partly or wholly involved in commercial activities. Is that the survey result?

Dr Garrett—I do not understand that statement.

Senator CARR—You had a dispute with the government, for instance, when they tried to change your branding.

Dr Sandland—The CSIRO brand is very important.

Senator CARR—Very important. I take it you would also have the view that it was very important to the strategic direction of the organisation that the brand recognition and value be maintained?

Dr Garrett—Absolutely.

Senator CARR—Have you undertaken any analysis of CSIRO's brand value and its potential?

Dr Garrett—Yes. I think we have responded previously that we have a process in place through our external stakeholders to evaluate the brand and its importance.

Senator CARR—Have you ever undertaken an analysis of the dollar value of the CSIRO brand?

Dr Garrett—I don't know the answer to that. I think it is likely.

Senator CARR—Likely? What is the figure?

Dr Garrett—I would have to get back to you on that.

Senator CARR—Would you acknowledge that the survey points to a major problem for CSIRO in that the respondents' rating of the importance of the CSIRO brand has in fact declined?

Dr Garrett—That is the feedback from that particular segment. We do take this very seriously. We are of the view that the processes of internal engagement with change that we have talked about have in some situations deflected us from working more effectively with a

number of our clients. We are reviewing this from the board level down. My colleagues and I certainly take this input very seriously. It is why we do this surveying.

Senator CARR—In fact there has been a decline in perceptions concerning CSIRO since 2004.

Dr Garrett—That is what the data says, Senator.

Senator CARR—And that management therefore is presiding over a continuing diminution in the value of CSIRO.

Senator Vanstone—You can make that assertion, Senator. There might be a variety of reasons and I don't think it is fair to ask the officers or the management—

Senator CARR—I am just wondering; that is what the survey shows.

Senator Vanstone—You can wonder whatever you like. The officers are here to answer questions in relation to the additional estimates.

Senator CARR—Can I ask the officers this: is it true that the number of respondents indicating a willingness to use CSIRO again has fallen by seven per cent since the third quarter of 2004 and that during the same period the number willing to recommend CSIRO to others has fallen by eight per cent?

Dr Garrett—That is the feedback that we have from this survey of 120 customers.

Senator CARR—Of your largest customers?

Dr Garrett—Across our largest customers. It is also important to indicate that the revenue from our largest customers associated with co-investment has increased year to year by some 18 per cent. So there are other data feeding into this process. We subscribe to your view, Senator, that this is very important data and we are taking it very seriously.

Senator CARR—Have you done any calculation of the financial loss from potential future earnings if this market rejection is not altered?

Dr Garrett—We have not done that in detail but certainly it is one of the aspects that we are considering. It is quite a complex calculation.

Senator CARR—The report speaks of the need to take pre-emptive actions to address this decline. What pre-emptive actions do you have under consideration?

Dr Garrett—At the executive level and in discussion with the board, we have been reviewing the nature of our engagement under the business development domain. We have a discussion next week with the board around some proposals that we are making to work with these results and improve them. As I indicated, we are of the view that over the last year or so, because of the internal change processes, we have probably taken our eye off the ball.

Senator CARR—Can you confirm that the report also recommends:

Opportunities to develop the positioning of the CSIRO brand and leverage the brand to offset ... declining value ... are considered.

Dr Garrett—That makes sense.

Senator CARR—So what opportunities are you following to reposition and leverage the CSIRO brand in terms of this report?

Dr Garrett—That is work in progress. When we have completed that work, I will be more than happy to respond to that.

Senator CARR—The survey makes the point that the heaviest weighting is the one relating to price. Can you confirm that for more than a year and probably longer CSIRO has received a very low score for price and one well below industry average?

Dr Garrett—We are perceived to be expensive in some areas. Mr Whelan has some additional information.

Mr Whelan—You are certainly right about price feedback from the marketplace. The organisation has triggered some of that through decisions to reduce the level of subsidisation in the provision of consulting and services. I think Senator Wong had asked questions on notice on that during the last hearing and we provided details that, as a result of changes in our pricing, we had actually seen a reduction in the level of consulting and research services provided to the marketplace. But that has enabled us to move resources into more strategic research, which has, as Dr Garrett has indicated, generated increases in talent, investment and resources to the organisation. So we are seeing some changes in the pattern of engagement with the marketplace around research. In some instance I think that is driving the type of price signals that you are referring to coming through the CVS.

Senator CARR—It says:

Over the past five surveys, CSIRO has experienced a downward trend in overall value of price, quality. Clearly strategies are required to address this overall downward trend, particularly as CSIRO now ranks below industry average in two of the three value attributes.

Who is responsible within CSIRO for this situation?

Dr Garrett—Obviously the leadership of the organisation have the responsibility for taking that data on board. We have discussed it at length with our executive management council involving all the flagship directors and all the chiefs. We have a process in place to review the implications of that and put in place appropriate remedies. As Mr Whelan indicated, one of the consequences of the strategic decision we took to reduce the subsidisation, which was in the order of 25 per cent for a number of our smaller contracts, has led to the perception of a price problem. We are working with that.

Senator CARR—Have you taken this issue to the board? Have you taken this survey to the board?

Dr Garrett—The board are regularly aware of where we are.

Senator CARR—Have you taken this survey to the board?

Dr Garrett—With regard to this particular report, the essence of the report is included in our document on business development, which we will take to the board next week.

Senator CARR—So the board will have an opportunity to evaluate this survey?

Dr Garrett—Of course.

Senator CARR—As you know, I have pursued these issues for some time. It does concern me that this report suggests that the financial and development strategy that has been adopted by management over recent years is fundamentally flawed. I will go through the list now. You

are not meeting external earnings targets, you have cut research support staff to avoid basically a structural deficit in the organisation, there is a devaluing of the CSIRO brand itself and there is a loss of confidence within staff. At what point will the review that you speak of address those fundamental questions?

Dr Garrett—We must beg to differ with you. There are obviously some implications associated with the strategic direction and the path on which we have embarked. Mr Whelan can provide, as he has before, some indications of the change in our ongoing external earnings, for example. We have talked about the staff view. The response that we have received from staff feedback compared positively with global norms in the R&D environment, and there was relatively little change at the macroscopic level in the last three years. One can dig into each particular piece of data. But I will disagree with you that our strategy is fundamentally flawed. We are in the throes of implementing our strategy, and that has implications and some concerns in these areas. We regularly review our strategy and we will continue doing that forward. As I have indicated to you, Senator, the implications of this data from customers is a hot area for us to discuss.

Senator CARR—Time is against me today, but I ask if you can confirm that, since 2002, not one single head of division has remained in position.

Dr Sandland—I had a look at the claim that was made by Dr Max Whitten this morning, and I believe it to be false. I believe Dr Murray Cameron has retained his position since 2002. Of the people who were actually named that I went through in my back-of-the-envelope type analysis, I believe Shaun Coffey was a chief at that time; John Wright, who was a chief at that time, has become a flagship director, which is an equivalent position; Richard Head, who was a chief at that time, became a flagship director; Jim Peacock, who was a chief at that time and had reached retirement age, has nevertheless gone on to do wonderful things with the organisation; Dr Ron Ekers, who was head of the Australia telescope, has become a Federation Fellow within the organisation; Dr Steve Morton, who was chief at that time, has become a group executive; Dr Rod Hill has become a group executive; and Dr Michael Eyles became a group executive and is now in another senior executive role in the organisation. They are the ones I was able to verify. I might say that Dr Whitten was correct in saying that not one of the people remained in their position, because rather more than one has in fact remained in their position.

Senator CARR—How many senior scientists have left the organisation since 2002?

Dr Garrett—When you ask that question, you must be more specific in terms of your categorisation of ‘senior scientist’. When you look at the overall picture—let me get some data for you—in terms of the last five years of our classification of research scientists, we have actually increased—

Senator CARR—I am interested in the numbers that have moved out. I know that you have brought a lot on at junior levels; I appreciate that. How many redundancies have there been since 2002?

Dr Garrett—In the overall portfolio of the organisation?

Senator CARR—Within CSIRO, yes.

Dr Garrett—Or are you talking about the scientists overall?

Senator CARR—Let us get a nice simple definition. How many redundancies have there been since 2002?

Dr Garrett—In the 2001-02 year, there were 171; in 2002-03, 99; in 2003-04, 157; in 2004-05, 103; and there have been 85 in the year to date. It is important also to note that in 1999-2000, there were 302. That is the overall number of redundancies. Over that five years, the research scientist corps has gone up by 11—from 1,568 to 1,579—so we have increased the overall number of research scientists.

Senator CARR—You have increased the number of people with scientific qualifications, but how many of that total of what you would regard as the research scientist category who have had more than 15 years of experience have left?

Dr Garrett—I would have to get that data for you. Perhaps that is a question I can respond to on notice.

Senator CARR—I will table this document to help facilitate the discussion. I seek leave to table the customer value survey results for the third quarter, 2005.

Dr Sandland—Can I add that over that period since 2002 the number of publications per research scientist has gone from 2.11 to 2.59, a very significant increase.

Dr Garrett—That was an important statement. In addition, over the last four years we have increased our publications in peer review journals, books, chapters and conference proceedings by 35 per cent. So there are a number of qualitative and quantitative—

Senator CARR—I have one final question to put on notice. In terms of the forestry division, has Ensis provided or considered providing Dr Paul Cotterill, a former chief of CSIRO, privileged access to improved eucalyptus genetic materials of several species developed by CSIRO and other state organisations through the Australian low rainfall tree improvement project for use in his own business ventures? If so, on what terms and conditions has this been done and what competitive access has been offered to other private organisations for this material?

Dr Garrett—We will take that on notice.

Senator WONG—To go back very quickly to the Westridge issue, I understand the evidence given to previous estimates committees was that the original refurbishment was in the order of \$600,000. I trust, perhaps on notice, you could clarify that along with the subsequent—

Dr Garrett—Yes.

Senator WONG—Thank you. I will go to the 2005-06 deficit figure. You recall that on the last occasion we were discussing the projected—

Dr Garrett—I will add one point. I have some information around the rent. I confirmed through the appropriate officer in environment that the rent I pay on Westridge House has been indexed annually since the year I took occupation.

Senator WONG—At what rate?

Dr Garrett—I do not have that data. We will follow up on the detail and provide that, but it has been appropriately indexed. We will give you the detail on notice.

Senator WONG—Yes, and how the indexation rate was arrived at. On the last occasion, Mr Whelan, you and I were discussing the debt operating deficit at page 147 of the annual report. At that stage it was \$9 million. Is that correct?

Mr Whelan—I think, if you refer to the 2004-05 annual report, that was the result of the end of last financial year.

Senator WONG—That is right. I think in the estimates previously you confirmed you had sought a higher level but you had got permission from DOFA to run a \$14.5 million deficit for the current financial year.

Mr Whelan—I think it is about \$14.7 million. That is correct.

Senator WONG—Can you tell me the most up-to-date year to date figures on that operating deficit?

Mr Whelan—At the end of January the organisation's deficit was \$12.8 million, compared to a budgeted deficit of \$4.4 million.

Senator WONG—At the end of January 2006 the operating deficit was \$12.8 million and the projected—

Mr Whelan—Compared to a budgeted deficit at that time of \$4.4 million.

Senator WONG—So the deficit is significantly higher than you anticipated. Am I misunderstanding the figures?

Mr Whelan—No. We had planned to generate a break even result this year, but in achieving that we had expected at this part of the year to be in deficit by \$4.4 million. We are in deficit at this stage by \$12.8 million. That is a variance of \$8.4 million. That is consistent with us running a deficit this year, as we discussed previously, of \$14.7 million. Our current forecast is that we will run a deficit of \$14.7 million dollars this year, which is the approved deficit we are allowed to run this year.

Senator WONG—When was the \$4.4 million deficit previously budgeted? At the commencement of—

Mr Whelan—In preparing our annual budget we prepare monthly forecasts to enable us to track progress on a monthly basis. We are \$8.4 million behind where we had expected to be, and that is consistent with us being \$14.7 million in deficit by the end of the year.

Senator WONG—Can you explain this me—when you sought permission from DOFA to increase the deficit level, essentially—

Mr Whelan—We had no deficit prior to that. We had planned to run a balanced operating result. So we approached DOFA to run a deficit, as we have discussed previously, of approximately \$17½ million. Following consideration of that they provided approval to run a deficit of \$14.7 million.

Senator WONG—What I am asking is: when did you do the projections which underpin the \$4.4 million estimate?

Mr Whelan—We built the budget for 2005-06 over March to June 2005.

Senator WONG—So the \$4.4 million was the projected budget prior to the projected deficit being determined.

Mr Whelan—That is correct.

Senator WONG—Your evidence is that you are on track for the \$14.7 million deficit.

Mr Whelan—That is our expectation.

Senator WONG—Is that assuming a reduction in the monthly deficit between January and June?

Mr Whelan—In aggregate, between now and June we would expect to run an additional deficit of approximately—let me do my maths—

Senator WONG—It is \$2.9 million, isn't it?

Mr Whelan—Well, \$2.6 million or \$2.9 million or thereabouts, so we will run cumulatively a deficit of that amount over the remaining five months of the year if we are to achieve \$14.7 million.

Senator WONG—I think my point is, and I am not particularly good with figures, but we have five months to go and you are well over halfway in terms of your deficit—\$12.8 million out of \$14.7 million. I assume what you are projecting is an increase in revenue for this period.

Mr Whelan—That is why I made the comparison to the original budget, which was consistent with a break-even result. The latter half of the year is generally a surplus part of the year, so we expect to, on balance, have improved operating results over the last five months of the year compared to the first seven months of the year. That is the normal pattern. I think at the same stage last year, off the top of my head, we ended up running a final deficit of \$9 million, as we have just discussed, and I think at this stage last year we were running a deficit of \$20 million. So we closed the gap by about \$11 million in the last five months. Now, I am not expecting that to happen this year; we had some larger, one-off transactions that took place in the latter half of the year. Nonetheless, for the second half of the year there is generally a stronger financial operating result than for the first part of the year.

Senator Vanstone—Senator, I might add that sometimes the bottom line figure is not necessarily an indication of success or otherwise in that particular year. There can be accounting changes, for example, in a year, if you decided, as management should decide, to reasonably regularly have a proper re-evaluation of their capital assets—land, buildings, that sort of stuff—and therefore have consequent flow-on changes to depreciation allowances. That would make a difference. And, if you thought you had valuable intellectual property, you would put aside money—for example, for legal services to protect that property. They would be moneys you would have to put aside and they would be taken into account, but that would be no indication whatsoever of any lack of success on your part—quite the opposite: it would be indicating that you were doing your job properly.

Senator WONG—Mr Whelan, have you sought any permission from DOFA to—

Senator Vanstone—I am glad you are happy for that, Senator Wong—that acknowledgement. I am so glad I spoke to the wind there!

Senator WONG—What do you want me to do, Minister?

Senator Vanstone—Usually when you have a conversation, when someone gives you some information, you make some acknowledgement of it, but don't worry about it.

Senator WONG—I note the minister's answer. Frankly, Minister—

Senator Vanstone—Some acknowledgement that someone is in the room is usually helpful, you know.

CHAIR—I am sure the conversation was received and digested, Minister.

Senator Vanstone—Well, you have more confidence than me, Senator Troeth.

Senator WONG—We will get onto the issue of external revenue, Minister, shortly. Mr Whelan, what I wanted to know was whether or not you had approached DOFA for any additional deficit permission since our last discussion.

Mr Whelan—No.

Senator WONG—Okay. Let us turn to the external revenue issue. What is the current year-to-date external revenue?

Mr Whelan—At the end of January, total external revenue for the organisation—sorry, I need to do a quick calculation; won't be a sec—is \$175.7 million.

Senator WONG—What was the budgeted amount?

Mr Whelan—It was \$191.4 million. That is approximately \$16 million difference.

Senator WONG—So that is \$16 million behind, and I think in your answer to question on notice No. E700_06 you told me you were \$6 million behind.

Mr Whelan—That would have been the data at the end of August. I think you asked us to provide you with a copy of the board report at that stage and we did that.

Senator WONG—So it is certainly trending downwards?

Mr Whelan—Relative to the budget, yes, but I think it is important to note that it is substantially up on the level of revenue last year. I think that, year to date, the organisation is running about \$16 million more in external earnings than it did at the same time last year.

Senator WONG—I am sorry, but didn't you just tell me you had around \$16 million less than the budgeted figure?

Mr Whelan—We are moving bases here, Senator, so the question that you asked me was relative to the budget for 2005-06.

Senator Vanstone—You can be below your targeted budget but above what you did last year.

Senator WONG—Yes, I understood.

Senator Vanstone—That is what he is telling you.

Senator WONG—Yes, I understood that. Can I just go back to what the previous projections were for overall revenue? The CSIRO strategic plan for 2003-07 included a goal of an increase of 50 per cent of the total business to \$1.3 billion by June 2006. Is that right, Dr Garrett?

Dr Garrett—That is correct.

Senator WONG—And, from the annual report for 2004-05, the total revenue at that stage was \$925.4 million. Is that right?

Mr Whelan—That is not my understanding of the total revenue to the organisation in that period. You might refer me to your reference point. Are we looking at total revenue to CSIRO? It was \$925.3 million.

Senator WONG—Sorry. I had \$925.4 million. It is \$925.3 million. What sort of percentage increase was that? How does that stack up against the revenue target of 50 per cent increase as articulated in the strategic plan?

Mr Whelan—That was lower than the revenue targeted in the strategic plan. I do not have it with me, but we have previously provided a reconciliation of revenue generated by CSIRO over the last three years to the figures in the strategic plan. I will be more than happy to get you a copy of that. There are two factors that are important to take into account when looking at data in the annual report, as you have just referred. The first goes to changes in the structure of the organisation over that period of time. I made reference earlier to the National Measurement Laboratory moving out of the organisation. That resulted in a reduction of appropriation revenue flowing to CSIRO. So, when we make comparisons with prior periods, we need to take that into account. The second factor, in looking at year-on-year projections, which we need to take into account, is the move of CSIRO to conduct some of its research through joint ventures, and in our accounts, we do not bring to account as external revenue the revenue that flows to those joint ventures. You will note in the annual report that we have made some footnotes to that effect. The answer I was referring to provides a reconciliation of those. As I said, I am more than happy to get you a copy.

Senator WONG—I am happy for you to take that on notice. Isn't it the case that the actual increase in total revenue to the end of 2005—and I appreciate that is a year before the stated date in the strategic plan that I referred to earlier—was in fact only a 4.5 per cent increase, which is only one-tenth of the target that was set in Dr Garrett's statement?

Mr Whelan—There is a difference between Dr Garrett's stated \$1.3 billion and what was in the strategic plan for the organisation. The strategic plan did not set out to generate \$1.3 billion. It was a lower number.

Senator WONG—The head of the organisation has previously said the target is a 50 per cent increase by June 2006. I understand that what you are telling me is that, by the end of 2005, you managed a 4.5 per cent increase, less than one-tenth of that objective. Is that correct or not?

Mr Whelan—I have answered the question in the context of the strategic plan. The organisation's financial results for external revenue are broadly in line with the strategic plan. The strategic plan had a lower number in it than the \$1.3 billion. The \$1.3 billion figure, as I

recall, made certain assumptions about increases in appropriation revenue from government and also increases in external revenue.

Senator WONG—So was it incorrect? Was it wrong?

Dr Garrett—That was correct. We have discussion in this forum before that that was an initial stretch target. When we published our strategic plan in 2003-07, we articulated new revenue goals which were different from that \$1.3 billion. As Mike has indicated, we are not that far off those particular stretch targets published in the strategic plan, as summarised in the annual report on page 94 in table 11. It compares the CSIRO group results with the strategic plan data. There have been adjustments, as Mike has said, around the overall appropriation structuring.

Senator WONG—Have you ever compared the increase in your revenue with inflation?

Mr Whelan—Yes. In fact, last night I was looking at this issue.

Senator WONG—You are good, Mr Whelan.

Mr Whelan—Serendipity! Over the last four financial years—from 2001-02 to 2004-05—appropriation revenues to CSIRO, cumulatively, have increased by \$201 million, which is \$91 million above the rate of inflation. External revenue growth over the same four years is equal to \$261 million, which is \$200 million above inflation. In aggregate, revenues of the organisation over the last four years have increased by \$462 million, which is \$291 million above inflation.

Senator WONG—But still a long way off the 50 per cent, I think you would agree.

Mr Whelan—As we noted earlier—

Senator WONG—You are backing away from the 50 per cent. Is that reasonable?

Dr Garrett—The 50 per cent was more than four years ago, and it was an initial aspiration target. We have modified that. As I indicated, in the strategic plan we came up with new targets, which we are not far off. We have also, as Mike has articulated, done some really good things in this environment compared with your question around inflation, and that has enabled us to do the science that we are doing.

Senator Vanstone—While we are on the subject of backing off from initial assessments—life changes; it moves on—I can, for the benefit of committee members, assure them that the government has very clearly backed off from the previous Labor government's commitment in the 1995-96 budget which resulted in a cut of \$20 million each year to CSIRO's funding base. That is \$20 million per annum to their funding base that the previous Labor government, supported by all of these senators here, would have gone ahead with. As you may well be aware, Senator, in 1996 this government restored that \$20 million into the budget and in 1999 made a commitment to maintaining that base. The appropriation funding to CSIRO has grown very substantially from 1997-98 to 2005-06, from about \$466 million—we will say \$467 million—to \$593 million. Plenty of people back off from things. We backed off from Labor's cutting of CSIRO.

Senator WONG—Madam Chair, I hope that the allowance of that nonresponse—it was a statement—will be borne in mind by the chair if questions are raised as to relevance of opposition senators' questioning subsequently in this hearing.

CHAIR—I always bear relevance in mind, Senator Wong. Who is next with questioning?

Senator WONG—I am continuing. Can you please tell me on notice how much of your external revenue is as a result of coinvestment, consulting and services, both on a year-to-date and budgeted basis?

Mr Whelan—I can answer those question now, if you would like.

Senator WONG—I would prefer if you would take it on notice, if that is not going to be too much trouble. We are a bit short of time.

Mr Whelan—It is not a problem. There is no issue.

Senator WONG—Is it the case that each year the CSIRO board rates CSIRO's performance and that that rating helps determine the performance cash awards to senior management?

Dr Garrett—That is correct.

Senator WONG—How is the performance pay calculated?

Dr Garrett—The performance pay is calculated as a function of that rating. As per the questions on notice to you, we indicated that 50 per cent of the performance pay of senior managers is a function of the board rating and 50 per cent is associated with the formal quantitative assessment in the areas for which they have responsibility. I think that was provided in one of the questions on notice.

Senator WONG—I cannot recall whether I asked this before. Can you tell me what the board's rating was for 2004-05?

Dr Garrett—We did not give you that data. We believe at this point in time that that is confidential to the relationship with the board. I will take that one on notice again and have a discussion with the board.

Senator WONG—Is that rated in relation to each particular individual, or is it a general rating?

Dr Garrett—That is a general rating of the performance of the organisation, and that number cascades down, as I indicated, to 50 per cent of the bonus of all senior managers.

Senator WONG—And you are not prepared to provide that?

Dr Garrett—I will take it on notice. We believe it is confidential information associated with remuneration of individuals, but we will certainly discuss that again.

Senator Vanstone—Senator Wong, you did ask that question. It was answered very clearly. He indicated that he did not think it was appropriate at this time and that he would take advice from the board.

Senator WONG—Dr Garrett, just so you are clear, I am not asking at this stage how that related to the individual pay packets of particular individuals. I am asking what the overall performance rating by the board of the organisation was.

Dr Garrett—Okay. We will take that on notice.

Senator WONG—Dr Garrett, in your annual report you refer to quite a number of scientific publications—I think it is over 4,000—that CSIRO was involved in for that financial year. There were quite a number of media releases. It is also the case that as one of the highlights, as I think it was described, about CSIRO you refer to your role in science communication and education. I want to clarify something first. I understand you have posted a message on your website this week saying that CSIRO's science is published without fear or favour. Did you request that that message be posted?

Dr Garrett—We had a discussion with the executive team and we felt that it was important to clarify our situation—and I am happy to enlarge on this—in terms of the prevailing debate in the media around the so-called gagging of CSIRO scientists. So it was important to make a statement. In fact, I will be making further statements in due course around that.

Senator WONG—CSIRO's policy on public comment does refer to external bodies, for example, requiring staff members to seek relevant approval from their chief to appear or comment, but it seems to contemplate people appearing in their own personal capacity. Can you tell me when this policy was last revised?

Dr Sandland—In 2004.

Senator WONG—What was changed?

Dr Sandland—Not very much in intent. There were some governance processes put in. One big perceived difference between what was in place earlier than that and the 2004 policy was that it became a policy. Previously, it was a set of guidelines. It was part of a board requirement for us to have more rigorous governance around public comment.

Senator WONG—Are you able to provide the previous policy or guidelines as well, on notice?

Dr Sandland—I believe so.

Senator WONG—Has it been revised since that time? Did you say it was 2004?

Dr Sandland—It was 2004.

Senator WONG—Has it been revised since that time?

Dr Sandland—No, but it is under constant consideration.

Senator WONG—What do you mean by constant?

Dr Sandland—It is an ongoing issue with the organisation whether we have expressed our intent clearly, whether we have sufficient understanding in the organisation of what the policy actually is—in particular, in relation to the differentiation we make between communicating the science that we do as science and communicating on policy per se. We do not believe that it is our role to comment favourably or unfavourably on government policy—or on opposition policy, for that matter.

Senator Vanstone—I suppose you feel lucky about that, Senator Wong!

Dr Garrett—Let me re-emphasise Dr Sandland's point, Senator, because it is a prevailing issue. We acknowledge that we need to continue to work in this environment, because it is an issue. CSIRO does not gag its scientists. We have an approach which is clearly articulated around encouraging the communication of our science—irrespective of its implications and cognisant that some of it will be politically sensitive—as we said, without fear or favour. It is also important to recognise, though, that we do not comment—we believe it to be inappropriate—on past, present or potential future policy either positively or negatively, because that is not our role. Our role is to inform the policy debates rather than definitively write it, position it or dictate it.

So, on the one hand, as Ron has said, it is very critical as an organisation that we do everything in our power, as we are doing, to communicate the outputs of our science and the benefits of that and at the same time recognise that we provide this very important policy advice to inform government decision making. We do not want to be positioned as a lobbying group or an advocacy group, and therefore we have to be very aware of this separation in regard to the need to publish great science. Our reputation and our credibility in the international community depend on that, and, as we have indicated earlier, that has substantially enhanced over the last few years in terms of the number of publications as well as our citation index, and the number of publications per scientist has increased. That is the separation we are trying to communicate. It is obviously important that we have that opportunity.

Senator WONG—Was the revision of the policy for public comment the subject of discussion with the minister's office or any ministerial office?

Dr Sandland—I do not believe so. It was the discussion that we had with our board. Certainly our board looked at the policy.

Senator WONG—So there was no discussion with the minister, the minister's office or any other ministerial office?

Dr Sandland—That is my understanding.

Senator Vanstone—I am not trying to be difficult, Senator Wong, but there is a process going on here whereby you ask a question, you get an answer and then you rephrase the question to get it again. The officers are not allowed to tell you that it is wearing them. If it is not wearing them, they have a better mental constitution than I do! You can ask as many questions as you like—

Senator WONG—I was moving on, Minister.

Senator Vanstone—but, if you ask them each twice, it gets a bit draining.

Senator WONG—The issue for me was that Dr Sandland said that he believed it was, and I wanted to clarify that. But I am happy to move onto the next thing. How many staffers subsequent to that change have sought permission to participate in external bodies?

Dr Sandland—I am sorry; I do not have that data. We can take that on notice. I am not sure we actually have that data.

Senator WONG—How many sought permission to comment to the media or to make other public comment?

Dr Sandland—Similarly.

Senator WONG—Are you able to tell me how many requests were granted?

Dr Sandland—As I said, I do not have that data. We do in fact have a distributed system, as is outlined in the policy, whereby chiefs can give permission on matters of public policy or any of the areas that you addressed. I do not believe that we collect that centrally in the organisation.

Dr Garrett—I think that, as such, that data is going to be difficult to provide. In any one week, perhaps between 10 and 30 of our scientists are talking about their science. As we said earlier, it is a key responsibility of ours to communicate in our science. In regard to talking in the policy domain and the question you have now, we can reflect on it but, because of the distributed nature of our decision making, we will not at this stage be able to give you that data.

Senator WONG—You will be aware—in fact, Dr Garrett, you referred to this—of some of the allegations which have been made public. I am not sure whether Dr Steve Morton is here, but he has agreed that at least on one occasion he asked Dr Graeme Pearman, a former CSIRO climate director, not to participate in a particular discussion. Are you aware of that?

Dr Garrett—I think it might be appropriate for Dr Morton to join us. By way of background, again I would reinforce the point that our job is to publish and communicate around our science; it is not to provide commentary around the political dimension.

Senator WONG—I understand that; you have made that point.

Dr Garrett—That would be the nature of the conversation that Dr Morton would have had with his colleague. Therefore it would be appropriate—

Senator WONG—I am happy to address questions to Dr Morton. Dr Morton, you told the *Four Corners* program that you had asked Dr Pearman not to participate in a particular discussion. Can you tell us the circumstances of that?

Dr Morton—Yes. It was one occasion only, and it was Dr Pearman's participation in the preparation of a document as part of a group called the Australian Climate Group.

Senator WONG—Was that done verbally or by email?

Dr Morton—There were two occasions when Graeme and I discussed this: once verbally—I believe in March 2004—and then subsequently by email when it transpired that the document was about to be released.

Senator WONG—On how many occasions did you email him about this issue?

Dr Morton—My records, as I have reviewed them: once, but there may have been more traffic that I have not traced.

Senator WONG—So you have, as a result of these allegations, reviewed your email contact with Dr Pearman?

Dr Morton—Yes.

Senator WONG—Are you able to provide us with a copy of that email?

Dr Morton—Certainly.

Senator WONG—Thank you. You will be aware that Dr Pearman indicated publicly as well that this happened on more than one occasion?

Dr Morton—I do not know what he is referring to about other occasions. This is the only one to my knowledge.

Senator WONG—What led to you communicating, both in March and then subsequently, with Dr Pearman your concerns about his involvement in this publication?

Dr Morton—My recollection is that when Graeme mentioned to me his potential involvement in the group we had a discussion about precisely the matters that Dr Garrett was mentioning, which is the importance of CSIRO scientists retaining, on behalf of the organisation, their reputation for independent input on matters of considerable public interest and concern such as climate change. That being the case, I urged him to participate in such a way that CSIRO was clearly seen as providing advice and input, and not being in the space of providing prescriptions for policy. That was our first conversation.

Senator WONG—And the second?

Dr Morton—The second, when I saw the document—which was not shared with me or with anyone else in CSIRO, as far as I could determine—I was disturbed by one of the statements in the document which, in my view, was clearly spelling out prescriptions for policy.

Senator WONG—What was that statement, Dr Morton?

Dr Morton—It was:

Australia's political leaders must work with business and the community to take immediate action to cut our greenhouse gas emissions by 60% by 2050.

Senator WONG—How did you receive a copy of that document?

Dr Morton—Dr Pearman provided it to me.

Senator WONG—Did you have any discussions with anyone from any ministerial office in relation to that document or to Dr Pearman's involvement in the group?

Dr Morton—No.

Senator WONG—On no occasion?

Dr Morton—No.

Senator WONG—Who else within your organisation did you have discussions with prior to speaking to Dr Pearman?

Dr Morton—On which occasion?

Senator WONG—The first occasion.

Dr Morton—Nobody else that I can recall. That was a discussion between Graeme and me.

Senator WONG—And what about the email—did you have any discussion with anyone else within the organisation prior to sending the email?

Dr Morton—I would have to check my records, but I believe that I would have discussed this with at least one of my executive colleagues—but I cannot recall in detail on that matter.

Senator WONG—What about subsequent to the email?

Dr Morton—Can you be a bit more specific?

Senator WONG—Have you had any discussions about your decision to tell Dr Pearman not to participate subsequent to the email being sent?

Dr Morton—We would have discussed it at our executive team, yes.

Senator WONG—Dr Garrett, when did you first become aware of Dr Morton's request to Dr Pearman?

Dr Garrett—Shortly thereafter in that debate.

Senator WONG—Sorry, can I just clarify. Shortly thereafter: the March discussion or the subsequent email?

Dr Garrett—After the subsequent email. That would be my recollection. I would have to check my notes but, as Dr Morton has indicated, this was an important debate that we would have discussed at executive level. That is what he did.

Dr Morton—I think it was July 2004 that the email was sent.

Senator WONG—When was it raised with the executive group?

Dr Morton—It would have been in the same time frame—within a week or so of that email being sent.

Senator WONG—Has there been any other CSIRO employee with whom you have raised concerns regarding their involvement in a particular group or publication?

Dr Morton—With respect to climate change issues?

Senator WONG—Any issue.

Dr Morton—It is a pretty hard question to answer. Because this issue of CSIRO contribution towards community and public debate about matters of natural resource management is very common in my domain, this is a weekly discussion that I have with staff.

Senator WONG—I understand you have weekly discussions about the nature of communications and the nature of their work. What I am asking is: apart from Dr Pearman, have you had any discussion with anyone within the organisation in which you raised concerns about their involvement in a particular group or publication?

Dr Morton—In what time frame?

Senator WONG—Let us say in the last year.

Dr Morton—I do not believe so, no.

Senator WONG—What about the year before?

Dr Morton—I do not believe so.

Senator WONG—And the year before that?

Dr Morton—There may have been discussion in that time frame about our involvement in another group, the Wentworth Group.

Senator WONG—I was intending to come to that, but that is a discrete set of questions. I will come to that shortly.

Dr Morton—Apart from that, I think the answer to your question, therefore, is no.

Senator WONG—Apart from the Wentworth Group, the only times you have raised concerns with any CSIRO employee about their involvement in a group or publication are on the occasions in which you have given evidence relating to Dr Pearman. Is that a correct rephrasing of your evidence?

Dr Morton—I am not trying to be evasive here. I am trying to understand precisely what the question might mean because, as I said before, I have numerous discussions with the chiefs and flagship directors who work with me and my executive colleagues about various aspects of our communication, and we have numerous discussions about contributions to public debate that are made by individual scientists from CSIRO. But if the question is about involvement by CSIRO staff in external groups then my belief is that the answer is no.

Senator WONG—Apart from the allegations about what you have agreed you did in relation to Dr Pearman, what I am trying to clarify is whether any other scientist at CSIRO has been approached by you in order for you to express your concerns about their involvement in a group or in a particular publication.

Dr Morton—To the best of my knowledge, no.

Senator WONG—Have you raised concerns about public comments made by scientists other than Dr Pearman?

Dr Morton—Yes.

Senator WONG—Which scientists have you raised concerns with?

Dr Morton—There was a recent occasion when one of our researchers from CSIRO Land and Water, Mr Mike Young, was reported as releasing material concerning natural resource management issues. That led to a discussion with a scientist.

Senator WONG—When did that occur?

Dr Morton—Can someone help me on the date?

Dr Garrett—Late last year.

Dr Morton—I guess it would have been October 2005. That could easily be checked because it was in the media.

Senator WONG—Can you tell me what those concerns related to?

Dr Morton—The concern was very similar to the principle that I discussed with Graeme Pearman—the sense that the communication had come out in a way which made it look as if CSIRO science had intruded into what we think is the policy setting domain. That was the basis of the discussion with Mike.

Senator WONG—Can I ask how that determination is made? For example, you are familiar with the group COAL21.

Dr Morton—Not specifically, no.

Senator WONG—I understand that COAL21 is a partnership between the coal and electricity industries, the research community and the federal and state governments which commenced in March 2003. It includes the CSIRO. Are you familiar with that entity—or that partnership, I should say?

Dr Morton—My advice is that, yes, CSIRO is a member of that group. Dr David Brockway has just informed me that we do not have one single representative, but several senior staff have attended meetings with the group.

Senator WONG—That organisation, for want of a better term, has as one of its objectives: Create a national plan to scope, develop, demonstrate and implement near zero emissions coal-based electricity generation ...

Would you agree that that might be construed as a policy prescription?

Dr Morton—If it is scoping options for achieving that goal, it is not policy prescription; it is suggesting options, which I think is precisely where CSIRO ought to be.

Senator WONG—So your concern with what Dr Pearman was doing was, what, that there were no options?

Dr Morton—Yes, it was prescription. That is the core of the problem. You understand my reasoning here, because Dr Garrett expressed it quite clearly before: our desire is to retain our reputation for independence and the integrity of our scientific advice. If we look as if we have decided what the policy ought to be in our view, we put our long-term reputation at risk, because in doing that we think that we are taking on ourselves as scientists a lot of balancing of competing interests and extra issues that lie quite beyond science. There is another profession which takes on that task, and it is yours. It is your responsibility.

Senator WONG—Are you also familiar with the Biofuels Taskforce?

Dr Morton—I am aware that the task force did its work late last year, yes.

Senator WONG—Does the CSIRO have a representative on that task force—

Dr Morton—Yes, we are invited to participate.

Senator WONG—which is also intended to look at the impact of ethanol on human health, environmental outcomes and automotive operations?

Dr Morton—Yes, that was by invitation from the Prime Minister's office, as I understand it.

Senator WONG—There was a press release put out by your chief of the division of energy technology in relation to that matter.

Dr Morton—He is sitting right here.

Senator WONG—Yes. Was permission sought for that public comment?

Dr Morton—David, do you want to join us?

Dr Garrett—I should say, by way of an introduction—Dr David Brockway is chief of our energy technology division—that, as per our policy, as a chief he has the responsibility for

taking this decision, so it would not be appropriate for him to seek permission. It is his judgment as part of the senior leadership team. That is by way of an introduction.

Senator WONG—Dr Brockway, did you consider you had to seek permission for putting out that press release?

Dr Brockway—No, I did not, Senator Wong. I have to say I do not have a clear recollection of the detail of the press release. I would appreciate a copy of it if it is available.

Senator WONG—I am afraid I only have it on email. I can give you the date. Can I go back to what Dr Garrett just said. Dr Garrett, you said that Dr Brockway is the chief of a division; is that correct?

Dr Garrett—Correct.

Senator WONG—Therefore he is part of your executive—

Dr Garrett—Senior leadership team—our executive management council, yes.

Senator WONG—So, when Dr Pearman was CSIRO climate director, he was not in that group?

Dr Garrett—When he was the chief of a division, he was part of that group. Subsequently, he was a senior scientist associated with that division and would not have been part of that group. With reference to your point about the press release, can you clarify whether it was press release out of the task force, of which Dr Brockway is a member—because there was a press release; that was a coordinated communication out of that task force—as opposed to something specifically from Dr Brockway which we are obviously not sure about?

Senator WONG—I am just trying to find it, Dr Garrett. I am aware that the minister is probably about to have a go at me about this, but I am afraid I have lost it in my emails.

Dr Garrett—That is fair enough.

Senator Vanstone—I quite understand that what you guys are now able to do is have an army of people elsewhere, sending you questions and scanned documents, which you are meant to desperately do their work for them on. Can I say I am very tolerant of that because years ago I thought it would be a great idea, when the tables were turned—

Senator WONG—Yes, as I recall, you pioneered this, didn't you, Minister.

Senator Vanstone—No, I did not, actually. We did not have those, then.

Senator WONG—But you had a telephone.

Senator Vanstone—I thought it would be appropriate to be able to bring in mobile phones with earpieces so that I could do exactly the same thing. I was told it was quite inappropriate, that senators were meant to display their own skills and not the skills of millions of other people in back rooms. But apparently things have changed.

CHAIR—Do you have that information, Senator Wong?

Senator WONG—No. I will undertake to provide it.

Dr Brockway—I just do not believe that I put out a press release in relation to that. I would have had authority to do so, had I chosen to, if it fitted in with CSIRO's policy. I would

have been mentioned in a press release along with the other three task force members, but I do not believe I put out a press release on it.

Senator WONG—You may be correct, Dr Brockway, and I apologise if I have misled. I do not have any difficulty if you did or did not. As I said, it appears I may have misled you in the questions, and I apologise for that.

CHAIR—I think we all need to think about that over lunch, because I am now going to call a lunch break.

Senator WONG—What I was just going to say was that I am trying to clarify on what occasions press releases are required to be cleared and on what occasions they are not.

CHAIR—The answer to that question will be the first one after lunch.

Proceedings suspended from 12.36 pm to 1.36 pm

CHAIR—Senator Wong, you were expecting an answer to your last question—is that correct?

Senator WONG—I was going to proceed with some further questions. I cannot recall what my last question was.

CHAIR—Please proceed.

Senator WONG—Does Dr Sandland have something he wishes to say?

Dr Sandland—Perhaps we can refresh your memory on the question. You asked what happens every time a press release is issued in the organisation.

Senator WONG—Press release or other public comment.

Dr Sandland—Right. Press releases in particular all have to be cleared by our corporate communications area, simply as a governance mechanism. Usually that will be after consultation with the chief, who will say it is okay to go, or it is cleared by some other mechanism such as the divisional communicator basically working with the scientist to put this press release to the corporate group. However, as Dr Garrett said earlier, in terms of other communications, and as you said, there are anywhere between 10 and 30 scientists speaking to the media about their work in any week. Generally, they will have cleared that with their chief and presumably with their communicator. But that would not be cleared by any corporate mechanism.

Senator WONG—Dr Morton, you agreed on the *Four Corners* report that you asked Dr Pearman to not participate in a discussion which clearly had policy prescriptions in it.

Dr Morton—Yes.

Senator WONG—Were the policy prescriptions you were concerned about in regard to any discussion of reductions in emissions?

Dr Morton—No.

Senator WONG—What were the policy prescriptions you were concerned about?

Dr Morton—Any suggestion that a certain target for greenhouse gas emissions should be established by a particular time in the context of that being a prescription. I am more than

happy and more than comfortable with CSIRO scientists suggesting that greenhouse gas reductions are necessary if we are to head off serious environmental risk.

Senator WONG—Isn't telling somebody not to participate in that kind of discussion a gag?

Dr Morton—No. I need to backtrack somewhat. I did not ever say to Graeme that he should not participate in that group. I did not indicate that he should not take part in discussions which would provide options for discussion.

Senator WONG—What you said was:

... I asked Graham not to participate in a discussion which clearly had policy prescriptions in it.

Dr Morton—No, I said—

Senator WONG—I am quoting from your comment on the *Four Corners* program. They are your words, Dr Morton. Isn't that a gag?

Dr Morton—Read the words out to me again.

Senator WONG—You said:

On one occasion, yes. I asked Graeme not to participate in a discussion which clearly had policy prescriptions in it.

Isn't that a gag?

Dr Morton—Under a television camera, that may be what I said. The subtlety did not emerge. The subtlety is this: there is nothing wrong with CSIRO scientists participating in groups in which options for dealing with this major national challenge are scoped out and debated. There is nothing wrong with that at all. What I was doing was pointing out that if those discussions proceeded to the point where a policy prescription is written in then, in the end, CSIRO's reputation for objectivity and independence would be put at risk.

Senator WONG—What if the policy prescription is entirely scientifically valid? How does that undermine your scientific reputation?

Dr Morton—In theory, that situation could exist.

Senator WONG—So you think it is permissible for you or any other chief within CSIRO to tell a scientist not to discuss policy prescriptions even if they are entirely scientifically valid?

Dr Morton—In the end, those policy prescriptions would only be delivered by CSIRO under invitation from policy makers.

Senator WONG—So you are saying that there is no role whatsoever for CSIRO to engage in any discussion of possible policy descriptions?

Dr Morton—I cannot see how you construe my comments as leading to that conclusion.

Senator WONG—I am having trouble understanding it because it seems to me quite clear that what you told Dr Pearman in your words was that he was not to participate in the discussion. I find it hard to construe that in any other way than as a gag.

Dr Morton—I have a different view.

Senator WONG—So you do not think it is a gag?

Dr Morton—Of course I do not, no.

Senator WONG—So not participating in a discussion is not a gag?

Dr Morton—I never said: don't participate in the discussion.

Senator WONG—I am sorry; I am quoting your words at you.

Dr Morton—A TV interview is a rather stressful experience for a scientist like myself.

Senator WONG—I think it is stressful for all of us.

Dr Morton—If I did not express myself clearly then, I am trying to do so now. I made no attempt to prevent Graeme from participating in the activities of the group—none at all—and I indicated before in my answer to you that in March 2004, we had a discussion, which I have a record of, in which I urged him to be cautious in ensuring that the document that emerged from that discussion should step carefully around our desire not to be seen as delivering policy prescription. In the end, the document that emerged, which I did not see until a week before it was released, in my view crossed into that zone.

Senator WONG—Do you have a copy of the email you indicated you would provide to us?

Dr Morton—I think I probably do, yes.

Senator WONG—If you could, I would appreciate that. While that is being tendered there is one thing I would like to follow up. Did you ever give any direction to Dr Pearman not to participate in the group?

Dr Morton—That is not my recollection, no.

Dr Garrett—I will just add a small comment and reinforce some observations that Steve is making. As we said earlier on, we have a key role as a key adviser to government across a range of policy initiatives and we work with government, often behind the scenes, to provide that science based, fact based input into policy decisions. As Steve has indicated, it is important that we do not take a combative, prescriptive stance, so the engagement with policy processes is part and parcel of everything we do.

Senator WONG—Are you saying Dr Pearman was taking a combative, prescriptive stance?

Dr Garrett—No, I did not say that either.

Senator WONG—Is that the criteria—that you can participate in a discussion about policy prescriptions if they are not combative?

Dr Garrett—The point I am making is that, as Steve has indicated, there are ways in which we should appropriately engage in the policy debates. I have a note that I would like to table in terms of clarifying the principles of our engagement around (a) communicating the science but (b) involvement in the policy processes.

Senator WONG—What is the note?

Dr Garrett—It is basically a statement reinforcing the points that we have made this morning.

Senator WONG—If you wish to table it that is up to you. Is this a document prepared for these estimates hearings or subsequent to this?

Dr Garrett—It is just reinforcing the messages that I have stated.

Senator WONG—What is the status of the document? Is this official CSIRO? Is this on your website? Has this been discussed with staff?

Dr Garrett—It is derived from our website. It is a statement by the chief executive essentially that scientists are not being gagged.

Senator WONG—This is what I have difficulty with. Dr Morton, I have probably said things at times in television interviews I wish I had said differently but you have said on the public record that you asked Graeme not to participate in a discussion which clearly had policy prescriptions in it. I do not understand how that is not a gag.

Dr Morton—Let me have another go then, Senator. I tried to express to you before our desire to ensure that CSIRO science informed public debate in the community and in politics to the maximum possible extent. In order to achieve that outcome, we believe it imperative that our scientific input is never seen as prescriptive—that is, never seen as arguing for this policy outcome or that policy outcome. We believe that, in the long run, our reputation as providers of independent and rigorous scientific input to public understanding, political debate and policy setting rests upon our reputation for not crossing over that particular zone. That is the distinction.

Senator WONG—Are policy options too prescriptive?

Dr Morton—No, not at all.

Senator WONG—So, if there are a range of policy options, that would be alright, but one policy option is not appropriate?

Dr Morton—If it is one policy option, it reads as a prescription. You have captured it, thank you.

Senator WONG—Do you have an email?

Dr Morton—I am sorry, I do not seem to be able to find it in amongst all these papers, but I can certainly tender it to you.

Senator WONG—I would appreciate that. Is it possible for that to occur shortly?

Dr Morton—I do not have it with me at the moment. I may have to get it sent, I am afraid.

CHAIR—Dr Garrett, I would be agreeable if you would want to table the document that you have been speaking about for the information of the committee.

Dr Garrett—Thank you.

Senator WONG—When was that statement prepared, Dr Garrett?

Dr Garrett—Last evening and this morning. It speaks to the points of your questions today, and it really uses the words that we have used today.

Senator WONG—With respect, you have used a few words today. We have Dr Morton now saying, ‘Actually, if there is only one policy option, that is too prescriptive and there is no comment to be permitted on that.’ Is that the threshold?

Dr Garrett—I think Steve has answered that question.

Senator WONG—I am interested in what the guidelines are and how you go about assessing whether something is appropriate or not. You have a general proposition in the policy that you and I were discussing prior to lunch, but how do you inform yourselves if this matter arises in your leadership group or the chiefs of division? Are they to look at whether there is only one policy option prescribed? Do they consider how sensitive this issue is politically? What are the criteria that are utilised by the organisation in assessing whether or not a scientist should be told not to participate in a discussion?

Dr Sandland—In our public comment policy, principle No. 2 says ‘staff should not comment publicly on adopted or proposed government or opposition policy.’ I think Steve is trying to find a set of criteria around prescriptiveness which related to those particular circumstances.

Senator WONG—I am conscious that we have to get to the department, so I am trying to work through this as much as possible. Dr Morton, you were concerned not because the publication commented on government or opposition policy; you were concerned because it contained what you regarded as a policy prescription. Is that correct?

Dr Morton—Yes, that is right.

Senator WONG—Well then, Dr Garrett, the criteria Dr Sandland read out really does nothing to answer my question. My question is: what is the detail of your considerations? Do you say, ‘This is a sensitive area, because there is a lot of controversy or debate in the community about the Howard government’s view on climate change and its approach to it’? Clearly that political sensitivity is something you were aware of, Dr Morton. That was something that weighed on your mind when considering how to deal with Dr Pearman’s activities.

Dr Morton—Yes, that is a good summary. You are very nicely encapsulating the dilemmas we often find ourselves in. There are no black and white boundaries here. It is very difficult to write guidelines for an organisation which spans such an extraordinary array of activities that will be absolutely specific about every individual case. In the end, we rely on the judgments of our chiefs and flagship directors. On some occasions, issues are of such potential political sensitivity that we want our science to inform the debate but we have to step very carefully around the prospect of it being seen as a prescription.

Senator WONG—So you are more likely to gag on a politically sensitive issue?

Dr Morton—The word ‘gag’ is not in my lexicon.

Senator WONG—Okay. You are more likely to raise concerns about a scientist making public comment or participating in a public discussion if the matter is politically sensitive.

Dr Morton—Absolutely. That is precisely why CSIRO has this reputation after 80 years—we have stepped around these issues pretty carefully in the past.

Senator WONG—What if that discussion is scientifically extremely important in terms of some of the other objectives of CSIRO—community, national challenge and all of those issues?

Dr Morton—We will take every opportunity to raise these matters in a way that informs the community and, we hope, informs policy makers. For example, the greenhouse conference that CSIRO organises every year is our major shopfront for showing where our science is suggesting the issues of greenhouse gas and climate change are going. We invite not only scientific staff but people from the policy domain and from business. At the last conference, in November 2005, our keynote speaker, by invitation, was Graeme Pearman, because he is one of the premiere climate and climate change scientists in Australia.

Senator WONG—Who you asked not to participate in a discussion, Dr Morton.

Dr Morton—We ask people always to be very careful to put forward options for policy on the basis of our science and not to fall into the arena of policy prescription.

Senator WONG—The fact is, Dr Morton, that the climate change group that we are discussing was not discussing adopted or proposed government or opposition policy, was it?

Dr Morton—The answer is probably that, yes, you are right.

Senator WONG—It was putting an expert view on one option.

Dr Morton—Yes, but think about the implications of that particular option. It encompasses a vast array of issues, quite apart from science, that we understand policy makers will simply have to take into account.

Senator WONG—But that is a different issue, isn't it, Dr Morton? What policy makers do or do not do is obviously a separate discussion. What we are discussing is you telling a senior scientist not to participate in a discussion because of your concern about the political sensitivity of the subject matter.

Dr Morton—In recognition of the reality of that area of debate being of extreme interest in the political arena.

Senator WONG—So scientific comment should be truncated because of political sensitivities?

Dr Morton—No, it should be framed in terms of policy options.

Senator WONG—It should be framed in terms of policy options? Isn't that precisely what occurred? There was a policy option proposed.

Dr Morton—It was one policy option written in terms which left it in no doubt that this was the way the issue should be addressed. The phrase 'political leaders must' was used in the statement.

Senator WONG—It does not say the Howard government or the Labor opposition.

Dr Morton—But it is clearly prescriptive.

Senator WONG—What sources of advice does CSIRO draw upon to draw this line between what is appropriate for public comment and what is not?

Dr Morton—I am not sure what your question means.

Senator WONG—As I understand it, we have essentially been discussing the line between what you believe is appropriate for CSIRO scientists to comment on and what you say is not. I am asking what sources of advice you draw on. You have indicated you discuss it internally in your leadership group—is that correct?

Dr Morton—Correct.

Senator WONG—Do you discuss it with your communications department? It might be a person rather than a department—I am not sure how the structure works.

Dr Morton—At every level in the organisation, there will be some discussion about the likely context in which the scientific input is going to be received.

Senator WONG—Do you discuss it with the communications director?

Dr Morton—Yes. But an issue such as the one we have been talking about would be a discussion at the executive team.

Senator WONG—Is it discussed with any person within departments within government?

Dr Morton—In the particular case that we are talking about, no.

Senator WONG—In any other cases?

Dr Morton—Yes. With respect to involvement by CSIRO people in the Wentworth Group, there was discussion with departments, yes.

Senator WONG—I will come to that shortly. What about with the ministers' offices?

Dr Morton—Yes, in the sense of alerting a minister's office to participation by CSIRO people in these sorts of activities, that can happen.

Senator WONG—How often has that occurred?

Dr Morton—In my experience, only with the Wentworth Group. But I am only one—

Senator WONG—One division.

Dr Morton—One executive.

Senator WONG—Dr Garrett, perhaps you could take this on notice. I would like to know on how many occasions public discussion or comments by a scientist within CSIRO has been the subject of communication between CSIRO management and a minister's office.

Dr Garrett—I will seek to get that advice for you.

Senator WONG—Dr Morton, do I understand your evidence to be this: that CSIRO scientists could comment on policy prescriptions if they proposed more than one policy option, but not if there was only one?

Dr Morton—That would be my starting point, yes. But I am sensitive to the need for judgment and deftness here because writing these things down in black-and-white form is difficult.

Senator WONG—Deftness—why do you have to be deft?

Dr Morton—Because we want to maintain our reputation for being the providers of independent and rigorous scientific advice.

Senator WONG—Do you need to be deft because you understand the government is concerned about CSIRO saying anything that appears to be critical of the government's approach to climate change?

Dr Morton—I would put it a different way: what we want to try and do is to inform the community and all sides of politics about some of the parameters.

Senator WONG—We would hope that you would do that too, Dr Morton, but can you explain to me how telling Dr Pearman—who, as I think you have indicated, is quite an eminent person in this field—not to participate in a discussion is informing the community?

Dr Morton—If Graeme had have come to me and said, 'What do you think about this phraseology?' I could very readily have found different words that would have said: 'This is a serious issue facing the nation and we must find ways to cut greenhouse gas emissions. Because of the nature of the scientific evidence one of those options ought to be a consideration of the need to cut greenhouse gas emissions by 60 per cent by 2050, and all other options ought to be addressed as well.' That would be my position, and that would be a legitimate way in which CSIRO could help inform the community and all sides of politics. Does that help clarify?

Senator WONG—We are going to have to disagree because I do not know how else you would like to characterise telling a scientist not to participate in a discussion other than as a gag. You say it is not a gag—I ask you, therefore, what is it?

Dr Morton—I say it is using care to present scientific input in such a way that we do not pretend that science has all the answers in an arena which is inherently encompassing many other aspects of economy and society apart from science.

Senator WONG—Therefore, Dr Garrett, I assume that you would endorse Dr Morton's actions in relation to Dr Pearman?

Dr Garrett—Correct.

Senator WONG—I think you have given evidence, Dr Morton, that you had a discussion with Dr Pearman in March and then a subsequent email. On notice—or perhaps you can tell me—were there any further discussions in relation to his participation in this group or public comment on this issue?

Dr Morton—Yes, there was something extra, I believe, which is that because of the decision to dissociate CSIRO from the document we asked Graeme, when he spoke about his participation in the group, to indicate that he was speaking on his own behalf. Given that Graeme left CSIRO about three weeks after the release of that document I felt, at the time, that was relatively easy for Graeme to agree to.

Senator WONG—Did anyone from CSIRO management or within CSIRO give any direction to Dr Barrie Pittock regarding any public statements in relation to mitigation?

Dr Morton—Not to my knowledge, no.

Senator WONG—What about you, Dr Garrett? Do you know anything about that?

Dr Garrett—No, I do not, Senator.

Senator WONG—Can I ask, perhaps on notice, Dr Morton, how many times Dr Pearman sought your permission before speaking?

Dr Morton—I would have to check my records to give you a reliable answer. I can recall one occasion but I will have to confirm, so can I take that on notice?

Senator WONG—Yes. What about Barney Foran—I think is it Dr Foran?

Dr Morton—Mr Foran.

Senator WONG—Was there any occasion on which Mr Foran sought permission to speak out or participate in a group in relation to any issue?

Dr Garrett—Senator, as per the *Four Corners* program, Mr Foran indicated that he had had a communication from the corporate environment. We are currently seeking to get some input from Barney to identify the origins of that. I have no further information at this time.

Senator WONG—Was there any contact from the Department of the Prime Minister and Cabinet with CSIRO staff on biofuels?

Dr Garrett—The interaction there, as we said earlier on, was that Dr Brockway was invited to be a member of the task force in his personal capacity.

Senator WONG—Was there any other communication?

Dr Garrett—Was there any other communication between who?

Senator WONG—The Department of the Prime Minister and Cabinet and CSIRO.

Dr Garrett—I had a discussion originally with Dr Shergold in terms of whether there were appropriate individuals in CSIRO that could contribute in their personal capacity to that group. I suggested Dr Brockway, and that suggestion was subsequently accepted and he became a member of that task force.

Senator WONG—Dr Morton, subsequent to this issue first being raised in March, was Dr Pearman asked to report to you on a weekly basis or fortnightly basis in relation to any outside contact on the issue of climate change?

Dr Morton—No. I will repeat what I said before. My belief is that, after the release of the Australian Climate Group document, we asked Graham, in speaking about it to do so as an individual. But I certainly made no attempt, in my memory, to ask him not to speak about climate change generally—not at all.

Senator WONG—Or to report to you in terms of outside contact.

Dr Morton—That is not my recollection, no.

Senator WONG—In the March discussion with Dr Pearman, did you request that he not be involved in the Australian Climate Group?

Dr Morton—I will try to find the emails so that I do not mislead you, if you do not mind. I am sure I have it somewhere.

Senator WONG—I will go onto another matter, then, while you are looking for that. I will just go back to this contact on biofuels, Dr Garrett. Was the only contact, in relation to that

issue between PM&C and CSIRO, the discussion you had with Dr Shergold about the involvement of a CSIRO scientist, who eventually was Dr Brockway?

Dr Garrett—That is correct. Obviously, subsequent to his nomination, there were then detailed discussions as he joined the task force.

Senator WONG—So there were no other discussions to your knowledge with anyone else in the organisation?

Dr Garrett—Not to my knowledge, Senator.

Dr Brockway—If I could clarify that a little bit, I was a member of the Biofuels Taskforce. We were asked to put a scientist onto the secretariat to provide scientific input to the Biofuels Taskforce considerations, and we did provide a scientist to do that, Dr Bill Physick. Moreover, as the Biofuels Taskforce collected information—and it did so from myriad sources; the vast majority of which were on the website for the Biofuels Taskforce—other scientists in CSIRO were asked to provide information on a scientific basis.

Senator WONG—How are we going, Dr Morton?

Dr Morton—I think I am getting somewhere.

Senator WONG—Could I ask you to take on notice, Dr Morton, to provide copies of all written communication that you have with Dr Pearman in relation to public comments on his work and, if possible, copies of all file notes made in relation to any verbal conversations?

Dr Morton—Yes.

Senator WONG—Do we have the email?

Dr Morton—No. I am sorry. I do not have the full trail. It is clearly a complex set of emails.

Senator WONG—That is all right. I will now go to the Wentworth Group, which is an issue you raised earlier, Dr Morton. I think you indicated there was some communication with the minister's office?

Dr Morton—Yes.

Senator WONG—Can you tell me how that occurred?

Dr Morton—The Wentworth Group was formed in around April 2002. As the group met and decided to produce a document putting forward suggestions for natural resource management in Australia, we recognised, as I explained to you before, that there would be a need to ensure that the people in the departments, people in certain ministerial offices and our major stakeholders in some of the industry groups would best be alerted to what we were doing in order to maximise the chances of us making a useful contribution. As part of that process, I believe that we indicated to Minister McGauran's office what we were doing. Minister McGauran was then the minister for science.

Senator WONG—I am aware of that. It has been reported, and I will ask you to tell me if it is correct or not, that you were reprimanded by Minister McGauran and told to remove all CSIRO members from the Wentworth Group after representation by government agencies and others.

Dr Morton—Is the report you are referring to the one in the *Canberra Times* of yesterday?

Senator WONG—Correct.

Dr Morton—There was a whole series of discussions with lots of people after the Wentworth Group reports were produced. In December 2002, after the first of the three reports of the Wentworth Group was released, Minister McGauran wrote to the Wentworth Group congratulating it on its work, including in that congratulatory letter a positive reference to CSIRO's involvement. After that point two more documents were produced by the Wentworth Group. One of those was in February 2003 and the final one was in July 2003. After the July report was released, I had further discussions with Minister McGauran, as I did with many people, about the activities of the group. As part of those numerous discussions he invited us to join him for a review of the activity at a meeting in his office in October 2003. Is all that clear to you?

Senator WONG—Yes, so far.

Dr Morton—That was a particularly important meeting because it was at that meeting we shared our views about the interesting zone between the provision of scientific advice on policy options and the potential perception that CSIRO had become a policy advocate.

Senator WONG—This was the view of Minister McGauran that was put to you.

Dr Morton—He did not have that view. He wanted to talk about it with us. I am finally getting to an answer to your question. I have gone back and checked the record of the meeting, which I took because it was a particularly important one. Although the newspaper report suggests that Minister McGauran pressured us to leave the group and reprimanded us for being involved, both my memory and the record of the meeting prove that not to be the case. The minister scrupulously avoided any such suggestion. He explored with us that very interesting boundary zone that we have spent most of this past hour talking about, but he never reprimanded us and he never suggested that we should leave the group. Indeed, today, although the Wentworth Group is not active and has not produced any more reports, it remains a network, and that network includes still Mike Young from CSIRO. Although Dr Williams has retired from CSIRO, he also remains involved.

Senator WONG—Are you involved?

Dr Morton—No. When I joined the executive team of CSIRO I severed connections with virtually all external bodies, because I am very busy and I wanted to remove any perception that I might have other involvements.

Senator WONG—What did you understand was the reason for the minister raising the perception that CSIRO scientists had become advocates through the Wentworth Group?

Dr Morton—Can you repeat the question?

Senator WONG—What did you understand was the reason for the minister raising it with you?

Senator Vanstone—That is a question best addressed to the minister, I think.

Senator WONG—No, it is what Dr Morton's understanding was. What did you take from that discussion?

Dr Morton—I took from that a very clear interest in and a commitment to CSIRO's ongoing reputation as an independent provider of scientific advice.

Senator WONG—Because the minister had indicated some concern that that line had been crossed?

Dr Morton—He indicated that in his view we were close to that boundary zone and ought to be careful, yes.

Senator WONG—He warned you to be careful of the line between science and politics. Is that an accurate summary?

Dr Morton—Yes, it is. I thought that that was a fair judgment on behalf of the minister for science, because in the end he is responsible for CSIRO.

Senator WONG—Is your current view as to that line between science and politics in part informed by that discussion with the minister?

Dr Morton—Partly informed. But as I tried to say before—I hope I said it clearly—I talked about this with many members of parliament, including the minister, and so did Dr Williams, Mr Young and Dr Garrett. It was not as if this was a one-off conversation. It was a particularly important conversation stemming from many of those sorts of discussions, and I took it in the spirit in which it was offered. Indeed, according to my record of the meeting, it concluded amicably.

Senator WONG—I accept that this is only in the media, but it is asserted that you made a statement to other parties to this effect: 'My minister wants CSIRO completely out of this group.' Have you ever said those words or words to that effect in the context of the Wentworth Group?

Dr Morton—I do not know where that comes from.

Senator WONG—Do you deny saying anything like that?

Dr Morton—Not to my knowledge, no. I would have couched my comments about the minister's interest in CSIRO's involvement in the Wentworth Group along the lines that I mentioned before—be careful about CSIRO involvement in activities that might put at risk the long-term reputation for objectivity and independence.

Senator WONG—So you deny ever saying anything to that effect?

Dr Morton—If those words were used, they are quite out of context.

Senator WONG—I want to be fair to you. Is your evidence that you have not said anything to that effect or that you may have but it has been taken out of context?

Dr Morton—If I said words like that, then clearly it is not in context.

Senator WONG—So it is possible you said them, but the context has not been clearly represented?

Dr Morton—Those words do not ring true to me, no. If I said words like that, in my view they have been taken out of context.

Senator WONG—I am trying to be fair to you. Your evidence is that you might have said words like that but, if so, they have been taken out of context.

Dr Morton—That is correct.

CHAIR—Dr Morton has answered that question three times.

Senator WONG—Madam Chair, I would like you to go back to the transcript. I asked the question a number of times because, with respect to Dr Morton, I think his answer altered somewhat. I appreciate that he is communicating on difficult issues, and I wished to clarify.

CHAIR—On my hearing of it, he has given the same answer three times, and I would have thought that that would have been sufficient verification of his attitude.

Senator Vanstone—Senator Wong, I am not trying to be difficult, but you would well know from past experience that, if you ask a question again and again, eventually the person who is giving the answer perceives that you are asking something different. If you consistently ask the same question, of course someone rephrases it, because they think you are not getting it. I am not saying this is your intention, but it can be done. By consistently asking the same question, someone thinks, ‘Clearly, it is not getting through; I will use different words,’ and then—guess what!—someone says, ‘You’ve changed your answer.’ We can all play that game, but this is a very expensive exercise here, and it is not for you to indulge yourself in. I think the record will show that Dr Morton’s answers were as clear as a bell first up.

Senator WONG—I am surprised, Minister, that you regard discussing ministerial involvement in discussions with CSIRO scientists as to the appropriateness of their role in certain groups, such as the Wentworth Group, as an indulgence, but I am happy to move on.

Senator Vanstone—Since you want to verbal me, I do not regard those questions as an indulgence, but repeating the same question again and again, and then, when someone rephrases their answer to try and make it clearer for you—since it is obvious that you have not got it on the first one, two or three answers—to say, ‘You have changed your answer,’ and use it as some means of dragging out some question that could be expedited and carried out much more quickly, I regard as an indulgence. I regard that as a misuse of the estimates, as opposed to asking direct questions on the issues, such as the one you raise. That is what I regard as an indulgence.

Senator WONG—Thank you, Minister. Dr Garrett, on the issue of *Climate Change: Turning Up the Heat*, which is a book that was I think published last year by Dr Pittock, I note that is now on your website, as of today, I think. Is that right?

Dr Garrett—I would have to check that. I do not know the answer to that question.

Senator WONG—Do you know when the promotion of this book was placed onto the CSIRO website?

Dr Garrett—I do not know the answer to that. I will have to take that on notice.

Dr Sandland—We have an organisation called CSIRO Publishing, which is responsible for publishing the book, and I imagine the advertising on that actually came out well before Christmas. The book certainly came out before Christmas because I gave it to three people as a Christmas present.

Senator WONG—That is what I was going to raise. I want to know the date on which it was first put onto the website. If you are not able to answer that, perhaps you could take that on notice.

Dr Garrett—We will do that, thank you.

Senator WONG—Dr Pittock was one of the scientists referred to in the *Four Corners* program—was he not?

Dr Garrett—Yes.

Senator WONG—Have you investigated his assertion that he was instructed by a bureaucrat within the Australian Greenhouse Office not to talk about mitigation?

Dr Garrett—No, we have not.

Senator WONG—Do you intend to do so?

Dr Garrett—We are giving that consideration.

Senator WONG—Who is giving that consideration?

Dr Garrett—I am going to be discussing it with my executive colleagues tomorrow.

Senator WONG—If the allegation is incorrect, would you regard that as inappropriate?

Dr Garrett—As Steve has indicated, I would have to understand the context and have a clear discussion with Dr Pittock around the circumstances. I would have to understand it before making a judgment call.

Senator WONG—As head of the organisation, do you regard it as part of your job or part of the leadership group's job to protect your scientists from political pressure?

Dr Garrett—That would be important. The answer is yes, where there is perceived or actual political pressure. But as we have been debating, as Dr Morton has articulated, there is a zone here that requires judgment from time to time in terms of our current processes. And I think we have been through that territory.

Senator WONG—How was Dr Pearman protected from political pressure?

Dr Garrett—Dr Pearman had the interaction with his reporting officer, as we have talked about. I do not understand the word 'protection' in that context. There was discussion and advice of how Dr Pearman should operate and talk in the context of our prevailing comment on public policy.

Senator WONG—Could you take on notice, if you are unable to answer it, whether Prime Minister and Cabinet has ever made any request or given any direction to CSIRO in relation to any public comment on biofuels by CSIRO scientists?

Dr Garrett—I have no knowledge of that. We will take it on notice and examine it.

Senator WONG—You indicated you had the discussion with then Minister McGauran. Did you have any other discussion with either the minister's office or members of the minister's department around your participation in the Wentworth Group?

Dr Morton—We went with Minister McGauran to a meeting with members of Murray Irrigation at Deniliquin. Dr Williams and I travelled with the minister and his adviser to talk

about CSIRO science, to talk about the way in which we would maintain our independence and the rigour of our science, despite being associated with all sorts of external groups. That was the last formal meeting that I believe we had on the matter with the minister. He was present for those discussions.

Senator WONG—So your discussion with the minister occurred on two occasions in relation to the Wentworth Group. Is that right?

Dr Morton—There were numerous informal discussions, but they were both relatively formal meetings.

Senator WONG—How many times are you telling us that you had discussions with Minister McGauran regarding CSIRO's involvement in the Wentworth Group?

Dr Morton—At that time, I ran into Minister McGauran frequently, so I would not be able to accurately recall the number of occasions on which I raised it or he raised it with me, because the contacts were so numerous, but I can recall those two relatively formal occasions in particular in which our involvement in the Wentworth Group and the way in which we ensured we were not losing our independence and our rigour was deliberately raised.

Senator WONG—At least two occasions with the minister and on a number of other occasions informally, but you cannot give evidence about the number. Is that right?

Dr Morton—Yes, because they are just conversations that were had.

Senator WONG—What about with departmental officials?

Dr Morton—The issue of our involvement in the Wentworth Group was mentioned on one occasion that I recall at a dinner with departmental officials.

Senator WONG—Which department?

Dr Morton—Our executive met over dinner with secretaries of departments twice a year. At one of those occasions, I recall an active discussion about CSIRO involvement in the Wentworth Group.

Senator WONG—What does an 'active discussion' mean?

Dr Morton—Vigorous debate about the interesting zone that we have often mentioned concerning the interaction between science and policy.

Senator WONG—Some were of the view that the involvement in the Wentworth Group had transgressed that line?

Dr Morton—Some were of that view. Others were of the view that it was an incredibly important contribution.

Senator WONG—You might have answered this, but I think I missed it. Departmental officers and bureaucrats from which department were at that dinner?

Dr Morton—I need advice here.

Dr Garrett—Most of the departmental secretaries.

Senator WONG—Across the APS, so various agencies?

Dr Morton—Yes.

Senator WONG—This is a fairly high-level group.

Dr Garrett—Yes, that we had at that time.

Senator WONG—Dr Morton, you said there was a vigorous discussion and there were those who believed that CSIRO scientists had transgressed. Are you able to recall from which departments those persons were?

Dr Sandland—It was a Chatham House rule discussion. Therefore, it was very free and frank and no records were kept of who was saying what, because of the Chatham House rule.

Senator WONG—Perhaps I will ask the question this way, Dr Morton, if you are not able to recall the detail: did you take away from that discussion a belief that there were some heads of department within the Commonwealth Public Service who believed that CSIRO had transgressed that line between science and politics?

Dr Morton—I think that is going a bit far. What we were doing was having the same sort of discussion we were having with the minister, who said: ‘Your contributions here are incredibly important. Just be aware that you are getting close to this zone.’

Senator WONG—Did you regard them as warning you?

Dr Morton—I regarded it as very important and useful advice. I would not use the word ‘warning’.

Senator WONG—Did you regard your discussion with the minister as the minister warning you that you were getting close to the line?

Dr Morton—Yes, I think he was warning us we were getting close to the line. Again, I regarded that as useful advice.

Senator WONG—What was the context of the meeting being convened at Deniliquin? Was that a meeting convened by the minister?

Dr Morton—I cannot be sure who organised the meeting. We were invited to attend, so I am not quite sure what the organisational arrangements were.

Senator WONG—With regard to the meeting at which the discussion you referred to in a previous answer occurred, did that involve the minister, CSIRO scientists and representatives of the irrigators?

Dr Morton—I cannot recall the precise composition of attendees from other groups. Dr Williams and I were there from CSIRO.

Senator WONG—To clarify, was it in that discussion—that is, with persons outside the Public Service present—that the minister had the discussion with you which you found very useful about the line between science and politics?

Dr Morton—No, they were quite separate meetings. I believe that meeting with the irrigators in Deniliquin was held in November 2003. If you wanted the precise date, I could find out.

Senator WONG—Sorry, are you telling me there were two discussions: you had the meeting with the irrigators but you also had a separate discussion, which I think you described

as a formal meeting, in which the minister put his views to you about CSIRO's involvement in the Wentworth Group?

Dr Morton—Yes, on 23 October we met with the minister. That was the meeting I discussed with you before. Subsequently we met with irrigators, and the minister was in attendance.

Senator WONG—Was the issue of CSIRO's involvement in the Wentworth Group discussed in the irrigators meeting?

Dr Morton—Yes, it was.

Senator WONG—Were the irrigators raising concern about CSIRO's involvement?

Dr Morton—They wanted to ensure that CSIRO recognised the need in rural Australia for its independence and its scientific rigour to be maintained because of the importance to the farming sector, yes.

Senator WONG—That is not really an answer to my question. Did they raise concerns about it or were they supportive of it?

Dr Morton—Were they supportive of our involvement in the Wentworth Group? They were concerned about it.

Senator WONG—What was the minister's role in that meeting?

Dr Morton—He was an observer.

Senator WONG—Was CSIRO defended by anyone at that meeting when these concerns were raised?

Dr Morton—By me.

Senator WONG—By the minister?

Dr Morton—I am not sure the minister had to defend us. We were there, putting our point of view and urging understanding of the breadth of scientific input that CSIRO could provide in debates about natural resource management.

Senator WONG—Why was the meeting called?

Dr Morton—Because there were concerns raised in the rural press about CSIRO's independence and scientific rigour, should it be seen to be associated with potential lobby groups.

Senator WONG—So the minister's office organised the meeting?

Dr Morton—I cannot be sure of that.

Senator WONG—But you were asked to attend by the minister.

Dr Morton—Probably, and we were willing to do so because our relationships in rural Australia are particularly important to us.

Senator WONG—Would it be a correct characterisation of the meeting to say it was a meeting in which irrigators had the opportunity to raise their concerns about CSIRO's involvement in the Wentworth Group, and the minister was present at that meeting.

Dr Morton—Yes.

Senator WONG—Did you regard that meeting as one in which CSIRO was put under some pressure from the irrigators for its involvement in the Wentworth Group?

Dr Morton—No, I would characterise it differently. The irrigators were expressing their longstanding commitment to CSIRO research, pointing out to us that our research had been incredibly important to them in the past and pointing out to us that they relied upon our reputation for independence and rigour to be maintained. I thought that was a fair message.

Senator WONG—You are quoted in yesterday's paper saying, 'Yes, there was some pressure from the minister over Wentworth.' Is that an accurate quote, Dr Morton?

Dr Morton—Not entirely. That is partly a construction of the journalist.

Senator WONG—What was the accurate quote?

Dr Morton—The journalist mentioned the word 'pressure' and I said that, if there was pressure, it was about making sure you are very careful about getting too close to that interesting zone where policy becomes dominant.

Senator WONG—And you say that is what you said.

Dr Morton—That is what I intended to say. I do not have a recording. But, sorry, what is the point of your question?

Senator WONG—I am trying to clarify whether the quote is accurate or whether you said something else.

Senator Vanstone—Madam Chair, yet again: the officer was asked whether it was a correct quote and he said no, it was not, he related what he believes he said, and the next question is: 'So that is what you said?'

Senator WONG—No—

Senator Vanstone—I am tempted to answer and say: 'No, he just said that for fun. He thought he'd run you around the kitchen and waste everybody's time.' He was asked the question, and it did go to the accuracy of the quote; I give Senator Wong that. He was given the opportunity to clarify it, and he took it. Then he was asked, 'So you say that is what you said.'

Senator WONG—No. I asked him if those were the words or not, and I think he has indicated—

Senator Vanstone—Why do you think the officer would have indicated what he thought he said if they were not the words he wanted you to believe he said?

Senator WONG—I understand your sensitivity on this issue, Minister.

Senator Vanstone—I have no sensitivity on this issue—

Senator WONG—Well, maybe you should.

Senator Vanstone—Maybe I should. Thank you for the advice, and I will give serious consideration to that when I get a minute.

Senator WONG—I am sure you will.

Senator Vanstone—But what I do have a sensitivity about is senators who come in here and consistently, frankly, indulge themselves by berating witnesses. They do so ever so politely, but you can use civil language but still be rude and you can be polite but still berate. Repeatedly asking the same question and rephrasing it is berating officers before the committee. Yes, I have a sensitivity about it. I complain at every committee I sit at whenever it happens.

Senator WONG—Dr Morton, did you have something to say?

Dr Morton—I am now ready to reply because I have the quotes in front of me.

Senator WONG—Thank you.

Dr Morton—The quotes are accurate. Yes, Mr McGauran did warn me to think carefully about the Wentworth Group, and I have explained that. I have said to the journalist:

Yes, there was some pressure from the minister over Wentworth.

That is accurate, in light of what I said. I have explained why that pressure was evident. As I said in the next quote:

We had a discussion about the zone beyond which science could give way to policy development. He was concerned—and perhaps rightly—that CSIRO would lose its reputation for independent science.

The quotes are accurate, and I think I have explained the context in which they were given.

Senator WONG—Thank you, Dr Morton. I appreciate that. Dr Garrett, I will just briefly go back to the discussion of this dinner involving the heads of agencies. Are you able to take on notice the date of that dinner?

Dr Garrett—I would have to take that on notice. There was more than one dinner. It was an opportunity for us to engage in discussions with senior colleagues, as Ron has said, under Chatham House rules, to help in our thinking as well as convey the work that CSIRO is doing.

Senator WONG—I understand that.

Dr Garrett—I will take the dates on notice.

Senator WONG—I do not want to explore everything at the meeting. You are entitled to have that discussion. My concern is that it appears that views were put. There was vigorous discussion, as I think you described it, Dr Morton.

Dr Morton—Are we talking about the Deniliquin meeting?

Senator WONG—The dinner. I have moved on from Deniliquin. I am interested in what CSIRO management took away from that—whether they took away a view that some of their colleagues within the Public Service at very senior levels had concerns that CSIRO was crossing the line between science and politics.

Dr Garrett—As Dr Morton said earlier in response to that, it was important advice and input to us. That was your view, Steve, and that is my view too.

Senator WONG—What was the advice and input?

Dr Morton—To be careful of maintaining CSIRO's reputation for the independent provision of scientific advice, and that is very sound advice. In the end, we are here only because our predecessors for 80 years have been very careful about precisely this same

issue—that the reputation of the organisation and the hard work of its scientists in the end is of effectiveness to the Australian community only if we do not get tied up in debates which go beyond science and into the policy arena. It is a clear, important message for all of us.

Senator WONG—The context of that message about being careful was the context of the organisation's involvement in the Wentworth Group?

Dr Morton—That is one of several things in which you could—

Senator WONG—I am not asking hypothetically. You talked about a vigorous discussion and you talked about what you took away from it, which was—I am paraphrasing here—the importance of CSIRO being careful not to cross the line. I am saying that the context of the discussion at the dinner was CSIRO's involvement in the Wentworth Group.

Dr Morton—Yes.

Senator Wong—That is correct?

Dr Morton—Now I understand your question, yes.

Senator WONG—Thank you.

Dr Garrett—As discussed, I would like to table this document.

CHAIR—Thank you for that, Dr Garrett.

Senator SIEWERT—I would like to follow up this issue about science and policy from the other perspective—that is, when you make decisions about where you are going to be investing resources. You have just made a decision on your energy policy to take a new direction to, as I understand it, invest less in energy efficiency and renewable energies and invest more in the science of geosequestration. I would suggest to you that that is a decision based on policy, because that is the current policy and the approach of industry, rather than on science. Could you comment on that?

My further comment is: if policy changes—for instance, if we have a carbon tax—we are going to be behind the eight ball, because it will bring energy efficiency and renewable energies much more to the fore and we will not have put adequate investment into those areas. So this issue about science versus policy is a grey area from the other perspective as well.

Dr Garrett—We understand, and my colleague Dr Sandland can add to my comments. As we indicated, in the important decisions which were made this year under the precautionary principle we took a significant number of inputs: science trends; political issues; socioeconomic developments in the short, medium and long term; evaluating our own capabilities and capacities where we could have a unique competitive advantage; and where we have good partnerships in place. So there was a plethora of inputs into that debate. Obviously, the prevailing policy issues are but one, and that helps inform our overall decisions. So that is the context, the framework, within which we make those decisions.

Senator SIEWERT—Did you do a risk assessment on what would happen if policy changes?

Dr Sandland—We do have, through our Energy Transformed Flagship, an energy futures forum that is considering a number of alternative scenarios. It is a scenario based exercise which is ongoing. So, yes, we are considering those. That work is not yet complete.

Senator SIEWERT—What work is not yet complete?

Dr Sandland—The energy futures forum, or the scenario generation exercise.

Senator SIEWERT—When is that likely to be completed?

Dr Sandland—I am not absolutely sure of the completion date.

Dr Garrett—In the order of 12 months, I think.

Dr Sandland—Yes.

Senator SIEWERT—So that is looking at the policy framework as well?

Dr Sandland—That is looking at scenarios for energy use in the future under a range of different potential options in terms of the reduction of emissions. A lot of it is actually based on the technology challenges that will be addressed over that period of time. So, if the technology changes significantly, there will be certain types of possibilities, and, if it changes in another direction, there will be other types of possibilities. It is quite a complex exercise, as you would appreciate, and there are stakeholders from a number of different areas involved in that.

Dr Garrett—Just to clarify and build on Ron's response, Senator, it is important that we have a responsive organisation, that we are responsive to longer term trends. For example, when the national research priorities process ran and they were developed, which was important to focus this nation's research on particular areas, that required us to make some adjustments to our existing investment portfolio to more effectively line up with research priorities. So that is responding to trends, whether they be scientific or economic or whether they be what other competitors around the world are doing.

Senator SIEWERT—Trends being policy trends from the ministry.

Dr Garrett—Including policy trends. As I have tried to indicate, policy trends are one input into our overall activities.

Senator SIEWERT—So what weight do the different trends get? What weight did the policy trend that that was what industry wanted to do get?

Dr Sandland—When we were developing our portfolio in this area, it was based on a range of factors, as Dr Garrett has said. One of those factors was the current infrastructure that we have in the coal-fired energy domain, and because of the very size of that infrastructure, the coal deposits, and the fact that it is at present a dirty technology, the issue of making the energy production cleaner is absolutely critical. So we formed our view on the basis of a portfolio of low-emissions technology to optimise the total greenhouse gas reduction that we were going to get.

I think your question is a very good one; it is predicated on current policy settings. And of course there could exist a policy setting which would change that altogether. But, based on the current policy settings, in the short to intermediate term, recognising that we have to remediate the emissions generated from coal-fired electricity and get the maximum bang for our buck, including greenhouse reduction, they were the kinds of considerations that we made. Should those policy settings change radically, obviously we would re-evaluate our investment.

Senator SIEWERT—Mr Young was mentioned earlier. Is Mr Young still employed by CSIRO?

Dr Morton—Yes, he is.

Senator SIEWERT—In the same capacity? In the job he was doing before? Is he still working in that area?

Dr Morton—Yes.

Senator SIEWERT—I recollect—I do not have it in front of me—that Minister McGauran at the time made some comments about Mr Young's media comments. Am I recalling correctly?

Dr Garrett—Yes, that is correct.

Senator SIEWERT—Did he ask CSIRO to reprimand or have words with Mr Young about the comments that he made?

Dr Garrett—No, he did not.

Senator SIEWERT—Did you anyway?

Dr Garrett—We certainly had a discussion—and Steve can articulate that—with Mike following those media reports.

Dr Morton—Yes, I did. I met with Mike and Rob Vertessy, who is the chief of the division. We discussed with him the communication issues that saw a CSIRO report reported in the media in such a way that it was seen as being at odds with government policy.

Senator SIEWERT—Could you explain how you would have preferred that report to have come out?

Dr Morton—We would have preferred that report to have been interpreted through media statements in such a way that the relationship to current government policy was clearly spelt out. It came out in a front page interview.

Senator SIEWERT—It did, but I would have thought that Mr Young was not misinterpreting the details of the paper that he released. The paper says what it says.

Dr Garrett—The question comes back to the debate we have been having this afternoon around the best ways of informing policy: if one has provoked a polarisation of opinion, is that the best way to inject good science and good reviews into the overall process? I think that was the nature of the conversation we had. It came back to this zone of the way we work either behind the scenes or to influence policy appropriately.

Senator SIEWERT—I do not want to misinterpret what you are saying or put an implication there that is not there, but are you saying that he should not have stated things the way he did because it was contrary to government policy?

Dr Morton—No. The report had been reviewed. It was sound. There was no debate about the quality of the work that had gone into the report. The discussion was purely about the means by which we best create receptors for our information in such a way that, instead of heat, we get light.

Senator SIEWERT—I suppose on this one sometimes there is going to be science that people do not like. In fact, having worked in the field of NRM for a long time I think there is a lot of science that industry does not like, particularly given the state of our NRM.

Dr Garrett—Correct.

Senator SIEWERT—How would you say that somebody, therefore, should talk about something like that when it is something that people do not want to hear? I am not trying to be difficult; I am trying to understand how you do that. CSIRO plays such a vital role in getting that information out there and it does then smack of a level of control over that information.

Dr Garrett—There are a variety of mechanisms by which we communicate our information: the convention of publications, talking at forums, talking in discussion groups, being part of engagement with departmental and ministerial committees and other forums. As Steve has said, it is choosing the most appropriate mechanism where the chances of creating light not heat—in other words, the message getting across in the appropriate decision-making forum—are optimised. On occasion, the media approach, correctly managed, can be the most effective way of doing it. But that is for this discussion and the way we have talked about things this afternoon. Steve, do you have anything to add to that?

Senator SIEWERT—Give me an example of how you would make something like that look like light when it so obviously had controversial information in it.

Dr Garrett—Okay. Dr Morton could go back to the conversation with Mr Young around the nature of the work and how we could effectively have communicated that. Steve, do you want to visit that as a case study?

Dr Morton—Under normal circumstances, when we thought that something was of real value for public discussion, we would prepare a media release. After the report had been formally published, either on the CSIRO website or in some other fashion, we would create a media strategy around that information which got it across in a way which left no question in people's minds that we were contributing suggestions about the way that policy could be interpreted and that we were not suggesting that current policy was wrong or whatever. It is getting the message across in a way which does not intrude upon current government policy.

Senator SIEWERT—Those issues obviously affect social science, and that is probably one of the areas that gets closest to that area of science and policy, because it is social policy, and I would suggest that the paper we are talking about entered into that realm. It is policy; it is not science. It is partly the interpretation of science and policy that he was talking about. How would you have done it differently in that instance?

Dr Morton—Again, recall the comments I was making to Senator Wong about the Wentworth Group involvement that we had—letting people know in the departments what sorts of results had emerged from the analysis; and, if they felt it necessary, communicating with ministers' offices to let them know the material was coming and what implications it could have for future policy development. That is the right way to go about it—and crafting media releases which ensure that people in the community have access to a balanced view of what the results show instead of a newspaper interpretation on the front page. Is that making sense?

Senator SIEWERT—I do not necessarily agree with you, but it makes sense, yes. I have a series of other questions, but they are not related to this.

Dr Morton—Senator Troeth, I have to revise the evidence that I gave before concerning my suggestions to Graeme Pearman and his involvement in the group, because I have at least one of the emails here, and I do not want to mislead the committee.

CHAIR—Do you want to make a statement?

Dr Morton—Now that I have the email, I should table it, and it is clear. I have written that I asked Graeme not to be associated with the group in March 2004. I do have to table that information, having discovered it in the record.

CHAIR—The committee is agreeable to that. Thank you.

Senator ROBERT RAY—I am looking at your statement, Mr Garrett, ‘CSIRO’s scientists not gagged’. One paragraph says:

This is consistent with the *Government guidelines for official witnesses before Parliamentary Committees and related matters*, of which the current edition dates back to 1989.

I know from my own experience that we have written to CSIRO and many other agencies about privilege matters and witnesses. Has any of that been incorporated in these guidelines, or are your guidelines really 16 years old? I could not quite understand whether or not the guidelines started in 1989 and you continually update and refine them?

Dr Garrett—We are referring to government guidelines.

Senator ROBERT RAY—Yes, but I am asking, are they updated guidelines or have they not been updated for 16 years?

Dr Garrett—I do not know the answer to that.

Dr Sandland—We mentioned earlier that the most recent update of our policy on public comment was made in 2004. It was based on a set of guidelines that had been issued earlier. Those guidelines took into account the 1989 government guidelines for official witnesses among other considerations at the time.

Senator ROBERT RAY—I do not know, because I was tied up with other colleagues, but have the guidelines they operate on been tabled here today, Chair?

CHAIR—Yes, they have been.

Dr Garrett—They were previously tabled.

Senator ROBERT RAY—I thought they might have. Thank you.

Senator SIEWERT—I do need to go back over something. I have not had a chance to look at this media statement. It says:

However, we do not provide direct commentary—negative or positive—on existing, past or proposed government policies.

The fact is that some of the work you do is about social science and social policy. Isn’t it inevitable that a scientist may make some comment on existing, past or proposed government policies? The example we have been talking about actually did in part touch on past

government policy? There were a number of governments involved in that policy; it was not just this particular government. Isn't it inevitable that that is going to happen?

Dr Sandland—It is inevitable that the findings of CSIRO science, whether it is social science, physical science or environmental science, will be relevant to policy considerations at some time in the future. For example, in the environmental area, we have recently had three landmark publications—two in the journal *Nature* and one in geophysical reviews—that have very significant implications, potentially, but we are talking about the science there. We do not back away from our science being science that may have policy implications. What we do back away from is the reputational damage that is caused to CSIRO and to our relationships with a variety of stakeholders when individuals choose to engage in attempting to change policy by media release. Use of emotive language and use of spectacular turns of phrase in media releases are not a way to win the hearts and minds of policy makers, and therefore are likely to lead to negative policy outcomes rather than positive ones. This is why guarding our reputation in terms of how we communicate our science is just so important.

Senator SIEWERT—This comes back to what Senator Wong was asking about earlier. If a scientist is participating in a group and that group makes a comment, you would not mind that so much if they put out a media release commenting about a piece of work.

Dr Sandland—Absolutely. Working in a research team that is considering all kinds of possibilities and scenarios is the way science works. There is a responsible way of using that information and a not so responsible way of using it.

Senator SIEWERT—If that group wanted to put out a media release, would you therefore require that a particular scientist on that group no longer be associated with that group?

Dr Sandland—That is obviously consistent with what happened in the case of Graeme Pearman, because of the policy prescriptive nature of the recommendations of that group. I am personally not privy to the analysis that went into the formulation of that particular recommendation, which was clearly a recommendation that was directly opposed to current government policy.

Dr Garrett—It is the prescription debate that we had earlier on; that is what we are talking about in terms of my comments regarding direct commentary. We also say we are a key adviser of government and we work in a number of different forums, often behind the scenes, to make sure that the information gets into the right environment. I think Steve has given a very good example of how we would have played Mike Young's advice in a different way.

CHAIR—When Senator Ray asked whether the guidelines for CSIRO staff making public comment had been tabled, the committee nodded enthusiastically, but I do not know whether the guidelines were actually tabled. Could we have those tabled?

Dr Garrett—Absolutely.

CHAIR—Thank you very much.

Dr Sandland—And I must apologise for the spelling of 'principles'.

Dr Garrett—We are going to correct that.

CHAIR—You are forgiven.

Senator Vanstone—You might be scientists, but you are not linguists!

CHAIR—Very good. Any further questions for CSIRO?

Senator SIEWERT—Yes, but they are on a different tack.

CHAIR—All right. If we have all finished with this particular avenue, please proceed, Senator Siewert.

Senator SIEWERT—I would like to address—and again it was an issue that was in the media; I put that up front—the ground based infra-red detector. First off, can you tell us the current status of the progress of the research into and development of that?

Dr Garrett—My understanding of that project was that the research activities were completed and we have moved, as that article talks about, into the commercialisation stage. As the responsible chief, Dr Greg Ayers, indicated, the research work had been done. Could I just read some notes quickly so I can give you an accurate answer?

Senator SIEWERT—Yes.

Dr Garrett—I am just trying to pick out the right words to respond to your question. CSIRO worked under a licence with Tenix to develop the system, with preliminary testing being carried out. Discussion of G-bIRD has been going on for some time, to the point now where Tenix have accepted a due diligence exercise and the current state of development of the intellectual property and are now seeking third-party equity to fund the start-up. So the research work has been completed and we are moving into the commercialisation stage.

Senator SIEWERT—Can you tell me how much CSIRO spent on the research on that project?

Dr Garrett—I will take that on notice, if I may.

Senator SIEWERT—Yes. You may want to also take some of these on notice. How much did Tenix spend on it?

Dr Garrett—Correct. I think we are at early stages with Tenix, but I will get that data for you too.

Senator SIEWERT—You mentioned IP. Sorry, I missed what you said about IP.

Dr Garrett—We have a licence arrangement with Tenix and we are working together now with Tenix to develop the system, with preliminary testing being carried out. That is the status of the IP arrangements. It is licensed to Tenix.

Senator SIEWERT—It is licensed to nobody but Tenix? So CSIRO still hold the IP for that with Tenix, do they?

Dr Garrett—Yes. Under the current agreement, the IP for any development or enhancement of G-bIRD is owned by CSIRO. That is where we are.

Senator SIEWERT—You own it, not Tenix, or you both own it?

Dr Garrett—We own it. That is my understanding. Yes, that is correct.

Senator SIEWERT—Is CSIRO able to sell that IP to anybody else but Tenix?

Dr Garrett—Currently it is an exclusive licence.

Senator SIEWERT—To CSIRO?

Dr Garrett—To Tenix.

Senator SIEWERT—It is exclusively licensed to Tenix.

Dr Garrett—If you have a number of detailed questions, I could ask the responsible officer to come to the table. This is Dr Jack Steele, who heads up our commercial group.

Dr Steele—Senator, the IP is presently licensed to Tenix and they are our exclusive commercialiser at the moment.

Senator SIEWERT—So would they be able to sell it if they wanted to, or would you make a decision together?

Dr Steele—They are the ones who can license it to other people at the moment, but what is going on is that they have determined that the correct way of further commercialising this is to form a company and they are going through the process of seeking capital to do that. As part of that process, they have been conducting due diligence on the intellectual property and what the proposition looks like. As Dr Garrett outlined, they have been going through that process, they are satisfied with the due diligence at this point in time and they are into the capital raising at the moment.

Senator SIEWERT—Will there be patents held over the G-bIRD system? I am presuming there will be.

Dr Steele—I will take that question on notice, but my preliminary answer is that I expect that there is one patent over this.

Senator SIEWERT—Okay. If you could let us know if there is one or more, and at what stage they are at. I understand there are different levels of patents as well.

Dr Steele—Yes.

Senator SIEWERT—It is a while since I looked at the patent book.

Dr Steele—It will either be a patent application or a granted patent, so that is the first question we will answer for you. Second, we will give you an indication of the jurisdictions in the world where we have applied for the patent.

Senator SIEWERT—Will you take on board or do I need to detail what I need?

Dr Steele—No, we will take that on notice.

Senator SIEWERT—Thanks. I am just double-checking that I have covered everything I wanted to ask. Is what you are going through with G-bIRD the way you are operationalising policy on commercialisation of your research? Is this normal practice, should I say?

Dr Steele—I am going to give you a complex answer to that question, I am afraid, to be precise. This is not an atypical process but it is not the only process by which we commercialise things. To tease that out, in this case we have chosen a commercial company who can effectively deliver the technology to the marketplace—

Senator SIEWERT—Which is Tenix.

Dr Steele—which is Tenix, and we have granted them a licence. Very often, that is what our commercialisation consists of. Occasionally, the commercialisation takes the form of actually forming a company around that technology and seeking capital. Effectively, a new company is formed.

Senator SIEWERT—CSIRO does that?

Dr Steele—CSIRO does that; sometimes our licensee does that in association with CSIRO. There are a number of different ways in which it occurs. So this particular example is not abnormal or unusual. It is just that you choose the correct pathway on the basis of what the commercial opportunity looks like and what the state of the technology is. Very often we are involved with our commercial collaborators in making that choice.

Senator SIEWERT—So how did you make the decision on Tenix and how did you make the decision to do it this way this time?

Dr Steele—I will take the first question partly on notice, but fundamentally the criteria by which we choose our commercial collaborator is that we look for a company that has an appetite for the technology and is going to be able to get the technology out into the marketplace. Given Tenix's background and given the nature of this technology, it is an entirely understandable selection of Tenix in this case.

Senator SIEWERT—Who makes that decision?

Dr Steele—I am afraid I have to give you another complex answer. That is a little bit dependent upon what the commercial opportunity looks like. Often that decision will be made at a divisional level. A lot of CSIRO's commercial arrangements consist of licensing activities that occur either at the point when the original research and development is being done in collaboration with somebody or later when the opportunity has been identified but it is done by divisional business development and commercialisation staff. Very often you will do that, by the way, in association and discussions with the scientists involved in the project. In fact, more often than not that would be the case.

On some occasions it will also involve the corporate business development and commercialisation team. Particularly company formations these days usually involve the corporate business development and commercialisation team. Almost invariably, that occurs with the corporate team working with the divisional folks as well. So you cannot break that linkage and still get effective decision making.

Senator SIEWERT—My question relates back to ensuring that things that are developed in Australia are commercialised in Australia. Will the commercialisation of this occur here or is there a potential that Tenix could onsell it?

Dr Steele—That first point is that Tenix is an Australian operation, so we are sort of starting with a tick in the 'commercialisation in Australia' box as we look at this particular example.

Senator SIEWERT—It would not be the first time, though, that something subsequently goes offshore.

Dr Steele—Given the nature of this technology, which, as I understand it, actually identifies occasions when you have got ash coming out of volcanoes, Australia does not have

a monopoly on the volcano opportunities either. So we need to think about what is the correct way of getting it across the world, in fact. To go to this specific example, the formation of a company that would actually produce these devices et cetera is inevitably the birth of a newborn and you cannot anchor those newborns inevitably to Australia. It is very likely going to start as an Australian operation. It may continue as an Australian operation but very often new companies that are formed with high technology have to go overseas in order to be able to get the maximum impact. Then you have an issue of how to return benefit to Australia as part of that process, and that is one of our key criteria that we look at in each transaction, and we look at different ways in which we can achieve that.

Dr Sandland—Before we finish, I just want to address two questions that were asked earlier. Senator Siewert asked about the liquid assets project in Western Australia. We have the information on that for her. That will be continuing in 2006-07 as part of our flagship project. The good news there is that external stakeholders have actually trebled their investment in that project over the three years that it is running, so we are getting the same kind of investment but with increased external investment.

Senator Wong asked about the date that the Barrie Pittock book *Climate Change: Turning up the Heat* appeared on the CSIRO website. The information I have is that it was last updated on 1 October 2005.

CHAIR—Thank you, Dr Garrett and officers of CSIRO.

[3.08 pm]

DEPARTMENT OF EDUCATION, SCIENCE AND TRAINING

Science Group

CHAIR—I welcome officers from the Department of Education, Science and Training, particularly the secretary, Ms Lisa Paul, and representatives of the Science Group. Do you wish to make an opening statement?

Ms Paul—No, thank you.

CHAIR—We will proceed to questions, in that case. Senator Crossin?

Senator CROSSIN—I am going to start with the national radioactive waste dump. Where is the department up to in the tender process?

Ms Borthwick—We are in the process of selection at the moment. We have not finalised that process as yet.

Senator CROSSIN—Can you tell me how many tenders have actually been put in?

Ms Borthwick—I think there were five.

Senator CROSSIN—Is it anticipated that one person would look at the three sites nominated or will there be different tenderers looking at different sites?

Ms Borthwick—No, our expectation is that there would be one consultant employed to do that task.

Senator CROSSIN—When do you anticipate making an announcement about that?

Ms Borthwick—As I said, we are in the final stages of consideration of that process.

Senator CROSSIN—When do you anticipate having a decision about that? Are you looking at trying to get it over and done with and announced by March or September?

Ms Borthwick—We will do it as quickly as we can. We expect to do that shortly.

Senator CROSSIN—When do you expect the work to commence?

Ms Borthwick—We expect it will commence as soon as that decision is made. We are working to get that done as quickly as we can—so shortly, again.

Senator CROSSIN—What criteria are being used to assess who would be the successful tenderer?

Ms Borthwick—As you know, we put out an RFT last year. For the detail of that, I might ask Mr Davoren or Mr Irwin to respond.

Mr Davoren—Price and value for money are the overwhelming considerations. Also, in assessing these tenders, the comprehension of the task that was revealed in the tender applications was an important consideration, the relevant experience of the applicants and the quality of the subcontracting team that they would bring to bear on the project.

Senator CROSSIN—Are there any specific or additional criteria or indicators you would be looking for?

Mr Davoren—Experience on relevant projects—some of the applicants had links to overseas expertise that was quite relevant to this. Some of them had previous experience in related projects in Australia like the former national radioactive waste repository project in South Australia.

Senator CROSSIN—Would they necessarily have to have international experience?

Mr Davoren—No, not necessarily. Some applications did bring to bear relevant international experience.

Senator CROSSIN—You would be aware that there was an article a couple of weeks ago in the *Australian Financial Review*. We know that amendments to the legislation have allowed the land councils to go ahead and proceed to nominate a site if they so wish. In that article I note that my colleague has suggested that he would approach the new minister and ask her to hold off, basically, on getting the three sites assessed until the land councils had an opportunity to nominate any sites. Are you aware of any such request to put this on hold in case the land councils come up with a site?

Mr Davoren—No. As far as the government is concerned, at the moment the policy is to pursue the Defence sites, with the possibility that further down the track we may get a nomination for a volunteer site. I think that is a fair statement as to the existing policy position.

Senator CROSSIN—What if we get to a situation where the three sites are assessed and a recommendation is made and then a volunteer site is nominated? Doesn't that put your timetable out a little bit? Is there not, in your eyes, a particular point in time when you would say, 'We're three-quarters of the way down the process now; we can't look at any further sites or it'll delay our process'? Is that factored in to consideration?

Mr Davoren—I think that is a real issue. We need a timely nomination of a volunteer site if the schedule for the project was not to be seriously disrupted. Of course, the main milestone there is the minister's declaration of the site to proceed to evaluation. Obviously, once that is made, there is no opportunity under the legislation for consideration of further sites. So if we are to get a volunteer site, we would hope for a timely nomination.

Senator CROSSIN—This request that everything be put on hold to give the councils a chance to nominate a site: that is not a reality as far as you are concerned? The tender process would have to continue and a volunteer site would have to be nominated as the process continues—is that correct?

Mr Davoren—That is my understanding of the current situation.

Senator CROSSIN—Has the contingency of having to investigate a fourth or fifth site been built into the site investigation tender?

Mr Davoren—Yes, it has.

Senator CROSSIN—So, if a volunteer site is nominated, say in the next two months, your tenderer would look at that site as well—is that correct?

Mr Davoren—That is correct.

Senator CROSSIN—How far along the process does it get too late to include another site in this process?

Mr Davoren—I think that is a matter of judgment for the government as to how they see the overall schedule for the project but I think that, if we were to get a nomination of a volunteer site before the middle of this year, that would fit into the schedule. After that, it might become a bit difficult.

Senator CROSSIN—Are you aware of any additional sites that have been nominated?

Mr Davoren—As you are aware, the Northern Land Council is the only land council of the four that has expressed an interest in making a nomination from an interested community. We briefed all the component regions of the Northern Land Council at their full council meeting, as we advised you at the last estimates. All of those communities are aware of the nature of the project. The Northern Land Council's position is that, if there was interest, it would pass the nomination to the Commonwealth. We are aware, of course, of the interest of Mr Yunupingu in volunteering land in his community, but nothing has been passed to us by the Northern Land Council.

Senator CROSSIN—You would also be aware that there are landowners that border Mr Yunupingu's land that say that they would not agree to any nuclear waste being transported across their land in order to get to Mr Yunupingu's land—

Mr Davoren—Yes, we have seen those reports.

Senator CROSSIN—and so that is a bit of an impasse, I would have thought. And you have not had a fourth or fifth volunteer site nominated?

Mr Davoren—No.

Senator CROSSIN—Have you had any communication from any of the land councils about a volunteer site?

Mr Davoren—We are waiting for them, basically, in regard to a volunteer site. I understand the nomination would have to go to the full council of the Northern Land Council.

Senator CROSSIN—I am not sure. Why would it need to do that? If it is somebody's land, why would they need the approval of either the northern or central land council.

Mr Davoren—Under the act, the nomination comes from the land council.

Senator CROSSIN—I see—not from individual landholders.

Mr Davoren—That is the way the act is framed.

Senator CROSSIN—That might be a slight error of judgment, perhaps. It is not for you to say, I suppose. So you have had no communication to date from the land council about that.

Mr Davoren—I have had no nominations.

Senator CROSSIN—What about correspondence from them in relation to a volunteer site?

Mr Davoren—No.

Senator CROSSIN—Can I ask you about some information that is on your website. On your website radioactivewaste.gov.au, there is an area headed 'Frequently asked questions'. One of the questions is: 'How long will the site investigations take?' You might not have it in front of you, but I will read it. You say:

Site investigations are expected to take twelve to fifteen months.

A minimum period of twelve months is required in order to obtain a full years measurement of meteorological data.

When does that 12 months start ticking, or is it already ticking? If you do not name a tender until March, are they looking at 12 months' data from that date or are they looking at a previous 12 months' data?

Mr Davoren—That is a worst-case situation because some sites—I suspect the southern Defence site—would already have meteorological data, so that would not be an issue. But obviously, if we went to a site where that data was not being collected and we had to collect it ourselves, it could take a year.

Senator CROSSIN—So you are assuming that that data has been collected on the three Defence sites?

Mr Davoren—No, we are not assuming it but it is something we will look at with our contractors.

Senator CROSSIN—So, if it is not being collected, then the 12 months would start from some point in the future—is that correct?

Mr Davoren—For Defence sites, particularly the northern site, where there is an adjacent RAAF base, I would be very surprised if there is not very detailed meteorological data collected.

Senator CROSSIN—At Fishers Ridge?

Mr Davoren—Data that would be applicable. That is a matter for judgment.

Senator CROSSIN—We have certainly collected plenty of pictures of lime sinkholes for you, but maybe not meteorological data. You have probably seen the sinkhole pictures by now. Doesn't this then put your time line somewhat out? You are expecting the preferred site to be announced by the minister by late 2006 for an environmental assessment. But if in fact you need twelve month's data, and perhaps that 12 months does not start from, say, March, it puts your time line out by up to six months. Is that correct?

Mr Davoren—Clearly that decision could easily slip into early 2007.

Senator CROSSIN—Is there an intention to put an explanation about that on your website now?

Mr Davoren—We could, but I think we are waiting for the next major development in the project, which is the appointment of the preferred contractor. We will amend our site at that stage.

Senator CROSSIN—That site might also need adjustment in terms of your time line, if in fact there is no data at the three sites.

Mr Davoren—It all hinges on the date of appointment of the contractor. At that stage, we would amend our website.

Senator CROSSIN—At this stage, though, on the face value of it, it looks like your time line is already out by some months, possibly.

Mr Davoren—Depending on the existence of data—possibly, yes.

Senator CROSSIN—How much have you spent on this dump since the 2005 announcement?

Mr Davoren—I think we have provided some information to you on that in the follow-up to the last estimates. For 2005-06, we have spent \$182,478 so far, which I think is about \$40,000 more than we indicated in our follow-up to the last estimates.

Senator CROSSIN—I do not remember seeing a breakdown of figures. Can you take on notice and provide for me a breakdown of the \$182,000?

Mr Davoren—Yes.

Senator CROSSIN—I am particularly interested to know how much has been spent on the advertising and promotion component of that.

Mr Davoren—I think we indicated a figure on that in our last follow-up. That would not have changed all that much.

Senator CROSSIN—Are you talking about the anticipated cost in that answer I got?

Mr Davoren—The cost to date for this year.

Senator CROSSIN—The actual cost.

Mr Davoren—Yes.

Senator CROSSIN—What, then, is your starting figure for the construction of the facility? I am talking about for the sheds, the fence, the electrical wiring—the actual three-dimensional construction cost.

Mr Davoren—One of the purposes of the current study is to come up with those sorts of estimates. There is about \$13 million in this year and the out years for the project, but that is mainly for site investigation and regulatory processes. But it also involves the detailed design of the project, from which we expect to get some more detailed costs and which would be the basis for a further bid for funds from the 2008-09 budget. I think a rough estimate of the cost has been made at around \$30 million. But at this stage, of course, we do not know very major things like whether we are looking at all above-ground storage or a combined storage facility for intermediate level wastes and a near-surface disposal facility for low-level waste.

Senator CROSSIN—So \$30 million is an overall amount. Do you have out of that, say, that X million dollars will be for construction costs? I am talking about for hardware like fences. Has that been itemised yet?

Mr Davoren—No. The important thing with this project is that the construction of the facility takes quite a short time. It might take, say, eight to 10 months. That will happen towards the end of the project. The figures that we are looking at now are the figures to cover the costs of regulatory applications, of which the environmental impact study would be a major component.

Senator CROSSIN—In one of the answers you gave me you mentioned the sealed road from the Stuart Highway out to Mt Evarett. I am assuming you have been on that road.

Mr Davoren—I have.

Senator CROSSIN—I would not have thought it was wide enough to take a truck carrying waste material.

Mr Davoren—I have seen trucks on it.

Senator CROSSIN—I know, but I would have thought you would want a wider road for safety purposes. Has any assessment been made of the adequacies of the road access to and from these sites or is that part of the job of the tenderer?

Mr Davoren—That will be part of the operating licence application. We will set out to our regulator ARPANSA how we see the facility operating and that would include transport arrangements. They will judge on the adequacy of those arrangements and make recommendations.

Senator CROSSIN—You would not want anyone trying to pass a truck on that road. It is a single road.

Mr Davoren—It would certainly not pass it on the bitumen.

Senator CROSSIN—That is right. Has any assessment been made of any likely spin-offs for local communities during the construction of this?

Mr Davoren—I think we have been clear with communities that it is not a huge project. It has a short construction period. There may be some jobs in guarding the facility. My judgment is that the regulators will tell us that it needs 24-hour guarding, so that might involve three

shifts of guards. That could involve the employment of six people, for instance. But it is not a major project in the scale of things these days.

Senator CROSSIN—How many jobs will be involved in the construction of it?

Mr Davoren—I would be guessing, but from previous projects in which I have been involved, say, 40 people might be required, but for a short time.

Senator CROSSIN—Only for six to eight months.

Mr Davoren—Eight to ten, I think.

Senator CROSSIN—Are there any plans to have a mandatory requirement in the construction documents that Indigenous people be involved?

Mr Davoren—We would consider that highly desirable. Of course, if we got a volunteer site it would be essential, I would imagine.

Senator CROSSIN—What skills or business involvement would be transferred to communities? Can you envisage any?

Mr Davoren—I imagine there would obviously be some training opportunities for the project, but they would be of short duration. There would be these guarding jobs, and that might involve some training and skills.

Ms Paul—Mostly it would be the passing on of construction and trade related skills, which would start, I would imagine, with employment on the project. Once you have those skills, they do not go away.

Senator CROSSIN—Ms Borthwick, is your section handling this project or is it within the science area?

Ms Borthwick—I am the group manager of the whole science division and Mr Davoren is the director in charge of the facility project.

Senator CROSSIN—How many in your section are also looking at this project with you, Mr Davoren?

Mr Davoren—There are seven in the project, but we have other responsibilities in terms of overall radioactive waste management policy and management of the former British nuclear weapons test site at Maralinga.

Senator CROSSIN—Has anyone been put on to manage this as a discrete project?

Mr Davoren—There are people who work only on this project.

Senator CROSSIN—How many in DEST?

Mr Davoren—Three.

Senator CROSSIN—At what level or pay scale are they?

Mr Davoren—EL1.

Senator CROSSIN—There are three EL1s working on this?

Mr Davoren—Yes.

Senator CROSSIN—Can we talk about your reaction to Mr Loy’s comments on the unknown dangers to the wildlife of a dump. I am going to matters that are on a website. I have noticed in recent months that the CEO of ARPANSA seems to have serious doubts about the safety of the nuclear facility with respect to wildlife. ARPANSA have issued an OPAL research reactor construction licence. When he issued that, he specifically noted, on page 14 of the International Commission on Radiological Protection, statements about ensuring that the extent of endangering the whole species or creating an imbalance between species does not occur. Has your department looked at these comments from the CEO?

Mr Davoren—We have not, but I think that those considerations would be an important aspect of our environmental impact assessment. We will be doing a detailed assessment of the three sites and any volunteer sites.

Senator CROSSIN—Will the EIS go specifically to looking at Dr Loy’s comments in relation to wildlife?

Mr Davoren—Certainly. The EIS has to assess all possible environmental impacts. That is the cultural, physical and biological environment.

Senator CROSSIN—Could I also ask about a picture that is on your website. A draft EIS that has been prepared for the national repository for you by PPK in 2002 speaks of the environmental management required once it is operational. It includes a reference, on page 308, to requiring drains from operational areas where radioactivity is handled to an evaporation pond within the repository compound. Are there plans to have such ponds at this facility?

Mr Davoren—That is a matter for detailed design, but I imagine there would be. That is a feature I would expect in a facility of this kind.

Senator CROSSIN—When I go to your website and look at the repository design concept, I cannot see any depiction of ponds in that diagram.

Mr Davoren—I think that is clearly a factor that we are looking at a very generalised conceptual design. To get those other features you are talking about, we need to go one step further, to the detailed engineering design.

Senator CROSSIN—Don’t you think it is a bit disingenuous to not even have a little box that might say, ‘possible future location of a retention pond’? I had to hunt for a further description about what this facility would look like in the future, and I found that there would be a requirement for a pond. Yet I look at your picture on the website and do not see any mention of that.

Mr Davoren—It is simply a matter of the detail reflected in that diagram. There are lots of smaller but important details of the project. If we included all of those in a little box, we would cease to have a conceptual design. We would have a detailed engineering design.

Senator CROSSIN—Wouldn’t you think, though, with this facility being built so close to Aboriginal land, and having Aboriginal people so concerned about this, an indication that a retention pond is needed would be something they would be particularly interested in knowing about?

Mr Davoren—When we talk to Aboriginal people about the facility, we tell them the measures that will be taken in terms of collection and monitoring of any runoff from the facility. That is something we talk about. But in those very gross illustrations, it is rather difficult to indicate those features.

Ms Borthwick—Now that you have raised it, we can certainly look at it.

Senator CROSSIN—It certainly has been raised with me, and it all adds to the perception that you are not being entirely honest about what people expect or what they are supposed to be looking for as they come to some conclusions about this.

Ms Paul—I think we have been really up-front in our conversations, our communication, our frequently asked questions and so on. But if you think it helps to add that sort of detail, we can certainly have a look at it.

Senator CROSSIN—If I put my two previous questions together, about the impact of the facility on wildlife, which you say will be managed through the EIS process, and also the retention pond, has there been any analysis of how the pond would be managed to minimise threats to wildlife in the area?

Mr Davoren—Once again, Senator, I think that is a matter for further detail. Once we get to the detailed engineering design stage, those features will be properly fleshed out in a design.

Senator CROSSIN—How do you envisage that you would limit the amount of wildlife being attracted to such a pond, particularly in an arid region like Mount Everard?

Mr Davoren—For the first part of that, we would not have an exposed pond that was not fenced off from the environment. This thing will have fences around it. The security that we would have to apply because we are holding nuclear material there I think would effectively exclude a lot of wildlife.

Senator CROSSIN—Are we talking about a cover on it to preclude birds?

Mr Davoren—Yes, we would have to have that.

Ms Paul—The more detailed analysis under the EIS will obviously go to these issues.

Senator CROSSIN—It is certainly an aspect of the operation that is not currently transparent on your website, though.

Mr Davoren—In radioactive waste handling facilities, you have wash-down areas, and the material that is collected from that is retained and kept from the environment

Senator CROSSIN—Perhaps consideration needs to be given to amending or changing the website. I want to go to something else we have discovered on your website. There is a frequently asked question: ‘Will overseas radioactive waste be accepted at the facility?’ You would be aware of the answer that is on your website. I want to put to you that I believe that your answer is false. You say that overseas waste will not be accepted at the new facility, yet ARPANSA’s nuclear safety committee, in its September 2005 report about managing waste from the ANSTO reactor, said:

Since the spent fuel will be processed in batches with the spent fuel of others, the wastes returning to Australia will not necessarily be from ANSTO’s spent fuel.

Mr Davoren—There is no separation between an atom produced by us or an atom produced by someone else, but we will take back the waste attributable to the processing of our material, and that will be regarded as our waste.

Senator CROSSIN—Even though, in fact, it is coming back from overseas?

Mr Davoren—Yes.

Senator CROSSIN—Why is the answer to your question not clear about that?

Mr Davoren—We regard that as Australia's waste. It is waste that is attributable to the processing of our radioactive material.

Senator CROSSIN—But in your answer you talk about reprocessing of spent fuel that is generated in Australia. The words you have just given me now are quite different to the words that are in the answer on your website.

Mr Davoren—It is our waste that is coming back under a contract with the reprocessor.

Senator CROSSIN—Perhaps that needs to be much clearer in your answer on the website. I understand that, because I have spent hours trolling through the detail of this facility, but you say 'no' in answer to the question: 'Will overseas radioactive waste be accepted at the facility?' You go on with an explanation, but the explanation you have just given me does not line up with the explanation that is on your website. I ask you to have a look at that and make very clear for people without this background who access your website exactly what your interpretation of waste coming back from overseas is.

Ms Paul—I think the website is clear by way of saying we are dealing with Australia's waste but, if it would help to clarify exactly what that means, we are happy to do so.

Senator CROSSIN—ARPANSA's *Regulatory guidance for radioactive waste management facilities* also mentions storage of liquid radioactive waste. Can I reconfirm that you have no plans to store liquid waste in the Northern Territory facility?

Mr Davoren—That is correct.

Senator CROSSIN—So radioactive liquid waste will still need to be stored at Lucas Heights. Is that correct?

Mr Davoren—It will have to be stabilised or converted into a solid form.

Senator CROSSIN—At Lucas Heights. Is that correct?

Mr Davoren—Yes.

Senator CROSSIN—So, in fact, this facility is not going to take all of the country's radioactive waste. Is that correct?

Mr Davoren—Of course, ANSTO have liquid waste, but they stabilise that into a solid form. For instance, processing material to extract molybdenum-99 as a radiopharmaceutical produces a liquid waste stream, but that is solidified. That solidified material will end up at the facility. The code of transport is very restrictive on transporting liquids.

Senator CROSSIN—In ARPANSA's draft guidelines for the dump, regular mention is made of active institutional control of the site. Can you tell me what is meant by that?

Mr Davoren—You deal with radioactive material that, in the case of low-level radioactive material, for instance, might be disposed of to the environment and is regarded as posing a potential hazard for an institutional control period. If the facility is closed in 50 years, you would maintain surveillance over that site for the institutional control period, which might be 200 or 300 years.

Senator CROSSIN—So when we talk about an active institutional control at this dump in the Territory, it is anticipated that perhaps that might actually last up to 300 years. Is that correct?

Mr Davoren—It could do, yes.

Senator CROSSIN—So when those guidelines refer to a time period during which institutional controls can be relied upon, how do you anticipate how long that will be?

Mr Davoren—I think an institutional control period could be relied upon for several hundred years. There is nothing new about these institutional control periods. They have been set out in Australian codes of practice for the last 20 years.

Senator CROSSIN—I want to refer to Foreign Minister Downer's speech to the forum on terrorism last week. No doubt you would be aware of his comments. In that speech it has been reported that he said low-level waste was at risk of being used by terrorists for a dirty bomb. Can you provide any information about the accuracy of that statement?

Mr Davoren—It could be used for a dirty bomb. I do not think it would be a very effective dirty bomb. I think more attractive dirty bomb materials would be intermediate-level wastes.

Senator CROSSIN—Why?

Mr Davoren—Because of the level of activity.

Senator CROSSIN—He also called for the provision of a high-level waste dump. Was this on advice from DEST?

Mr Davoren—It was not. I have noticed that the spokesman for Mr Downer was reported as saying that he did not say that. Regardless of what he said, the advice did not come from DEST.

Senator CROSSIN—So DEST would still be of the view that we have no need for a high-level waste dump in this country?

Mr Davoren—That is true, and the management of high-level radioactive waste at the facility is prohibited under the act.

Senator CROSSIN—Were you aware that Mr Downer was going to make those comments in his speech?

Mr Davoren—No, I was not. I do not regularly follow Mr Downer's speeches.

Senator CROSSIN—You might need to retract that, I think! So you have not been asked to provide advice on the need for a high-level waste facility or management or storage of high-level waste?

Mr Davoren—Certainly not.

Senator CROSSIN—Finally, I want to ask you about Mr Downer's call on fast-tracking the dump. How accurate would that statement be? It does not coincide with your time line, by the sounds of things.

Mr Davoren—I think a centralised facility has a lot of advantages and, the sooner we get the facility, the more securely we can manage Commonwealth radioactive wastes. But, as you have heard from ANSTO in earlier evidence, the time line we are working to is 2011 for when material returns from overseas.

Senator CROSSIN—All right. I do not have any further questions on the waste management facility.

Senator WONG—I would like to ask some questions in relation to the appointment of the replacement Chief Scientist. Hello, Ms Paul, by the way.

Ms Paul—Hello, Senator.

Senator WONG—I am sorry we kept you waiting so long today. I understand tomorrow is some nine months since the current Chief Scientist indicated an intention to resign at the conclusion of his contract. Is that correct?

Ms Paul—It probably would be.

Senator WONG—Did DEST forward any names for consideration to the previous minister?

Ms Paul—Yes.

Senator WONG—When did that occur?

Ms Paul—That would have been towards the end of last calendar year. I think it would have been in late November.

Senator WONG—Can I ask how many people were on that list?

Ms Paul—I cannot remember. Can I take that on notice? It was a shortish list of probably about five or six people.

Senator WONG—Can I ask how you compiled that list, Ms Paul?

Ms Paul—Certainly. You may be aware, Senator, that the position was advertised. To go through the whole process: Robin Batterham announced his retirement as Chief Scientist in, I think, May and he ceased his employment at the end of May. We went out for a tender for search firms. That went through June, and we selected a firm. The advertisements went out in July in the national media and in the *Bulletin*. The application period closed in August and the search process kept going. It was an international search process. There was a shortlisting process and interviews were held in October—sorry, at the end of October and early into early November. Then, as I say, the first advice went up at the end of November.

Senator WONG—Have you since November provided any further names to the previous or the current minister's office?

Ms Paul—That is the way of nature of advice, but I have certainly started to discuss this issue with the new minister, who has already said it will be a priority for her.

Senator WONG—I understand that. I think your answer was that a list with four or five names went—was it the end of the November, I think you said? I am asking if any subsequent list has gone to the minister's office.

Ms Paul—I have not sent a further list, no.

Senator WONG—Or any additions or changes to the list.

Ms Paul—It is a matter of broad discussion but, no, the formal process is as it was.

Senator WONG—Can you give me the details of the cost et cetera of the search firm?

Ms Paul—Yes—I think we may have answered this, actually. The firm, I think, has been paid so far \$27,500. Then there were the advertising costs in addition to that.

Senator WONG—We did, I think, have a discussion about this. That went to tender, didn't it?

Ms Paul—Exactly.

Senator WONG—How many applications approximately did you receive?

Ms Paul—I think there were just over 30—I would have to check that but I think that is right.

Senator WONG—Are you able to tell us when the announcement is to be expected?

Ms Paul—I cannot, of course.

Senator WONG—Did Minister Nelson previously take the matter to cabinet?

Ms Paul—It has been considered by government.

Senator WONG—On how many occasions?

Ms Paul—Once.

Senator WONG—And the date of that?

Ms Paul—It was late November, I think.

Senator WONG—So subsequent to your provision of the list.

Ms Paul—Yes.

Senator WONG—But no subsequent announcement was made about an appointment.

Ms Paul—Correct, so it is still under consideration.

Senator WONG—Remind me of the remuneration details in relation to this position. I am happy if you want to take that on notice.

Ms Paul—No, that is fine. They are set by the Remuneration Tribunal and they set it at a daily rate for a three-day week year, which I think was \$154,000 for the year.

Senator WONG—Is it intended that you advertise for the position again?

Ms Paul—That is a matter for the minister to consider.

Senator WONG—But it is an option available still—in other words, the provision of the previous list has not concluded the process.

Ms Paul—The process is still extant and government is still considering it.

Senator WONG—I think you mentioned before that the search firm was continuing to operate. Was that right? It was continuing to undertake activities—or not?

Ms Paul—No, I think the interviews were probably the last point. That is probably not true: the search firm would continue to seek referees and so on and so forth, but it is your normal, standard search process.

Senator WONG—What I am clarifying is: is the search firm still seeking further applicants or is it background checking current applicants?

Ms Paul—The latter.

Senator WONG—Just remind me who was on the interview panel.

Ms Paul—Me; the secretary of industry, tourism and resources, Mark Paterson; Dr Brendan Nelson's chief of staff; and Robin Batterham, the Chief Scientist.

Senator WONG—Were you involved in the appointment of the previous Chief Scientist?

Ms Paul—No, I was not. It was in a different portfolio. Dr Batterham was Chief Scientist for six years. He had two terms.

Senator WONG—At whose request was Minister Nelson's chief of staff on the interview panel?

Ms Paul—I cannot remember, actually. I will have to take that on notice.

Senator WONG—I presume that you will not wish to disclose names on the list for consideration.

Ms Paul—No; certainly not.

Senator WONG—I have nothing further on that matter. I have finished with Science.

CHAIR—Have you any other questions on Science, Senator Crossin?

Senator CROSSIN—I have two other sections but perhaps I could put those on notice.

CHAIR—Thank you to the Science Group. We will now move on to Cross Portfolio.

[3.53 pm]

Cross Portfolio

Senator WONG—The date for answers to be provided was 5 December. I appreciate that departments do get a lot of questions on notice but I understand that only 134 were provided by that date, which is only a third of the total amount. I suppose I want to raise my concern about that. It obviously makes it difficult for opposition senators and other parties to do the research that we are required to do prior to estimates. What is the reason for the substantial noncompliance with the date for the receipt of answers to questions?

Ms Paul—You are probably aware that we took 386 questions, which had 841 parts. You are absolutely correct: we answered about 35 per cent, or 134, by the due date. Unusually, we had significantly less time between when the questions were agreed, which was on 15 November, and 5 December, when they were due. I do not really want to make too many excuses. Of course we absolutely want to meet the committee's requirements. It is not good

enough and I am sorry. As it happens, we were churning out about five answers a working day and we had just these three weeks to do the 841 parts. I think that pretty well explains it.

Senator WONG—Again, I just raise my concern. At the end of December, we did have around 67 per cent lodged, but there were 146 interim answers, some of which were clearly not final and are altered subsequently.

Ms Paul—Yes. Of course, in a way, we double our work, don't we? We have to do the interim answer and then we do the final.

Senator WONG—What about the 30 outstanding answers? I think there were 38 three days ago and you have done eight in the last couple of days.

Ms Paul—Yes. I have looked at the list and I think—

Senator CROSSIN—It is just that some of the answers I have got back were to particularly complicated questions. You put a lot of work into them.

Ms Paul—Yes. There were some complex ones this time, with lots of years and so on, lots of parts and lots of figures, but I have certainly paid personal attention to the ones not yet done and they will be with you as soon as we can do them. I did have a look at them myself when I learned that we had this number overdue, which is unusual for us, to see where each of them was at, and most of them are pretty well done—most of the data has been gathered and so on—so I do expect them to be with you quite soon and I do apologise for them not being here.

Senator WONG—I appreciate the way in which you have answered that, Ms Paul. Can I clarify too—obviously, there has been a reshuffle and a change of minister. I am not seeking to allocate blame here, but that may have been another spanner in the works in terms of the matters being signed off.

Ms Paul—It is not so much signing off; I do not think that would be fair to say. Certainly, some of our own recent efforts have been directed towards briefing the new minister and so on, so perhaps that is a factor. But no, I do not think I could say that the minister or her office could absolve us of any blame in this regard!

Senator WONG—Very honourable of you. Can I go to the departmental staffing numbers, which are on page 15 of the additional estimates statements. I am happy to ask this here or in outcome 1, but it might be just as easy, if you do not mind, Ms Paul, if I deal with it here. There are an additional 48 staff, and I presume these are full-time equivalents, in outcome 1.

Mr Storen—That is correct. In outcome 1, there is an ASL increase of 48.

Senator WONG—Which programs are these staff working on?

Mr Storen—The 48 relate to the Investing in Our Schools program.

Senator WONG—All of them?

Mr Storen—That is correct.

Senator WONG—Broadly, are you able to tell me what their functions are?

Ms Paul—I can probably do that, Senator.

Senator WONG—Thank you.

Ms Paul—They are basically processing and assessment support staff. As you are probably aware, that program has been significantly oversubscribed, beyond the level that we had originally estimated, and so we have needed to bring in more people simply to process the workload. It is a straight workload response.

Senator WONG—Are any of them involved in the Australian technical colleges?

Mr Storen—No, Senator. The increase relates to Investing in Our Schools and, whilst a very high proportion would be the processing function as described by Ms Paul, there is also a bit of IT support—

Ms Paul—Yes, that is true.

Mr Storen—around Investing in Our Schools as well. But that is the program the staff are supporting.

Senator WONG—All right. So what proportion of the staff are IT?

Mr Storen—I would not—

Senator WONG—I am happy for you to take it on notice. What data do you have about these staff? I am interested in knowing what they do.

Mr Storen—Sure. Mr Evans, when he is here for schools later on, Senator, could certainly go into the details there—no problem at all.

Senator WONG—Okay. We can do that then. Now, Ms Paul, I cannot recall how far I went back last time or if I asked this, but it is about the number of staff employed by the agency each year since 2001. Did we deal with that?

Ms Paul—I cannot remember.

Senator WONG—No, I cannot either.

Ms Paul—Certainly, it is on the record, because we have answered questions, I know, but I do not know if we discussed it.

Senator WONG—I wonder if you could update the previous advice to the committee relating to the number of staff employed by DEST—this is clearly on notice—by output; Public Service pay scales, including salary ranges; and also the number who received performance pay or bonuses.

Ms Paul—Certainly.

Senator WONG—I turn now to your website. You have a privacy statement on your website which asserts or guarantees that you will only publish personal information either if the person has consented or if it is with their knowledge. That is correct, isn't it?

Ms Paul—I would imagine so. It would be a normal thing for a website to have.

Senator WONG—Did the department check whether consent had been given for the photos that have been placed on the ministerial website which involve quite a number of members of the public?

Ms Paul—I do not know if I can answer that. We can take it on notice.

Ms Pearce—We can take it notice. We can certainly take it and confirm it, but our policy is that for any photos we use of individuals we check with the individuals and get their consent. I think it is written consent.

Senator WONG—Yes, it is. That is what your policy says. I am just clarifying that. Who deals with the website?

Ms Pearce—I do.

Senator WONG—You do, Ms Pearce. So you are not aware as to whether or not that process occurred in relation to the photos that are on the ministerial website?

Ms Pearce—I am saying it should have. That is our policy and we pursue that policy.

Senator WONG—Were there costs involved with the change of ministerial office as a result of the reshuffle and change of ministers in refurbishing or recabling the ministerial office?

Ms Paul—It is a very good question, and one I had not thought of. I do not think the costs would come to us. I suspect they would go to—

Senator WONG—I was just about to ask that.

Ms Paul—I would imagine it would be DOFA. Mr Storen is nodding, which I think is more reliable than my speculation.

Senator WONG—Of ministerial staff or departmental staff seconded into the minister's office, are there a number of those who are not being picked up with the new minister and who are returning? What happens to them?

Ms Paul—We had two departmental liaison officers with Minister Nelson. Both of them are still with Ms Bishop. On your previous question, I do not know whether there would be a cost, for example, in setting up IT and so on. Anyway, we can check that out for you. I think most of it would go to DOFA.

Senator WONG—Yes. Just let me know what costs there were for DEST. So the two departmental officers who were previously seconded are going over to the new minister's office?

Ms Paul—Yes.

Senator WONG—Are there no previous staff members of Minister Nelson who were departmental officers who have not been picked up by Minister Bishop?

Ms Paul—Correct, if I understand your question correctly. There were two and the same two are still there.

Senator WONG—Nobody has come back to the department.

Ms Paul—Correct.

Senator WONG—Ms Paul, do you track internally the number of reviews that the department undertakes, either internally or commissioned to an external consultant?

Ms Paul—What sorts of reviews?

Senator WONG—Any sorts of reviews on policy.

Ms Paul—Like an evaluation, that sort of thing?

Senator WONG—Correct.

Ms Paul—Yes.

Senator WONG—What about studies and surveys? Are they tracked as well?

Ms Paul—Yes, I think so.

Senator WONG—Are you therefore able to provide on notice a list of those under the previous minister, Minister Nelson?

Ms Paul—It would possibly be mainly in the annual report under all our consultancies and so on. I think all our work is published there.

Senator WONG—Yes. I am asking for a number of years under Minister Nelson and, if possible, under Minister Kemp. I am interested in not just the external consultancies but also internal reviews, surveys and studies, which would not be tracked separately. I understand that you track them yourselves but they would not necessarily be separately identified in the annual report as an external consultant.

Ms Paul—That is quite a broad ambit. Are you particularly interested in policy evaluations, that sort of field?

Senator WONG—Let us start with policy evaluations.

Ms Paul—Okay.

Senator WONG—Also reviews—is there a broad term? In relation to each, could I get the dates of announcement, commencement and completion, with, if possible, the total cost. I am not sure. Would you track that in terms of an internal review?

Ms Paul—I am not sure. What we will take on is: what do we track, and does it meet the nature of your question? We will certainly look at that.

Proceedings suspended from 4.05 pm to 4.21 pm

Senator WONG—I do not recall where I got to before the break, Ms Paul. I was mid-question. I think you indicated you did keep track of the number of reviews, studies and surveys. What I am asking for is the dates of announcement, commencement and completion, the total cost of each item—and I think you indicated that that may be more difficult to obtain with internal reviews et cetera—

Ms Paul—What I offered is that we will have a look at what we do have. We will get the details of what you are after and then look at way we keep the records and provide what we can, back to the years you want, internal and external.

Senator WONG—I am going to give you a few more parameters: the organisation which was commissioned, if the matter was outsourced; recommendations which were made; and, perhaps more importantly, those recommendations which were adopted by the government.

Ms Paul—Thank you.

Senator WONG—Thank you. I think that is all I have in cross-portfolio.

[4.23 pm]

CHAIR—We move now to the innovation and research systems group.

Senator CROSSIN—I do not normally cover research issues, so excuse my indulgence here. Can I ask you questions about the research quality framework here?

Ms Paul—Yes, you can.

Senator CROSSIN—Has the minister seen the final advice on the research quality framework?

Dr Arthur—Advice was provided to the previous minister, Dr Nelson, from the expert advisory group, and that consisted essentially of a copy of the final advice from that group. That advice is still within the minister's office. I cannot say whether the current minister has examined that document, but the document is certainly in the minister's office.

Senator CROSSIN—I noticed in an article in the *Campus Review* just last week that the minister says that she is yet to consider the expert advisory group's advice. Is that still your understanding of the situation?

Dr Arthur—I have no information that is different from that.

Senator CROSSIN—If that is the case, I take it that there has been no decision or that there has been no further advice requested from DEST by the minister.

Dr Arthur—No. The advice is with the office and the minister presumably will make a decision in due course.

Senator CROSSIN—What is your understanding about whether the minister will continue with Brendan Nelson's proposal that 100 per cent of the Institutional Grants Scheme and 50 per cent of the Research Training Scheme will be allocated through the RQF results?

Dr Arthur—No question such as that has been addressed by the minister that I am aware of. Those are the statements of the previous minister. Therefore, they are the existing position. I am not aware that the current minister has turned her attention to give any answer to that question.

Senator CROSSIN—I understand that the expert advisory group has recommended that the minister adopt the final model. Given the extensive consultation and submission process, does that simply imply that the RQF will take place?

Dr Arthur—That is a matter for the government.

Senator CROSSIN—Is it still under consideration as far as you are concerned?

Dr Arthur—Indeed. The formal position is that the government made a decision in Backing Australia's Ability to commit funds for the development of a research quality framework. However, the government has not made any decision to implement the research quality framework.

Senator CROSSIN—It is my understanding that the framework has been developed—is that correct?

Dr Arthur—Correct. The task that was given to the expert advisory group was to consult widely, which it did, and to bring forward recommendations on what in its view would be the most effective way to assess the quality of research in Australia. It completed that task.

Senator CROSSIN—Is it DEST's expectation that the framework will be implemented? You would not go ahead with all this work unless it was actually going to be implemented, would you?

Dr Arthur—Our role is to provide advice to governments in accordance with government decisions. I do not know that expectations or opinions are of any particular value in this area.

Senator CROSSIN—You have probably been a public servant too long to expect too many high things—is that right?

Dr Arthur—I certainly have been a public servant for a considerable period of time.

Senator CROSSIN—But it is possible, though, that nothing could happen beyond the EAG's final advice to the minister. That is one possibility, isn't it?

Dr Arthur—That is certainly one of the possibilities that exists.

Ms Paul—Mind you, the minister has already said in public that she is keen to progress an RQF, and of course it was a commitment in *Backing Australia's Ability*. But the point Dr Arthur is making is that we are now at a point where it becomes a matter for government to consider.

Senator CROSSIN—If the RQF is abandoned, would there be some mechanism to reimburse universities for the effort they have put into developing a framework?

Ms Paul—It is far too early to even consider a question like that. We are really just at a point where the EAG has reported—it is just at the end of the first process, if you like.

Senator CROSSIN—In terms of the final model, could you clarify something for me. The final advice recommends that funding should be allocated on separate ratings for research quality and impact—is that right?

Dr Arthur—The details of the final model paper have not been considered by the minister and have not been released, so I am not really in a position to discuss the details of the final model paper. It certainly is the case that earlier documents which have been published have contained recommendations from the expert advisory group that there should be separate rating scales for quality and impact. However, those particular recommendations did not go to the issue of funding. In general, the expert advisory group—

Senator CROSSIN—But, if I am correct, the September 2005 preferred model that was publicly available suggested that funding would be available on an overall rating, based on a matrix of quality and impact—is that right?

Dr Arthur—No, the paper contained a description of how to obtain a rating scale for quality and a rating scale for impact. It also provided by way of example, but not as a recommendation of the expert advisory group, a matrix which would give you a combined score for quality and impact. However, that was not explicitly linked to funding; it was, as was the charge of the expert advisory group, advice on how to provide an assessment of quality of research and, in that case, how to provide an assessment which combined the

quality scale and the impact scale. But, as I said, that was not in fact recommended by the expert advisory group.

Senator CROSSIN—So you are suggesting that the expert advisory group has taken a different position from what was publicly released in September—is that correct?

Dr Arthur—No, what I was describing was what was released in September.

Senator CROSSIN—And you would not be in a position to tell me whether the final report reflects that or not—is that right?

Dr Arthur—The final certainly contains discussion of that issue and contains recommendations on quality and impact. As I said, I am not in a position to discuss the detail of that at the moment because it has not yet been released.

Senator CROSSIN—What role does the institution's scale of research play in funding?

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

Senator CROSSIN—Do institutions actually put some kind of rating on the quality of the research and the impact of the research at this point in time?

Dr Arthur—No. There certainly have been propositions raised in discussions within the EAG and more generally in the sector that part of the process should be some form of self-assessment stage before other elements of the research quality framework assessments take place. However, that has not been a feature of the recommendations of the expert advisory group.

Senator CROSSIN—They actually wanted funding to be allocated separately for the quality and impact ratings. Is that the case for the EAG?

Dr Arthur—I am not in a position to discuss what the recommendations of the EAG may have been in its final advice.

Senator CROSSIN—So I am just hypothesising here, am I, if I ask these questions?

Dr Arthur—I am not commenting on your particular approach in asking questions.

Senator CROSSIN—I will put the rest on notice because they go to what we believe might be the outcome and what you cannot tell us is the outcome, because the advice is sitting with the minister. It is probably better if I put them on notice; then we will not waste each other's time, will we?

CHAIR—Senator Stephens, do you have some questions?

Senator STEPHENS—I will put them on notice.

CHAIR—That concludes that section. Thank you very much indeed.

Senator CROSSIN—We are running out of time. That is why we are moving through pretty fast.

CHAIR—We will now move on to the Higher Education Group.

[4.37 pm]

Higher Education Group

Senator WONG—Ms Paul, I will address this to you and you can flick it as required. The COAG agreement included an announcement by the Prime Minister that the cap on domestic full fee paying medical places would be lifted from 10 per cent. The public statement by the PM actually talks about 25 per cent. I understood the current full fee paying domestic student cap to be 35 per cent. Is that correct?

Mr Walters—It is 35 per cent apart from the medical students. So the Prime Minister's announcement was that the cap would be raised from 10 per cent to 25 per cent for medical students.

Senator WONG—So 25 per cent is correct as the cap.

Mr Walters—Yes.

Senator WONG—Was DEST asked to provide advice in relation to that aspect of the COAG announcement?

Mr Walters—We provided advice, yes.

Senator WONG—I am a little confused, Mr Walters. It might be my lack of experience in this area. I will just go back to your answer before that the 35 per cent cap currently applies to domestic full fee paying students—

Mr Walters—Non-medical ones.

Ms Paul—Not for medicine.

Senator WONG—So medical was already 10 per cent—the lower cap.

Ms Paul—It was lower.

Senator WONG—When was that advice provided?

Mr Walters—We provided advice, I think, during the course of the COAG meeting.

Senator WONG—Not previously?

Mr Walters—Obviously this is an issue which comes up from time to time, and we have provided advice from time to time on different aspects of it. Specifically we were asked for advice during a COAG meeting and we provided it.

Senator WONG—Could I ask why it was that the Prime Minister stated:

... an increase from 10 to 25 percent in the number of fully-funded places* in university medical schools that will bring, for medical students, the figure of fully-funded places up to the same level as exists for other faculties.

That is not correct, is it, Mr Walters?

Mr Walters—I think that the Prime Minister was speaking during the course of a press conference and that is where you are quoting from. My interpretation of that was that he was saying it would bring it closer to the level of other students.

Senator WONG—‘The same level’ as existing students.

Mr Walters—As I said, it was a press conference. I think that is about all I can say on the subject.

Senator WONG—Was the Prime Minister briefed by DEST as to what the current level was?

Mr Walters—As I said, we provided briefing during the course of the COAG meeting.

Senator WONG—Was COAG aware that 35 per cent is the current level?

Mr Walters—I would have thought so, Senator.

Ms Paul—Particularly via Dr Shergold, I am sure, who used to be secretary of this department.

Senator WONG—So you cannot explain why there was that error in what the Prime Minister said?

Mr Walters—As I said, it was a press conference, and I think that the transcript goes on for quite a number of pages. We are all aware that not everything is absolutely accurately stated during the course of press conferences, because they go on for a long time and many things are said. I think that what the Prime Minister was intimating was quite clear, which is that it comes up closer to the level for non-medical places.

Senator WONG—I am happy to move on from this, but where is ‘closer’ in this? This is a valiant defence—

Mr Walters—That appears to be the intent of what the Prime Minister was saying.

Senator WONG—Were you involved in discussions about the increase to the cap?

Mr Walters—Personally no, but officers of the department were involved in providing advice.

Senator WONG—Which officers?

Mr Walters—Mr Manns and his staff from the Higher Education Group were involved in providing advice.

Senator WONG—When did you provide that advice, Mr Manns?

Mr Manns—As Mr Walters said, we took some calls during the course of the morning of the COAG meeting.

Senator WONG—So advice was sought by telephone during the COAG meeting.

Mr Manns—I believe it was during the meeting. I do not have the precise times.

Senator WONG—On the Friday.

Mr Walters—Yes. We do provide advice on these issues. They come up all the time. Although we would have provided advice on the morning of the COAG meeting, we are regularly in contact with Prime Minister and Cabinet and the department of health on these issues.

Ms Paul—The health workforce issues had been the subject of the Productivity Commission consideration. So we have been involved with that consideration as well. This is one part of that broader consideration.

Senator WONG—Mr Manns, were you and your staff the ones who provided advice on the Friday?

Mr Manns—Primarily my staff. I was otherwise engaged for most of the morning.

Senator WONG—To your knowledge, were you asked for advice specifically in relation to that issue in the week leading up to the COAG meeting?

Mr Manns—Not that I am aware of, no.

Senator WONG—Were you asked to provide advice to your minister regarding this option prior to the COAG meeting?

Mr Manns—The specific option—

Mr Walters—I think we are getting into the territory where we are divulging the nature of the advice given to the minister—

Senator WONG—I am not asking the nature of the advice. Mr Walters, you interrupted one of your officers speaking. I understand you did not want him to answer the question. I am not asking what you advised the minister. Evidence has been given that advice was given regarding the COAG policy option and the COAG announcement. That was given on Friday in telephone calls. I am asking whether or not that advice was given to the minister, and if so, when. I have not asked what the advice is, Mr Walters.

Mr Walters—I think all we can say is that advice was provided on the morning of the COAG meeting, but also that for some time in the past we have been in regular contact with other departments on the issues covered by Productivity Commission report and the future of the medical workforce.

Senator WONG—Perhaps we can do it this way: did you provide advice to your minister on the Friday?

Mr Manns—Not directly to the minister, as far as I am aware, no.

Senator WONG—Were you asked for any advice in relation to the ultimate outcome of COAG in the week leading up to COAG?

Mr Manns—That is a very broad question. I think the generality is: yes, we did provide briefing to the minister in relation to the matters that were on the COAG agenda.

Senator WONG—When did DEST become aware of the decision to move to 25 per cent?

Mr Walters—I think the outcomes of COAG were matters that were negotiated between the Prime Minister and the state premiers during the course of COAG, so naturally we would not have been aware of the outcomes until those negotiations were complete and the announcement was made.

Senator WONG—So you were not aware of it until the announcement was made?

Ms Paul—That is correct.

Senator WONG—When was your minister made aware of the announcement?

Mr Walters—As I say, I think the announcement was the result of negotiation between the Prime Minister and the state premiers. Therefore, everyone was aware of the announcement when that negotiation was concluded and the whole package was announced.

Ms Paul—We all would have learnt the outcome at the same time, I would imagine.

Senator WONG—Thank you. Does the fact that the Prime Minister made an error in his statement in no way indicate a failure by DEST to provide advice on this issue or briefings to the Prime Minister?

Mr Walters—As I say, the statement was comments made to a press conference. The actual announcement was contained in a communique from COAG. The communique from COAG, which is up on their website, is absolutely correct.

Senator WONG—Mr Walters, we are going to be here a very long time, and you and I had this issue last time. I appreciate the job you have, but it could be much easier for me. If you do not want to answer something, you have options available. If we have to sit here and listen to answers which, frankly, are on unrelated issues or are political answers, I am really not interested. If you do not want to answer it, that is fair enough. If you wish to take it on notice, that is fair enough.

Mr Walters—I can answer it absolutely.

CHAIR—Senator Wong, Mr Walters was endeavouring to answer the question that you put to him, and I would be obliged as Chairman if you would allow him to answer that question.

Mr Walters—The answer is that the announcement was in the COAG communique, which all the ministers agreed to. It says:

COAG agreed that the current cap on full fee paying medical places for domestic students should be lifted from 10 per cent to 25 per cent.

Senator WONG—Thank you, Mr Walters, I can read, but I did not ask you about the communique. I asked you about the prime ministerial statement.

Ms Paul—Our role is not even the main role in this regard. We would have provided advice, presumably, to PM&C on the day. The announcement is correct, as far as we know, or at least it is what we have taken to be the case, and I do not think it appropriate for us to comment more on the Prime Minister's statements at a press conference.

Senator WONG—Sure. Can I confirm that the COAG decision to raise the FEE-HELP loans cap from \$50,000 to \$80,000 is only in relation to medical students, not other full fee paying students?

Mr Walters—Yes, that is correct.

Senator WONG—Not to dentistry or veterinary science?

Ms Paul—That is as we understand it.

Mr Walters—Not so far as we know.

Senator CROSSIN—Does it apply to allied health or just medicine?

Mr Walters—As far as we know it is just medicine at the moment.

Senator WONG—I am a little confused by what you mean by ‘as far as we know’.

Mr Walters—We have the outcomes of the COAG, and it is always possible that when ministers take these things away and digest them they will want to finesse the precise outcomes, but so far as we know it is just for medical students.

Ms Paul—The announcement was for medical places, so that is what we understand to be the case.

Senator WONG—I presume, given Ms Paul and Mr Walters’s evidence about the process and COAG making the decision, that this is not a matter that went to cabinet.

Ms Paul—I could not comment on that.

Senator WONG—Were you asked to provide advice about the increase of the cap to \$80,000?

Mr Walters—We were asked to provide advice on a number of issues feeding into the COAG agenda. Whether or not we should get into the nature of exactly what that advice was, I am not sure. I suspect that that takes us over the normal convention.

Senator WONG—I do want to ask this, though: who requested the advice?

Mr Walters—I think we were asked for advice from a number of sources.

Senator WONG—I will ask the question again, Mr Walters: who requested the advice?

Mr Manns—As I say, I was not personally involved in a lot of the discussion on the day, but my understanding is that it was from officials from both the Department of Health and Ageing and the Prime Minister’s department.

Senator WONG—So your minister is not seeking this advice in the context of COAG, because clearly she is not a member thereof?

Ms Paul—No, it came from up—

Senator WONG—It was officer to officer?

Mr Manns—That is essentially correct. It was coming from people who were on the spot.

Senator WONG—Was the advice provided in writing or verbally, on the Friday?

Mr Manns—As far as I am aware, we did not provide anything in writing.

Senator WONG—As a result of the increased cap for medical students, has DEST undertaken any modelling on how this increase will affect student debt levels in Australia?

Mr Walters—It is too early really, because the announcement was fairly recent, so we have not done any of that. In terms of the overall student debt level, the numbers involved in this will be pretty small, so you would hardly expect to see a discernible difference, I think, in the overall totals.

Senator WONG—So are you intending to look at that or is that not something you consider statistically significant enough to inquire into?

Mr Manns—We will need to do some work on that in order to have the measure ultimately reflected in legislation and in the budget—or a budget, depending on the date of implementation that the government decides on.

Senator WONG—Now, there is a website called Going to Uni, at goingtouni.gov.au. Is that a DEST website?

Mr Walters—It is.

Senator WONG—That does provide some indication of the cost of a degree in that it indicates the annual cost either for Commonwealth supported or domestic fee-paying students, correct, and the length of course?

Mr Manns—Yes, it does.

Senator WONG—Clearly, you have trapped the data, which is length of degree, full fee rate per year and total cost of the degree.

Mr Walters—Yes.

Mr Manns—I think the website itself includes the disclaimer that, typically—and Ms Sparkes might correct me if I am wrong—the universities load the first-year estimated total cost and so you can do a very indicative estimate of the full course cost, but it is affected by so many variables, including the particular units that students choose to take, that you cannot get an absolutely accurate answer about the total course costs from that system.

Senator WONG—No, clearly it is an estimate. It is around the mark, presumably. What I am suggesting is that, on the basis of the information provided on this site, DEST clearly traps the cost, both full fee paying and Commonwealth supported per year, plus the length of the degree and therefore the total cost of the degree, with the proviso obviously that that may alter from year to year.

Mr Walters—I could not hear whether you said ‘traps’ or ‘tracks’, but obviously we ask the universities to supply the information and we put it on the website for the information of students, to try and improve the information available to students on their potential liabilities.

Senator WONG—Sorry, I missed the last part.

Mr Walters—DEST’s role in all this is to collect the information and put it up there so that it is available for the information of students. That is what we are trying to do.

Senator WONG—Given that you track that data, could you provide me with a list of all medical courses in Australia by university and, for each course, the length of the degree, the full fee rate per year and the Commonwealth supported rate per year and therefore the total cost of the degree, which I presume is a multiplication—with the proviso that you have indicated—and the number of students commencing in the years from 1996 to 2006.

Senator Patterson interjecting—

Senator WONG—We just spent 10 minutes talking about that.

Senator PATTERSON—I have been listening, so I do not need your advice, thank you, Senator Wong.

Mr Manns—I did want to just clarify part of the question—thank you, Senator—and that is that we will give it to you as reported by the universities on the Going to Uni website.

Senator Vanstone—Is that something that Senator Wong could get herself?

Mr Walters—It is up on the website.

Senator Vanstone—You may as well indulge yourself and get popcorn while public servants do it for you. We will tell the unis not to bother putting it on our website.

Senator WONG—Yes, I understood it was the universities' advice, Mr Manns, and with that proviso, I assume. For a commencing student in, for example, 2005-06, you have to make certain assumptions on the basis of what the university has provided for the future cost. So I understand the parameters.

Senator Vanstone—That might be an example, Madam Chair. These are the estimates. They are for the questioning of officials and ministers on Commonwealth expenditure. They are not opportunities for opposition members or government members simply to get the public service to go and do their hackwork.

CHAIR—Point taken, Minister.

Senator WONG—I want to ask some questions about the HEWRR legislation.

Mr Walters—The higher education workplace relations requirements.

Senator WONG—Is there any additional appropriation in relation to—

Senator Vanstone—Can you just take me to what part of the additional estimates you are asking your question under?

Senator WONG—I was just about to ask: is there any additional appropriation to activities under that legislation, given the passage of the bill in November or December?

Mr Walters—I do not think so.

Senator WONG—I understand that Minister Nelson wrote to vice-chancellors towards the end of last year, I think, outlining that the 2.5 per cent funding increase they had received during 2005 had been withheld from the commencement of this year.

Mr Walters—It is not so much that it was withheld as that it cannot be paid until the minister is satisfied that the universities are compliant with the legislation. So he wrote in order to point out to them that, as a result of meeting the universities' own request for a delay in the implementation date for the HEWRRs last year, that meant that we only had the universities' returns on 30 November. It meant that the minister and the department were going to take a little bit longer to look at the submissions which the universities have made and decide if they were compliant. Therefore, the purpose of the letter was to warn them that this meant that there would not be a determination until February, so until that point they would not receive the extra funding.

Senator WONG—So the determination is required under the Higher Education Support Act?

Mr Walters—Yes. That is correct.

Senator Vanstone—I think I have been advised that there are no additional estimates in relation to this matter.

Senator WONG—This is a part of the PBS. This is part of the portfolio funding. Are you having a difficulty, Senator, in me asking questions about the utilisation of public funds in higher education? It is interesting, Minister: you come in here and raise relevance after

making a number of remarks which were completely irrelevant to the additional estimates process, including talking about the Keating government and the remark to me about asking public servants to do my hackwork. Then you have the gall to tell me that I am not being relevant. Give me a break!

Senator Vanstone—Senator, what I asked you is: can you take me to the page of additional estimates about which you are asking a question?

CHAIR—I think Mr Walters did indicate that there were no additional expenditure. Is that correct, Mr Walters?

Mr Walters—There is nothing in the additional estimates that I am aware of.

Senator Vanstone—So there are no additional estimates in relation to this. The government understands the, frankly, laxity with which we have approached estimates in the past—

Senator WONG—Yes, and now you have the numbers you do not want the questions asked. That is how it works, isn't it?

Senator Vanstone—I am sorry, Senator. Perhaps I will discontinue my remarks until you have said what you want.

CHAIR—The tolerance, Senator Vanstone.

Senator Vanstone—I am sorry, Senator Wong. Did you have something else you wanted to say?

Senator WONG—I am asking about page 16, which deals with the higher education funding and the Higher Education Support Act, which are estimates of the special appropriations and there are some changes there. So, if you want me to point you to a page, I refer you to page 16.

Senator Vanstone—Senator Wong, when I was talking to Senator Troeth, I stopped talking so that you could complete whatever it was you were saying by way of interruption. When you finish whatever it is you choose to say by way of interruption, I will then complete my remarks to Senator Troeth. Then, if Senator Troeth chooses, we will go back to estimates, at which she is the chair—neither you nor I.

Senator WONG—That is right.

Senator Vanstone—The point I was making to you, Madam Chair, is the government does understand the laxity that it has taken in relation to these matters—

CHAIR—Tolerance.

Senator Vanstone—and there needs to be tolerance and, frankly, it should be like that. I have lived under a Labor government when if you could not point almost to the pencil purchase that you were querying, you could not ask any questions at additional estimates, and it made a joke of having them. There should be a degree of flexibility. It has not been apparent to me that these senators are addressing their questions to what the department has for additional estimates. This is not about finding a word on the page that says 'education' and then, 'Oh, I'm asking about that.' The question should be, 'Which additional estimates is this department getting that you are now asking questions about?'

CHAIR—I would be gratified, Senator Wong, if you could establish the link between additional estimates and what you are asking.

Senator WONG—I am happy to have a discussion in committee about this, Chair, if you wish. I am asking about funding conditions the government has passed which are relevant to funding flowing under the Higher Education Support Act, which is described at page 16, and I am asking about the minister's decision to withhold funding from Australia's universities. I can understand if Senator Vanstone does not want me to ask that question. I would have thought the public are probably entitled to know some of the detail of the withholding of public funds to the higher education institutions. I am trying to process these matters expeditiously and move on as I am able to.

CHAIR—Nevertheless, the withholding of funding may not constitute additional estimates.

Senator WONG—Is this the Minchin-AWB gag writ large?

CHAIR—No, this is not.

Senator WONG—Is this the way the government intends to run estimates? You do not want me to ask about this minister's decision to withhold funding under a legislation which is referred to and outlined in terms of the amount at page 16 of the additional estimates. You are ruling that out of order. Is that what you are doing?

CHAIR—My point and Senator Vanstone's point is that the withholding of funding does not constitute additional estimates, and I am waiting for you to make a link between the two.

Senator WONG—I am going to continue to ask the questions. Frankly, you can rule them out of order if you wish and we can have the discussion in committee. I am asking about funding which is referred to in the additional estimates. In fact, page 16, shows an alteration in that funding and I think I am entitled to ask how that funding is flowing.

CHAIR—I will ask Mr Walters or Ms Paul to verify that.

Ms Paul—It is a variation in funding to the expenditure under the whole act, which encompasses the whole of the higher education area. I probably need my CFO to help us explain exactly the nature of the variation. I will ask Mr Storen to explain the variation on page 16. Mr Storen, the issue at question is at the bottom of the table under 'Higher Education Support Act', which is the relevant act. Senator Wong is raising issues around that.

Mr Storen—In the Higher Education Funding Act estimate of around \$130 million, the vast majority of that relates to the provision for doubtful debts under the HELP scheme, as set out on page 11 of the PAES, under outcome 2 under 'Special appropriations'. It describes \$116 million as a reduction in the provision for doubtful debts relating to HELP.

Senator WONG—In relation to the decision by the minister—and I think Mr Walters referred to this in answer to a previous question—do I understand what has occurred as a result is that from 1 January 2006 university grants were withheld to tune of about 2.5 per cent. Is that how it worked?

Mr Walters—It is not quite like that. The moneys are only payable if the minister is satisfied that the universities have met the workplace relations requirements. So the moneys

have not been paid until the minister has been able to determine that the universities and the other higher education providers are entitled to that funding because they have satisfied the requirements.

Ms Paul—But they will be backdated to 1 January.

Senator WONG—This is my question, though: didn't the universities get a 2.5 per cent increase in January last year?

Mr Walters—Yes, they did, but that 2.5 per cent plus another 2.5 per cent is only payable if the minister is satisfied that they have met the requirements.

Senator WONG—With respect to the 2.5 per cent that was not paid last month, is that the additional 2.5 per cent on top of the 2005 figure or is that—

Mr Walters—It is both.

Senator WONG—So five per cent was not paid unless they complied?

Mr Walters—The whole five per cent is conditional on them meeting the workplace relations requirements and also the governance protocols.

Senator WONG—So some universities would have received the 2.5 per cent, the first round, in 2005, to which you referred, but then in 2006 that money would have been withheld if they were not compliant, as well as the additional 2.5 per cent which they would otherwise have received if they were also compliant?

Mr Walters—It has not been paid yet; it will be paid, and backdated, as Ms Paul said, if the minister is satisfied that they have met the workplace relations requirements and the governance protocols.

Senator Vanstone—Those questions do not relate to the additional estimates either, Senator. Madam Chair, it might be helpful to the conduct of the next round of estimates if the committee could give the government its advice as to whether it thinks the name 'additional estimates' is just some sort of farce; that this is just some meeting where we get together and ask whatever we like. The government will obviously give consideration to that if that is what the Senate wants—to have two rambling estimates that go everywhere. The purpose of additional estimates is to peruse the additional moneys, and I have indicated that there needs to be leeway there. But there is no recognition of that—not so much from Senator Stephens and Senator Crossin; they have not entered into this debate. But it is now 5 o'clock, some eight hours after we started—knock an hour off for lunch—and I have not pursued this point. But when I have pursued it, I have basically been told, 'I'll ask what I like and you can keep all these officials here at vast expense.' I think one official was told, 'Answer me how you like but we'll be here all night.' That kind of berating—

CHAIR—I assure you that will not be happening, Minister.

Senator Vanstone—Governments can respond to that kind of berating of the Public Service, and swiftly. I think we do need some advice from the committee as to whether these senators think that this is just a meeting time for asking whatever they like. Or do they think that just because the word 'education' is on a piece of paper, that means it relates to additional

estimates on education and they can ask whatever they choose? I think we need some clear advice from the committee as to what they expect.

CHAIR—Thank you, Minister. We will endeavour to provide that from a future committee meeting, which I assure you will be held before the next round of estimates.

Senator WONG—Can I make a respectful suggestion, Chair: if the question of advice is required according to the Senate procedures, I would have thought the Clerk is the appropriate person to receive advice from. Obviously the committee can discuss it.

I turn now to the compliance issue that you raised, Mr Walters. I presume that DEST officials are working on determining whether compliance has in fact occurred so as to determine whether the funding can flow?

Mr Walters—The decision is the minister's under the act. Officials have been working to provide advice to the minister. In fact, I can tell you that we have done that. So the minister is now in receipt of our advice. If I might anticipate the next question, I understand the minister expects to be making her determinations soon.

Senator WONG—How many DEST officials were involved in that certification process—ensuring the compliance?

Mr Walters—At a rough guess, approximately five in my department, and we also had the assistance of officials from the Department of Employment and Workplace Relations—probably another five or six were involved then. None of them were involved full time; they all have other duties. We also had the benefit of independent legal advice from Clayton Utz.

Senator WONG—How much did the Clayton Utz advice cost?

Mr Walters—That has not been finalised yet, so I would have to take it on notice as to when that exercise has been completed.

Senator WONG—Which Clayton Utz office is it—the one in Melbourne or the one in Perth?

Mr Walters—No, the office here in Canberra.

Senator WONG—Did that process go to tender?

Senator Vanstone—And Sydney, I am told. Maybe here and Sydney.

Mr Walters—And Sydney. I have here the chief legal adviser, Mr Kriz. I think we have a panel of legal advisers that we draw from. Mr Kriz can explain the process.

Mr Kriz—It did not have to go to tender because we have a standing panel. Clayton Utz is one of the panel firms, and that firm was chosen from the panel. To correct one statement that was made, a person from the Sydney office of Clayton Utz was involved as well as the Canberra office.

Senator WONG—Was there any discussion with either the previous or the current minister's office about the utilisation of Clayton Utz or was that entirely an internal departmental decision?

Mr Kriz—The decision as to who is put on is a departmental decision, but we did consult. I did have discussions with the minister's office.

Senator WONG—The previous or the current minister?

Mr Kriz—The previous. But the decision about who is put on in the department is essentially ultimately mine, I suppose, in consultation with various business lines of the department or, on occasions when the minister is involved, with the minister's office. That is quite appropriate. But the decision as to who gets put on is mine and they are from the existing panel.

Senator WONG—Are you able to provide the costs of the legal advice to date?

Mr Kriz—I should be able to give you an interim amount, if you give me a few seconds to find the information.

Senator WONG—While Mr Kriz is finding his piece of paper, perhaps I can ask you, Mr Walters: will the withholding of this amount alter the amount of funding overall or are you assuming that all will comply eventually and therefore the funding will flow, be backdated et cetera and there will be no change to the budgeted amount?

Mr Walters—If I can interpret what you are saying, you are asking whether the appropriation would change if the full amounts were not paid.

Senator WONG—Sorry, yes; that is probably a better way of asking.

Mr Walters—The appropriation is settled but the expenditure under the appropriation might of course vary, as with anything else. If we did not pay out the full sums then you would see that in the ultimate acquittal of the appropriation.

Senator WONG—Ms Paul, you said it would be backdated. Is that the position?

Ms Paul—Yes, to 1 January.

Senator WONG—There is no interest or anything, the universities will just get backdated to 1 January.

Ms Paul—The undertaking to the universities was for their advice to be made in February, so it is a matter of a month.

Mr Kriz—The interim bill—I am not exactly sure from my documents whether it is to the end of December or to the end of January—is \$129,000.

Senator WONG—Is that only in relation to the more stringent requirements which were passed by the Senate in the second half of last year?

Ms Paul—Which requirements are you talking about?

Senator WONG—I thought the Clayton Utz advice was in relation to the HEWRRS.

Ms Paul—That is right.

Mr Kriz—It is in relation to the assessment of the compliance of the higher education providers in respect of the HEWRRS.

Senator WONG—What is the period over which that work was conducted?

Mr Kriz—September and October, I think, prior to when we established the process.

Senator WONG—September and October last year?

Mr Kriz—Yes, 2005.

Senator WONG—So it is \$129,000 to date.

Mr Kriz—To date.

Senator WONG—But you are not sure if that is to the end of December or to the end of January, I think you said.

Mr Kriz—Yes, it is not the final bill.

Senator WONG—Are you able to clarify at some point whether that is an end of December or end of January figure?

Mr Kriz—Sure.

Senator WONG—When were the universities first advised about the decision to withhold the 2.5 per cent?

Mr Walters—It was not that. What it was was that the universities were sent a letter. It was in December, although the copy that I have is not actually dated. It was not to advise them that the money was being withheld but to make the point that because their submissions under the workplace relations requirements did not come in until 30 November, while they would be processed as quickly as they could, it would not be possible to make the determinations until the new year. I think the minister gave an undertaking that there would be a result in February but that this would mean that there would be a little bit of a delay for those universities that were found compliant in getting the five per cent. So it was to make sure that they were aware that there would be a little bit of a gap before they got their five per cent payment.

Senator WONG—Doesn't the letter from Minister Nelson state that, from January 2006, universities will not be paid the 2.5 per cent increase they had been receiving in 2005?

Mr Walters—It does indeed.

Senator WONG—But you do not regard that as a withholding?

Mr Walters—It is not a withholding. I believe that, under the legislation, we are not able to pay the money until the minister has made the determination. So nothing has been withheld; it is simply that we have not been able to pay them until the determination is made. It was to make sure that they were fully conscious of that before the payments were made in the new year that the letter was written.

Senator WONG—Was that the first occasion on which universities were advised by the minister or by the department of the nonpayment of the previously paid 2.5 per cent?

Mr Walters—It has been known all along, but we wrote the letter to make sure that everyone was aware of it, to make absolutely sure that people were conscious of that point.

Ms Paul—The relationship of the funding to compliance with the HEWRRs has been known and the amount, the percentage, has been known right through since Backing Australia's Ability was announced.

Senator WONG—I understand that. I was drawing a distinction between the second 2.5 per cent and the previously paid 2.5 per cent for 2005. I am asking: apart from the correspondence that Mr Walters was referring to, is there other correspondence you can point

me to or provide me with which clarifies that the 2005 2.5 per cent would in fact not be paid for 2006 until compliance had been determined?

Mr Manns—It is actually specified in the act itself. So it has been well known right from the time the act was passed. The act talks about the amounts being on top of the 2004 end point, if you like. They are expressed as amounts of 2.5 per cent in 2005 and five per cent in 2006 and the whole amount—not the increment but the whole amount—being conditional upon compliance.

Ms Paul—The conditionality has been known since the reforms were announced.

Senator WONG—So it would be your contention that universities have been well aware of the situation that is outlined in the letter.

Ms Paul—Absolutely. They have been absolutely aware of the contingency, the conditionality, of the funding. The only new thing that the letter is forewarning them of is the possibility of a delay, the gap because of the time we needed to have to assess compliance. That is the only new feature. All the conditionality, the levels of funding, the fact that they are conditional on the assessment of compliance et cetera have been known right through.

Senator WONG—I might have asked this, but did you answer how many DEST officials were involved in the certification process, the compliance process?

Mr Walters—I think it was probably five or six—something like that. Those would not have been full time. These are people with other jobs, including me.

Senator WONG—I turn now to one particular university, the University of Ballarat. I think you indicated on the last occasion that DEST did essentially vet EBAs to see if they complied with the requirements of the act. I think that was Ms Baly. Was such vetting or advice provided to the University of Ballarat on the form and content of its AWAs?

Ms Baly—I believe so, yes.

Senator WONG—Was that done through your section or was that check with Clayton Utz, or was it both?

Ms Baly—I would have to check the detail. Some of them went to Clayton Utz and some of them did not. I would just have to check the details of whether Ballarat's did or did not.

Senator WONG—Dr Perkins, are you able to assist?

Dr Perkins—I would just have to check on the AWAs. I know we saw the EBA but I am not sure about the AWA templates so we will just have to take it on notice.

Senator WONG—‘We’ meaning DEST.

Dr Perkins—That is correct, yes.

Senator WONG—But you are not sure whether that was referred to Clayton Utz.

Dr Perkins—I am not sure we, DEST, saw the AWA templates or not.

Senator WONG—To clarify: you think you saw the EBA but you are not sure you saw the AWAs.

Dr Perkins—Correct.

Senator WONG—Are you able to determine that at some point shortly or is that going to take a longer time?

Dr Perkins—I think we will have to take it on notice.

Senator WONG—When the advice was provided, what was the nature of the advice provided by DEST—just compliance and non-compliance?

Ms Paul—The advice to Ballarat?

Senator WONG—Yes.

Mr Walters—There is a technical point here worth making, which is—

Senator WONG—Can I just finish what I have asked Dr Perkins to take on notice?

Senator Vanstone—Which is that this does not relate to the additional estimates.

Mr Walters—Actually, I was going to say simply that it is the minister's determination. So while we did provide advice on particular points, we could not say one way or the other whether the thing was compliant because that is the minister's decision.

Senator WONG—I actually do want to come to that point; I think it is an important issue. But, finally, Dr Perkins or Ms Baly, did DEST see a copy of the AWAs before they were offered to university staff?

Dr Perkins—We will have to take that on notice.

Senator WONG—That is fine. Just going back to the issue you raised, Mr Walters, which I think is a good point, there is a possibility, theoretically—I do not know if it has occurred already—that DEST's advice to the university through their vetting process may in fact differ from the minister's determination.

Mr Walters—The point is that the minister's determination has to have regard to the minister's own decision based on all of the information provided under the Vice-Chancellor or the head of the institution's certificate. The point in the process that you have been asking Ms Baly and Dr Perkins about was when we were seeing individual components of that, if you like. So on 30 November we received the submissions from the universities which covered AWAs and EBAs and various other documentation, and the determination has to be made in the light of the totality of all those things. We did provide advice on individual components but that could not have been taken to indicate one way or the other the final decision taken because the minister has to take that personally and in light of all the information provided.

Senator WONG—That brings me back to my original point. It is possible that at that component checking level—is that how you might describe it?—DEST's advice may well be that it complied but the minister may take a different view, based on the different issues that you have raised.

Mr Walters—We could have advised that we thought that a particular component seemed to be meeting the requirements but that was only a component. The minister's decision has to be taken on the totality of the agreements, the policy documents and the practices of the universities. So at no point before the final submission did we see all of that brought together.

Senator WONG—Have any of the universities expressed any concern over the compliance assessment process?

Ms Baly—Not to our knowledge.

Senator WONG—Has DEST got any legal advice as to whether a university could take any action or not in relation to any advice provided by DEST through the compliance checking process?

Ms Baly—Yes, I believe we have had some advice.

Senator WONG—When did you seek that advice?

Ms Baly—Around the middle of last year, I think.

Senator WONG—Was that also by Clayton Utz?

Ms Baly—I think we had advice from the Australian Government Solicitor earlier that that on that issue.

Senator WONG—Has the possibility of potential legal liability been raised in any discussions with any universities or by any universities?

Ms Baly—Not to us, no. Not at this stage.

Senator WONG—In relation to the issue we were discussing earlier, does DEST monitor university admissions to ensure that the 35 per cent cap is complied with?

Mr Manns—I had better answer that question. The first point I make is that these new arrangements, with the caps expressed the way they currently are, applied for the first time in respect to 2005. When we receive the universities' final data submission for that year, which we do not yet have, we will be able to do a compliance assessment to see how many fee paying students they have in courses compared to Commonwealth supported students. In relation to the medical cap, we have a specific flag in our data collection that identifies students who are in courses of study leading to registration as a medical practitioner.

Senator Vanstone—Senator, do you intend asking any questions today in relation to the additional estimates?

Senator WONG—Minister, I understand this issue has been raised. I assert that my questions are perfectly within the Senate procedures around which questions are asked at Senate estimates. They clearly relate to the expenditure of government funds and the operations of the department, which are well within Senate procedures.

Senator Vanstone—That may be the case, but my question was more specific.

Senator WONG—I do not think I have to answer to you on that basis, Minister. I am asking questions I believe are in line with Senate procedures.

Senator Vanstone—Is that because you do not know?

Senator WONG—Is that a relevant question, Chair?

Senator Vanstone—It would help. Officers are entitled to know whether they are to sit here and expect a generality of questions that pop up. It is just a simple question. It is like asking, 'Are you going to ask questions on this section of the department or that?' I am

putting it another way and asking: are you going to ask any questions on the additional estimates?

CHAIR—Senator Wong, I think the question you are about ask relates to your earlier questions about the Prime Minister's announcement after COAG. Is that correct?

Senator WONG—No.

CHAIR—What does it relate to?

Senator WONG—I was asking about the monitoring of the 35 per cent cap, which is something in legislation.

Senator Vanstone—We can come to that. There is no problem with that. I am simply asking, for the benefit of officers in terms of preparing themselves and who stays here, if Senator Wong or Senator Crossin, for that matter, intend asking any questions on the additional estimates.

Senator CROSSIN—I am just trying to find some advice that I was sent from the Clerk of the Senate, Harry Evans, in relation to DOTARS last November. I am almost certain that if I email him, he will send it again. His advice was that anything in or in connection with any outcomes or outputs that are mentioned in the PBSs, whether they be at budget time or additional estimates, is relevant for the estimates process.

Senator Vanstone—I do not deny that. I am not sure it is the approach that I would take. Nonetheless, what I said is that that may be the case but—

Senator CROSSIN—Then we can have a five-minute recess and go and find that out.

Senator Vanstone—Senator, what I said was that that may well be the case. I have gone further than that, though, and said that within the broad parameter of questions which the Clerk indicates is reasonable and which is in practice at this time—to allow questions willy-nilly—I am asking for some guidance from senators to the government and to officers. The simple question is: within that broad parameter, are there going to be any questions asked on the additional estimates?

Senator WONG—We would have said the questions being asked are precisely within the purview of additional estimates hearings, Minister.

Senator Vanstone—I did not ask you if they were in the purview of additional estimates. My question is: are there going to be any questions on the additional estimates funding?

Senator WONG—There are questions in relation to that.

Senator Vanstone—Perhaps you could give us an indication of when.

Senator WONG—Minister, I understand your concerns.

Senator Vanstone—I do not know that you do.

Senator WONG—I may disagree with them but I do not misunderstand them. We have endeavoured to be cooperative in assisting the department by indicating when people will be required to the best of our knowledge, which agencies would not be required if opposition senators did not have any questions—

Senator Vanstone—You do not get points for that. That is normal practice.

Senator WONG—It is a matter of courtesy; I appreciate it is normal process.

Senator Vanstone—There is courtesy and there is efficiency. It is expected.

Senator WONG—What is not normal, Minister, is for you to be in here and every now and then have a political spray because you do not like the questions opposition senators are asking.

Senator Vanstone—Because you are not asking questions on the additional estimates expenditure.

Senator WONG—I am sure we would all like to get out of here; I certainly would, but I am trying to work through a number of issues that I have questions on. It seems that every 20 minutes or so, or perhaps less frequently than that, I am asked by you to justify the questions I am asking. Frankly, Minister, I do not think it is a particularly efficient way to run this hearing.

Senator Vanstone—Senator, I have asked a simple question as to whether you are going to ask any questions in relation to—

Senator WONG—Yes, I am.

Senator Vanstone—Well, could you do us the courtesy of indicating what they are.

Senator WONG—No, I am not going to tell you, Minister, what questions I am asking. I am happy to indicate which officers in which areas will be required, and we have done so.

CHAIR—As a start towards efficiency and time management, could I ask Senator Wong: we have one hour left before the dinner break; is it likely that we will continue with higher education in that hour?

Senator WONG—Yes, and I was hoping to finish it, but it depends on how many arguments we have every now and then.

CHAIR—That is why I am asking you—

Senator Vanstone—The committee can allocate its time till 11 o'clock as it chooses. It can take as long as it likes on whatever it wants.

CHAIR—for some direction now. I can take it then that we will be talking about higher education within the bounds of the additional estimates between now and 6.30 pm; is that correct?

Senator WONG—Chair, you have accepted, with respect, an assertion made by the minister which it appears that she is now backtracking from, in terms of what the Clerk's advice is. Perhaps before you give me an indication that I am required to ask questions in a certain way and on certain areas—

CHAIR—No, I am not doing that.

Senator WONG—I would request that you seek advice from the Clerk as to the purview of additional estimates hearings.

CHAIR—I am not doing that. I am simply—

Senator WONG—I am making that request, Chair.

CHAIR—We are wasting—

Senator WONG—As I recall, I am not the one that actually raised this issue. I was asking questions and, on a number of occasions, I have been interrupted by the minister wanting to raise her concerns about opposition senators' questions, primarily mine.

CHAIR—As chair I am saying to you that, if it is your wish, would you please continue asking questions on higher education between now and half past six.

Senator WONG—It may be that I will be able to get through it prior to that.

CHAIR—Thank you.

Senator WONG—But, clearly, we will not get to schools prior to that time. I understand that the VET group is next. Is that correct?

CHAIR—Yes, that is correct.

Senator WONG—So, schools, Indigenous training—

CHAIR—No, sorry; after higher education we have vocational training and education groups.

Senator WONG—Sorry, I should not call it that; it is VTEG.

CHAIR—Yes, that is correct.

Senator WONG—I can also indicate from my perspective that I do not think I have any questions in relation to some of the topics under outcome 2 but I do have—and I think Ms Paul and I have discussed this—questions in relation to some international issues. But she has raised an issue with me and I will endeavour to get some advice to ascertain whether or not those officers are in fact required.

CHAIR—Very well. I would like us to proceed till about 25 past six and then we will see where we are going for the rest of the evening.

Senator WONG—There is one issue perhaps, Ms Paul. I do not have any questions—but I have not unfortunately been able to consult with my colleagues or with the minor parties—in relation to any of the income support measures in outcome 2.

Ms Paul—Right. Okay.

Senator CROSSIN—I do—not very many, and I bet you cannot guess on what!

Senator WONG—Can we go back to the 35 per cent cap and the monitoring of that. As I understood your answer, Mr Manns, you were saying you had not monitored 2005 as yet. That is a post facto monitoring, after the universities provide the information on admissions. Is that correct?

Mr Manns—Essentially, that is right.

Senator WONG—Thank you. What is proposed to be done if a university has failed to comply with the cap?

Mr Manns—The legislation does not provide for any sort of automatic action. It would be for the minister to determine whether she wished to take action, and the act sets out a range of considerations that the minister has to take into consideration, such as the extent of the

breach, the likelihood of it occurring again, the impact on students if she were to take action to reduce the provider's grants and so on. That essentially is what would happen. So we would be obliged to bring it to the minister's attention and it would be a matter for the minister.

Senator WONG—So currently DEST is not able to say whether or not any university in Australia has exceeded the cap?

Mr Walters—We are expecting the data to be released by the end of June. You are talking about the 2005 student statistics?

Senator WONG—Correct.

Mr Walters—End of June is when we expect to have them.

Senator WONG—And they are collated on a calendar year basis, aren't they?

Mr Walters—Yes.

Senator WONG—What are the options to ensure compliance that are open to the minister?

Mr Manns—They are primarily the reduction of a grant or, in extremis, removing the approval of the provider as a higher education provider under the act.

Senator WONG—Does the act set out these penalties or are these just the ministerial powers that exist generally under that legislation?

Mr Manns—The act does not explicitly set out those particular actions in relation to the cap. Those potential actions that the minister can take relate to various potential breaches of the act.

Senator WONG—So they are general powers, not specific to the 35 per cent?

Mr Manns—Correct.

Senator WONG—We won't be able to deal with this during the budget estimates; you won't have got it by then either, will you, Mr Walters?

Mr Walters—No.

Senator WONG—When will your higher education students selected higher education statistics for the first half of 2005 be released?

Mr Walters—With respect to the first half-year ones, there has been a slight delay, for a number of technical reasons which I can attempt to elucidate if you would like to hear them. We are hoping that they will be released within the next two or three weeks. They will have to go to the minister for approval, but we are hoping they will be finalised by then.

Senator WONG—In the broad, what are the technical reasons?

Mr Walters—I am advised that it is a new system and it interacts between us and the universities. I think it is the interaction which has caused the problems in that there has been a mismatch between the validation rules applied to the data from the providers and those applied at the loading of the data into HEIMS. There has been a significant increase in the number of providers for which data had to be processed, validated and confirmed, and that has added to the complexity of the issue. There have been other system issues related to tax

file number encryption practices used by the higher education providers. So basically, it has been a matter of technical teething problems arising from the implementation of a new system.

Ms Paul—HEIMS is the Higher Education Information Management System.

Senator WONG—Thank you, Ms Paul. I assumed it was something like that. When are they usually released?

Mr Walters—I don't think there is anything usual about this because it is the first time. Certainly, I think I said at the last estimates that we were hoping to get them out before Christmas, and we are very disappointed we have not been able to.

Senator WONG—The \$80 million transition fund which was announced as part of the passage of the VSU: I am not clear whether additional moneys are being sought or whether that has been reprioritised from other outputs.

Mr Walters—It has not been appropriated yet, so it will be additional funding.

Senator WONG—When will the money become available? What is the timeline on that?

Mr Walters—It is 2007.

Senator CROSSIN—So we should see it in this year's PBS?

Mr Walters—I imagine so.

Senator WONG—What was the allocation proposed across the three-year period?

Ms Baly—That has not been decided yet.

Senator WONG—Do we know the period over which the \$80 million is intended?

Ms Baly—It is three years—2007 to 2009.

Senator WONG—The actual break-up of that is still a matter for government?

Ms Baly—Yes.

Senator WONG—Were there any costings done which predicated the arrival at the figure of \$80 million?

Mr Walters—We did provide advice to the minister on various possibilities around all of this. As you will recall, it was a matter of decision making during the final passage of that particular piece of legislation, so our advice was taken into consideration, I am sure, by the minister in reaching that outcome.

Senator WONG—When did you first become aware of the figure of \$80 million?

Mr Walters—I could take it on notice and see whether I could provide you with a date, but I think it was fairly late towards the passage of the legislation; there is no question about that.

Senator WONG—After the legislation was passed?

Mr Walters—I do not think it was after the legislation was passed.

Senator WONG—It was debated and passed very quickly, I can assure you.

Mr Walters—It was around that time. I am not sure that we could give a precise time and date.

Senator WONG—Did you do any assessment or research into the effect of a VSU regime on university infrastructure?

Mr Walters—I think we covered this last time, and possibly the time before. All the information we had on those particular issues was put in our submission to the Senate inquiry. That is what I said before, and that remains basically the case. You will recall that we put in a paper to that inquiry.

Senator WONG—Yes. Is this the more recent inquiry?

Mr Walters—The one that was done on the passage of the bill.

Senator WONG—I presume the \$80 million will be subject to guidelines. Have those guidelines been developed? Presumably not.

Ms Baly—No, they have not.

Senator WONG—What is the process for developing them, or has that not yet been determined?

Ms Baly—The process for developing the guidelines will be the same process that we go through when we develop any guidelines under the Higher Education Support Act. But, prior to that, we are proposing a process of consultation with the sector.

Senator WONG—Meaning?

Ms Baly—Meaning that we will release a consultation paper and get some comments back, and from there formulate guidelines.

Senator WONG—Who is the sector?

Ms Baly—The higher education sector?

Senator WONG—Yes, but who is that? I am asking whether it is just the institutions or will it include student organisations?

Ms Baly—The precise nature of those consultations has not been determined, but I would think on this occasion it would be broader than just the institutions themselves.

Ms Paul—Normally, we put out some sort of discussion paper with options and so on and seek submissions. Of course, submissions can come from anyone.

Senator WONG—So it has not been determined, as I understand—and I will move on from this if this is the case—what the grants could be applied for and whether they could be applied for infrastructure or other purposes. Those decisions have not been made as yet?

Ms Baly—No, they have not.

Senator WONG—So it could be available for recurrent costs?

Ms Baly—The minister's press release indicated that the money would be for maintenance and construction of sporting and recreation facilities.

Senator WONG—Maintenance could be a recurrent cost, though, not a capital cost.

Ms Baly—It is a transition fund. There is only funding for three years, so that would imply that there is not recurrent funding in there.

Senator WONG—So there has been no decision as to what proportion will be recurrent or capital?

Ms Baly—It is not recurrent funding. That is not to say that there would not be funding over the three years, but it is a transition fund quite clearly.

Senator CROSSIN—I guess what you are saying is that at the end of the three years there will be an assessment as to whether that continues or stops.

Ms Baly—There is an assessment also required as part of the process.

Senator WONG—If there was no research done, or if the research done was as has been previously outlined, is DEST able to determine whether or not \$80 million will be sufficient for the transition?

Ms Baly—I am not in a position to answer that.

Mr Walters—The decision has been taken that there will be \$80 million provided as a transition fund. It was a decision of government that that amount of money will be provided, so the fund will be structured around that.

Senator WONG—Okay. Were you asked to provide advice as to whether that quantum was sufficient for any particular policy outcome?

Mr Walters—It is regarded as sufficient to provide the transition and provide transitional funding for this particular purpose.

Senator WONG—Was that investigated by the department prior to the decision?

Mr Walters—I think it is simply a matter of a decision that so much will be provided as a transition fund.

Senator WONG—Access to appropriate financial management and accounting bodies is described in the ministerial press release. What is envisaged about that? Is it envisaged that that will come out of the \$80 million?

Mr Walters—No, it is envisaged that that will be provided through the workplace productivity program, under which there is \$83 million available for the three years of 2006 to 2008. That was part of the BAF package.

Senator WONG—That is in the existing budgeted amount.

Mr Walters—It is. When you say ‘existing’, it is just coming on stream now.

Senator WONG—Yes, but that amount was in the 2005-06 budget—is that correct?

Ms Baly—Yes, that is right.

Senator WONG—But this bill was not passed when that budget was put in place. Did that amount envisage the passage of the bill? Otherwise it would appear there is an additional function that is being required as a result of that funding.

Ms Paul—The workplace productivity program has always envisaged functions which are similar to the ones announced by the minister. I don’t think it is additional. The workplace productivity program always would have covered things to do with financial management and workplace reform.

Senator WONG—Will student unions be able to access this workplace productivity program?

Mr Walters—I believe it is only higher education providers that can access it.

Ms Baly—Only higher education providers that are listed in table A of the act.

Senator WONG—What else is envisaged to be funded from the workplace productivity program?

Mr Walters—This is not quite finalised in terms of development.

Ms Baly—A discussion paper on the workplace productivity program was released during the latter half of last year. We received comments and submissions on that, and we are in the process of finalising guidelines for the minister's approval. The priorities that were listed in the discussion paper included review and reform of the efficiency of universities, including of financial arrangements and operational management—that is the point that was in the press release about VSU. Other priorities included review and reform of human resource practices, professional development in leadership, governance and management, systems development and reform of the efficiency of universities through mergers, amalgamations and course rationalisations.

Senator WONG—When was that discussion paper issued?

Ms Baly—In July.

Senator WONG—So that was prior to the passage of the VSU legislation?

Ms Baly—That is right. These are issues that have been identified for quite some time as things that government wants to work with universities on.

Senator WONG—After your discussion paper was released, there is a whole new regime in place.

Ms Baly—With respect to the minister's press release about VSU, the point there about financial management is consistent with the priorities that have already been identified for the workplace productivity program.

Senator WONG—And the allocation of those moneys has not yet occurred in terms of how much between the various—

Ms Baly—There has been no allocation of funding under the workplace productivity program. The guidelines have not yet been made.

Senator WONG—Is that a process of consultation with the sector after your discussion paper?

Ms Baly—The consultation has already happened on the workplace productivity program.

Senator WONG—Consultation has finished; has DEST provided advice on this issue and the matter is with government or is DEST yet to provide advice?

Ms Baly—We have yet to formally provide advice.

Senator WONG—What is the time frame?

Ms Baly—Very shortly.

Senator WONG—The press release also talked about an independent assessment of the consequences of VSU within 18 months. Is the full implementation referred to in the press release 18 months from passage of the bill or 18 months from some otherwise unspecified event?

Mr Manns—This is a matter that we need to talk to the new minister about, but I draw your attention to the fact that the press release says no earlier than 18 months—not within—after its full implementation.

Senator WONG—If the matter is still before the minister, when does the clock start on the 18 months?

Mr Manns—That matter is with the minister.

Senator WONG—I presume therefore which organisation and the whole process associated with that is yet to be determined?

Mr Manns—Absolutely. It is at least 18 months down the track, if not more, so it will be a long time before we start choosing consultants or whatever.

Senator CROSSIN—I am going to jump in. I have a few questions on the independent review. First, Mr Walters, you just said that the independent review would be a matter for the new minister to consider—is that correct?

Mr Walters—We are still on the question of the review of VSU?

Senator CROSSIN—Yes.

Mr Walters—The review cannot start earlier than 18 months after the full implementation of VSU. I think the point Mr Manns was making is that this is amongst a whole welter of issues that the new minister needs to consider. It is probably not one of the most pressing issues because, whenever you consider the full implementation to be, this review still will not start for 18 months after that. Nevertheless, we are consulting the new minister on how that is to be interpreted.

Senator CROSSIN—So we do not quite know how we define ‘full implementation’.

Mr Walters—One interpretation would be when the legislation comes into effect on 1 July, but we do not have direction on that at the moment. It is an issue which is with the minister.

Senator CROSSIN—And the terms of reference for that review?

Mr Walters—Again, this is something that will be decided much nearer the time because, as I say, 18 months on from full implementation is when the review would commence, so it is a long way off.

Senator CROSSIN—So we do not know what is meant by ‘other consequences’ of VSU?

Mr Walters—No, we do not.

Senator CROSSIN—I might raise one with you in a moment. Will that review go to an open tender or will it be done in house?

Mr Walters—It is a very long time off, so that is another issue—

Senator CROSSIN—It is still to be decided?

Mr Walters—I beg your pardon: it says ‘chosen by tender’. Mr Manns has just reminded that the media release actually does say chosen by tender.

Senator CROSSIN—I suppose the terms of reference and who will be consulted is still—

Mr Walters—A long way off.

Senator CROSSIN—I want to ask you a question about VSU. I am not sure if you are aware of this but I would appreciate your comments or thoughts about this. This has occurred prior to any legislation being introduced and passed last year. Charles Darwin University collects the student amenities fee and then hands that on to the student union. Would there be a range of universities that do that? Do they all do that?

Mr Manns—My understanding is that it is the typical practice that the university collects the fee.

Senator CROSSIN—Have you come across universities that then refuse to hand those fees on to the student union?

Mr Manns—That is not something that we would be keeping an eye on, because they are not in any sense Commonwealth moneys and they are not collected under any authority of our legislation.

Senator CROSSIN—In the Territory, Charles Darwin University has in effect collected those fees and sat on them for the last year or so, to the point where they are now sitting on \$700,000 worth of student union fees. Is this not an issue that the department would look into or investigate if it were asked?

Mr Manns—No, essentially it is not. As I say, they are not fees collected under authority of our legislation. They are not fees that we have any control over. I am not aware of that circumstance but, if it has occurred, it would be a question of whether CDU is acting in accordance with its own Territory legislation and potentially a matter for the Northern Territory government rather than us.

Senator CROSSIN—My understanding is that the students union would need to take CDU to court to get the money. They do not have the money because university management is sitting on the money. But, as far as you are aware, there is no avenue for DEST to investigate this practice?

Mr Manns—No. As I say, there is no accountability to the Commonwealth for moneys that we neither require to be collected nor seek to dictate how they are disposed of.

Mr Walters—The issue of whether or not they are handling moneys in accordance with their own constitution and other financial legislation appropriately is a matter for the Territory Auditor-General and the governing body of the university itself.

Senator CROSSIN—When you talk about an independent review of ‘other consequences of VSU’, under the new legislation are there plans that universities may collect student amenities fees?

Mr Manns—I think it is really important to make the point that there is no Commonwealth legislation that requires a university to collect any such fee. Our legislation does quite the reverse: it prohibits the collection of fees in certain circumstances. Any university in the

country can stop collecting fees tomorrow, if that is its decision, and there is absolutely no Commonwealth legislation of the kind we are talking about here that would stop it from doing that. So any requirement to collect a fee is not one that we are imposing.

Senator CROSSIN—No, I know you are not imposing it, but what if, under the future legislation, it became custom and practice that universities collected those fees—even if there is no requirement?

Mr Manns—No, the VSU legislation, for short, is about prohibiting the collection of fees unless they are voluntary. But, as I say, there is no requirement to collect any voluntary fee, nor do we seek to regulate that.

Senator CROSSIN—I understand the legislation does not mandate or oblige universities to do that and I understand that students will voluntarily pay that fee. But, if universities make an offer to collect a fee and students voluntarily want to pay that fee, where then is the enforcement to ensure that those fees are expended as intended by the student?

Mr Manns—As I think Mr Walters said, the first port of call, if you like, is the council of the university, if it has authorised that to occur. But, if the university is in any way in breach of its own legislation, that is effectively a matter for the Northern Territory government to pursue. As Mr Walters also said, it is the Northern Territory Auditor-General that audits the university's global financial position; the Commonwealth does not do that.

Senator CROSSIN—I think we have moved on from the university; I was talking about future collection.

Mr Manns—I do not think anything changes as a result of the VSU legislation in relation to that matter.

Senator CROSSIN—All right. It is not an issue that has ever been raised with DEST before? Universities, out of good faith, have handed on the money, I suppose.

Mr Manns—I really could not say that it had never been raised. I have not been around forever, Senator! It is certainly not something that has come across my desk in recent times.

Mr Walters—The Commonwealth did raise last year the issue of whether it was sensible to go with a situation where the universities are regulated under state and territory legislation and whether they should be brought under the Commonwealth umbrella and have standard legislation. The states and territories opposed that fairly hotly and so the outcome has been that the universities continue to be regulated under very different legislation in each case. Obviously, we do not have detailed knowledge of the individual elements of all that legislation and the way that the states and territories choose to police it.

Senator CROSSIN—I am aware that last year Batchelor college in the Northern Territory was overpaid by \$1.5 million. It was reassured by the Northern Territory office that that was not the case but was notified in November that it needed to pay that money back. Can you provide me with an explanation as to how that happened?

Mr Walters—This is actually a matter of the funding administered by the Indigenous and Transitions part of the department, who are due to appear later on, I think.

Senator CROSSIN—I will save my question for them.

Ms Paul—Mr Greer, as usual.

Senator CROSSIN—Mr Greer! Okay. I will save my question for Mr Greer—even though it is a higher education institution, that section is handling that funding?

Mr Walters—It is a higher education institution but it receives funding from other sources too.

Senator CROSSIN—We have given him forewarning now. Thank you.

CHAIR—You are finished, Senator Crossin?

Senator CROSSIN—Yes, thanks.

Senator WONG—Can I just clarify what we are up to?

Senator CROSSIN—I have got to the end of the VSU area.

Senator WONG—I want to ask one question about the Central Queensland University. It was reported late last year that CQU handed back 490 student places as a result of a decline in applications for courses in 2006. I want to confirm that that is the case.

Mr Manns—I would put it in a slightly different way.

Senator WONG—Just so you know, I am only reading off the media reports.

Mr Manns—What CQU actually asked for was a reduction in its allocation for 2006, which would otherwise have been higher than what it had had in 2005. So in a sense it is, if you like, handing back places it did not yet have. I just wanted to make that small clarification. Of course, this decision was taken by CQU before the current enrolment process for 2006, so it was based on its estimates of what it was likely to be able to achieve in 2006.

Senator WONG—So it related to 2006 places.

Mr Manns—Yes, they were 2006 places, and we are talking about 490 EFTSLs.

Senator WONG—Were those EFTSLs allocated to particular faculties or courses? Can the 490 be disaggregated into X number of this or that?

Mr Manns—Yes, we did agree with CQU from which of the 12 funding clusters places would come.

Senator WONG—Are you able to provide that information?

Mr Manns—I think I had better take that on notice, just to make sure I get all the numbers right.

Senator WONG—Sure, if you could do that. Can you tell me—and, again, a newspaper report has made some comments about the amount of funding—what is the reduction in funds resulting from the 490 reduction?

Mr Manns—Again, I had better take that on notice and make sure I get it correct.

Senator WONG—Also, have those places been reallocated to other universities for the 2006 enrolment year?

Mr Manns—Yes, they have, but in a slightly different way. By that I mean the minister wrote to all of the other Queensland universities and offered them the option of seeking either

a simple addition to their load, if you like, or an allocation of commencing places. Commencing places bring with them a pipeline of growth, as I think we have probably discussed before. All of the applications we had were for commencing places. So obviously in order to stay within the funding envelope of the relinquished CQU places we had to work out what the pipeline of those commencing places would be. Effectively the pipeline is pretty close to the number of places that CQU offered back, but the number of commencing places in 2006 is obviously lower than the number of places that CQU—

Senator WONG—Is the funding envelope, I think that is the phrase you use, identical?

Mr Manns—It means we will not spend as much money in 2006 as we would have if we had given CQU all of those places. It will ramp up to become the equivalent amount by 2009.

Ms Paul—In other words, it is more valuable for universities, as they submitted to us, not just to have a once-off effect but to be able to reclaim—

Senator WONG—Yes, I understood that. Are you able to provide on notice which disciplines or faculties those places which were released in response to these events were located?

Mr Manns—Yes, I can tell you that. The Australian Catholic University in Brisbane got 10 EFTSLs for education, Griffith University got 10 for allied health and 10 for education, Queensland University of Technology got five for mathematics and statistics and 35 for engineering, the University of the Sunshine Coast got 20 for education and 20 for nursing, and the University of Southern Queensland got 30 for education and 10 for nursing. In a somewhat separate allocation the former minister decided to allocate some places to the University of Notre Dame in Broome at its request and it received 10 for education and 10 for nursing.

Senator WONG—Obviously, then, within the same funding envelope, the University of Queensland could have had, say, 60 pipeline commencing medical places?

Mr Manns—I would have to go away and have a look at that.

Senator WONG—Were there any medical places in the list you just outlined? I heard allied health.

Mr Manns—No, there were not any medical places. These were in response to the requests from the universities.

Senator WONG—So no university made a request for medical places?

Mr Manns—Not to my knowledge, but I had better take that on notice and go back and check that for you.

Mr Walters—But it is worth noting that the extra medical places are the subject of a separate exercise which is being conducted under the COAG umbrella. It is going to be reported back to the next COAG. So that is an issue which is separately under consideration.

Senator WONG—I understand that, and we have had a discussion about that. I was just wondering why it is that when the extra places were available, given the priority that has been accorded to medical places, that was not considered.

Mr Manns—You would have noticed as I went down the list that they were almost all in nursing, education, allied health and engineering, which are also equally areas in which there are skills shortages and in which there is high demand. But I am happy to take it on notice to have a look and see whether any medical places were bid for.

Senator WONG—Are there any other universities in the same position that have requested a reduction in enrolment places for 2006?

Mr Manns—Charles Darwin University requested that the pipeline of the growth places it was due to receive in 2006 be deferred for a year.

Senator WONG—Was that due to softening demand?

Mr Manns—It is the university's estimate of how many places it is likely to fill in 2006.

Senator WONG—In which faculties or disciplines?

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

Ms Paul—Noting that these were growth places, at any rate.

Mr Manns—These were the pipeline of growth places.

Senator WONG—These were not existing, no. Were there any others?

Mr Manns—The others were very much around the margins in terms of agreeing with the shifts in the various clusters that made up the totals.

Senator WONG—What does 'around the margins' mean? Does that mean they asked the Commonwealth for fewer places or that they shifted between funding clusters? Was that the phrase you used?

Mr Manns—When places are shifted between clusters, sometimes if there is a shift from a lower cost cluster to a higher cost cluster you will end up with a net reduction in places. But, as I said, most of those were at the margins and in net terms across the sector we still end up with a substantial increase in places in 2006 compared to 2005.

Senator WONG—You obviously have all that information there. I do not want to go through it all, but are you able to provide that information on notice—that is, the details of the shifts in places for the 2006 year, which includes CQU and Charles Sturt, was it?

Mr Manns—I will take that question on notice. I should point out that the funding agreements for the universities are tabled in the parliament, so the allocations that they received for 2005 were tabled last year as part of their funding agreements and, of the allocations that they received for 2006, most of them have already been tabled. I am just making the point that their total allocations of places are public information.

Senator WONG—Sure. Some of those funding agreements have not been tabled as yet, though.

Mr Manns—Yes. There is a handful that we have had to revise, in part because of this fairly late reallocation of the CQU places.

Senator WONG—Have 2006 funding agreements been concluded for Griffith, QUT, the University of Southern Queensland and the University of the Sunshine Coast?

Mr Manns—I do not have the list in front of me, but I think there is probably one in that list that you mentioned that we are still finalising. They have all been sent to the universities for signature, as far as I am aware, and we expect to be tabling them all fairly soon.

Senator WONG—You or your section obviously interact with the institutions a fair bit in relation to numbers of places.

Senator WONG—We have an annual funding agreement discussion with them and, to various extents, we have chats along the way.

Senator WONG—Have any concerns been raised with you by any of the institutions about reducing student profile due to softening demand?

Mr Manns—I would say that in general terms there are some universities which are not overly confident that they will reach their allocated load in 2006, but it is too early to tell, really.

Mr Walters—The process is not finished yet. They are still making offers.

Senator WONG—Yes.

Mr Manns—We encouraged them to make their best estimates when they came to us with their suggestions for their current year funding agreements. We dealt with them in good faith on that basis. I have mentioned the two that made substantial adjustments on the basis of their predictions. It is a matter that we will have to keep under review as the filling of places happens during the course of the year. It is important to say that it is not just a matter of the first half of the year offers, acceptances and so on. Some of them have substantial mid-year intakes. It is quite a while before the dust settles on where they actually are.

Senator WONG—Is there a regional or geographic pattern to the indication of the concerns you have raised? For example, I think all of the universities that I understand have not tabled funding agreements are in Queensland.

Mr Manns—That is primarily due to the late reallocation of the CQU places and then having to agree to the precise cluster breakdown of those and get that all sorted out. I would not read into the fact that those funding agreements have yet to be tabled that there are any particular concerns behind that.

Senator WONG—No, but in answer to a previous question you indicated that some universities had concerns as to whether they would meet their targets. I appreciate that it is still early in the process and too early to tell, but I am asking if the concerns raised had any regional or geographic pattern to them.

Mr Walters—I think it is fair to say that, anecdotally, there has been a bit of concern expressed that demand has weakened a bit around some of the regional universities. But that is not to say they will not manage to fill their places. That still remains to be seen. You may have noticed from the minister's recent release that the total number of offers has actually increased this year, so that is another factor to bring into the equation.

Senator WONG—This should not take too long. You gave Senator Carr an answer to question on notice E833_05 in relation to those persons affected by increased HECS fees.

Mr Manns—This was from a previous hearing?

Senator WONG—Yes, it was. It was E833_05. Could you, on notice, take this question: I would like an updated version of both the tables in that answer to date.

Mr Manns—Of course, Senator.

CHAIR—Mr Kriz, do you have something?

Mr Kriz—I just want to provide Senator Wong with an update to the answer that I gave previously on the costing of Clayton Utz on the HEWRRs, the higher education workplace relations reforms. The precise figure to the end of January 2006 is \$169,369.

Senator WONG—This retainer—is that the appropriate phrase?

Mr Kriz—That is a bill paid for work undertaken.

Senator WONG—But the work commenced post the passage of HEWRRs legislation, I think is the evidence.

Mr Kriz—No, there was some work done beforehand.

Senator WONG—Sorry, I misunderstood. I thought the evidence was that these costs relate to a period of engagement which commenced post the passage of the legislation. Did I misunderstand that?

Mr Kriz—No. Some of it was in preparation of what work might well need to be done but the bulk of it was to assess the higher education providers. The vast bulk of it is for that.

Senator WONG—Is there a cap on this?

Mr Kriz—It is whatever work we ask them to do at the rate of the firm.

Senator WATSON—I think you said it was the Sydney and Canberra offices. Is that right?

Mr Kriz—There were a couple of the main partners involved, one from Sydney and one from Canberra.

Senator WONG—Can you remind me what dates this \$169,000 relates to?

Mr Kriz—This is all of the work that they have done for us in relation to the HEWRRs up until 31 January 2006.

Senator WONG—You might need to take this on notice, but when was the commencement of that work? I want to know the period which this is over.

Mr Kriz—Yes. I will have to take that on notice.

Senator WONG—So it is \$169,000, which is about \$40,000 more than in December.

Mr Kriz—Yes.

Senator WONG—That is very substantial.

Mr Kriz—January would have involved quite a lot of the work. As the evidence given beforehand indicated, that that was when the recommendations to the minister were finalised.

Senator WONG—Thank you.

CHAIR—We are due to break for dinner at 6.35 pm, so we will start on the vocational training and education groups.

Senator CROSSIN—Chair, just before we do that, I have taken it upon myself to ask the Clerk of the Senate for some advice about matters that can be raised at estimates.

CHAIR—Yes, I have seen that, Senator Crossin.

Senator CROSSIN—I think it might be worth reading his advice into the *Hansard*.

Senator Vanstone—You can incorporate it, if you like.

CHAIR—Can it be incorporated?

Senator CROSSIN—I think it might be useful if everyone in the room heard what the advice is, so I would like to read it.

Senator Vanstone—I am happy for the senator to read it. She is deaf; she did not understand when I said, ‘That may be the case.’

Senator WONG—Chair, I mean, really!

Senator Vanstone—The simple question I was putting to Senator Wong was: do your questions relate to the additional estimates expenditures? That is the question that Senator Wong found offensive, not the question of whether she could ask a range of other questions.

Senator CROSSIN—On the basis of that, I will read it into the *Hansard*.

CHAIR—Order! Senator Crossin, I have not given leave. I would prefer that it be incorporated but I do not wish to waste the committee’s time in having an argument on this. If you wish to read it, go ahead and get it over and done with.

Senator CROSSIN—I shall do that. Thank you very much. The Clerk advised:

You asked for advice on the issues of relevance in estimates hearings.

He went on to say:

In 1999, following the raising of this issue in estimates hearings, the Senate referred the matter to the Procedure Committee. In its Second Report of 1999, the Procedure Committee endorsed without dissent the following test of relevance for questions at estimates hearings.

That endorsement was:

... any questions going to the operations or financial positions of the departments and agencies which seek funds in the estimates are relevant questions for the purpose of estimates hearings. The Senate endorsed without dissent this statement by the Procedure Committee on 22 November 1999. The stated relevance test for questions at estimates hearings is therefore the test adopted by the Senate.

Senator Vanstone—It does not say that ministers or the department are not entitled to ask, ‘Do you have any questions, just as a matter of interest, that happen to actually relate to the additional estimates, which are a separate budgetary procedure than the normal budget process? They are additional estimates. We call it additional estimates. In addition to everything else you could ask, do you actually have any questions on this issue?’

CHAIR—That is correct.

Senator Vanstone—It was a question which I note Senator Wong was either unwilling or incapable of answering.

Senator WONG—Madam Chair, I have been verbed again and again by the minister. This is a minister who has just described a senator at the table as being deaf, without any intervention from you, and I make a point of order about that.

Senator Vanstone—I take that back. It was an insult to people who do have a hearing impairment, and I regret having said it.

Senator CROSSIN—We get used to your rudeness, though. We just ignore it.

Senator WONG—I would invite the chair, and anyone else listening, to review the fact that Senator Vanstone's interventions in fact did not relate until somewhat later to whether I had questions on the additional estimates. The assertion was that what I was asking was not relevant. Clearly, Chair, the advice from the Clerk says otherwise. As you know, Senator Troeth, I have received further advice from the Clerk. I ask that that be incorporated.

Senator Vanstone—Madam Chairman, perhaps you can help me. Perhaps I have a memory problem. Was there a time that I put to you that Senator Wong's questions should be ruled out because they were irrelevant?

CHAIR—Yes.

Senator Vanstone—You think there was?

CHAIR—Yes, there was.

Senator Vanstone—I am willing to go back and check the *Hansard* record. I do not think that is right.

CHAIR—Perhaps there was not.

Senator WONG—I am happy to move on. Can we go on to training?

Senator CROSSIN—Let us move on, or we will waste even more time.

CHAIR—We are wasting time—

Senator Vanstone—You waste time; I can waste it too.

CHAIR—I would like to check. Senator Crossin, you have read your letter into the *Hansard*?

Senator CROSSIN—Yes, I have, thank you.

CHAIR—Senator Wong, I ask that your response from Mr Evans be incorporated. Are you happy to do that?

Senator WONG—That is what I indicated, yes.

The document read as follows—

15 February 2006

The Senate

Parliament House

Canberra ACT 2600

Dear Senator Wong

ESTIMATES HEARINGS — SCOPE OF QUESTIONS

You have asked for advice to confirm the Deputy Clerk's email to you about the scope of questions at estimates hearings, including additional estimates hearings. The email was sent in the context of a discussion taking place earlier this evening at the Employment, Workplace Relations and Education Legislation Committee hearings involving the minister, the chair and yourself about whether questions not linked to specific requests for additional estimates were relevant questions.

The Senate determined this matter in 1999. Following the raising of this issue in earlier estimates hearings, the Senate referred the matter to the Procedure Committee. Adopting the Procedure Committee's Second Report of 1999 on 22 November, the Senate resolved that any questions going to the operations or financial positions of the departments and agencies which seek funds in the estimates are relevant questions for the purpose of estimates hearings. The stated relevance test for questions at estimates hearings is therefore the test adopted by the Senate. Any ruling of a chair in relation to the relevance of questions must reflect this determination of the Senate. This was the subject of an advice to all chairs in 2003, and again last year.

(Harry Evans)

CHAIR—Can I say, as chair, that this is a matter which needs to be determined by the committee at a later date, and I will proceed to do that. We will proceed to questions on the vocational training and education groups.

Senator CROSSIN—I want to go to the issue of the tax status of the new apprenticeships employer incentives. If Commonwealth incentives are not subject to GST—I understand that to be the case—why are state government incentive payments subject to company tax as income?

Mr Johnson—The Australian government's employer incentives available under the new apprenticeships incentives program attracted GST up until the end of 2005. Based on advice from the Australian Taxation Office that they no longer were a taxable supply, the department removed GST as at 1 January this year.

Senator CROSSIN—Does that apply to the state government incentive payments as well?

Mr Johnson—No. The advice from the Australian Taxation Office is specific to the Commonwealth new apprenticeships incentives program.

Senator CROSSIN—That is my question, then. Can you tell me why the state government incentive payments are still treated differently?

Mr Johnson—It is my understanding that when we explored the broad matter in comparison to other government initiatives—indeed, other programs of the Australian government—the ATO declined to provide advice about that. The ruling was quite specific to the new apprenticeships incentives programs for this portfolio.

Senator CROSSIN—Is that a matter that you are taking up with the tax office? Are you pursuing them about why there is different advice with state government incentives?

Mr Johnson—Our discussions with the Australian Taxation Office over the last year or so around this matter have only been in regard to our specific program—the new apprenticeships employer incentives program.

Ms Paul—I imagine that would be a matter for the states, would it not?

Mr Johnson—It would.

Senator CROSSIN—I see.

Ms Paul—They can seek their own ruling.

Senator CROSSIN—What was the date you gave us when the changes made to the GST status of employer incentives occurred?

Mr Johnson—The date of the change was 1 January this year. Employers were advised through our new apprenticeships centres about those changes, and promotional products, flyers and information have been changed accordingly.

Senator CROSSIN—That came about simply because of a change in ruling from the tax office. Is that correct?

Mr Johnson—That is correct.

Senator CROSSIN—Based on your representation?

Mr Johnson—No, based on activity initiated by the Australian Taxation Office themselves.

Senator CROSSIN—Does this impact on your budget allocation or appropriation for payment of the employer incentives? I think it is output 2.2.

Mr Johnson—No. In a sense, the only issue is that beyond 1 January this year the department can no longer claim input tax for credits in respect to employer incentives.

Senator CROSSIN—Will it make a difference to the appropriated amount, then?

Mr Johnson—No, it will not. The appropriation is exclusive of GST—that is my understanding—so it should not have any effect on the overall appropriation for new apprenticeships.

Senator CROSSIN—Thanks for clarifying that. I go to the issue of toolboxes. You have contracted out the administration of the \$800 Tools For Your Trade initiative to a company called MAS Administration Services. Is that correct?

Mr Johnson—The company is trading under the name of Tools For Your Trade. It is a former entity of or a sub-element of MAS, or Melbourne Apprenticeship Services Administrative Services, but it is trading under the name Tools For Your Trade.

Senator CROSSIN—They have set up a new company in order to do this. Is that correct?

Mr Johnson—That is correct.

Senator CROSSIN—So the Tools For Your Trade company is a spin-off from the group training organisation?

Mr Johnson—It is an entirely separate company. In fact, my recollection is that, in the tender that the organisation provided, they quite exclusively identified their intention to establish a separate entity as an effective element of managing any perceived conflict of interest between their other roles that they pursued through MAS Administrative Services.

Senator CROSSIN—With regard to your answer to a question that Senator Wong asked, XE796_06, I take it from your answer that that would now need to be corrected. Is that right? The \$176 per new apprenticeship fee is being paid to MAS Administration Services, not in addition to the \$800 tool kit. Is that correct? The \$800 tool kit is going to another company.

Mr Johnson—I may have to verify this on notice, but it is my understanding that the contract between the Australian government is with a company trading as Tools For Your Trade. Under that contract, they are receiving payments from the Australian government, as is identified in answer XE796_06 of an individual payment of around \$176 per apprenticeship, and that is broken down to a number of specific payments identified in the contract. In addition, they are also being provided with funding for the reimbursement of the \$800 per each Tools For Your Trade voucher. That funding flows through that Tools For Your Trade organisation to assist reimbursing tools suppliers that can register to provide tools under this initiative.

Senator CROSSIN—To clarify, are you suggesting to me that this answer is not correct—that is, you are not making that amount payable to MAS Administrative Services; you are now making the \$176 and the \$800 payable to Tools For Your Trade. Is that right?

Mr Johnson—We would need to correct the answer to the question. To be technically correct, it would be that those payments flow through the Tools For Your Trade company.

Senator CROSSIN—So they are getting both the payments, not only the \$800 tool kit but also the \$176 for new apprentices fee?

Mr Johnson—That is correct.

Senator CROSSIN—The ministerial press release dated last May states:

... New Apprentices starting in specific traditional trades experiencing skill needs to obtain toolkits to give them a financial head start in their new careers.

I want to go to the issue of what the eligible trades or specific traditional trades is being used and defined as. In 2005, there was a list of those eligible trades, and the Tools For Your Trade website also lists them. Has that list changed at all? Has it been updated for 2006?

Mr Johnson—I am not aware of any additions that have been made last year since the list has been published with the release of the tender arrangements. It is intended that those qualifications were drawn from the previous national skills shortages produced by the Department of Employment and Workplace Relations. It will now be reviewed in line with the migration occupations in demand list, again, which is produced by the Department of Employment and Workplace Relations.

Senator CROSSIN—So it has not been updated for 2006. When is that likely to occur?

Mr Johnson—The MODL was updated in November–December of each calendar year, and we would be looking at any changes based on updates to the MODL from late last year to

determine whether we need to add any additional qualifications to the list. At this stage, no additional qualifications have been added.

Ms Andruska—I wanted to confirm that that migration occupations on demand list is actually on the Department of Immigration and Multicultural Affairs website.

Senator CROSSIN—Yes. DEWR is no longer actually producing the national skills shortage list, are they?

Ms Andruska—That is correct.

Senator CROSSIN—They are actually producing a skills in demand list. If DEST is determining eligibility for the toolkit based on DEWR's national list, what list are you relying on that DEWR produces now to determine eligibility?

Mr Johnson—We will now be using the qualifications identified on the MODL—the migrations occupations in demand list. It is my understanding that DEWR provides advice to DIMIA in constructing that list, and although DEWR is no longer publishing a national skills shortage list, they still compile skill shortages by state or territory and can aggregate the information at a national level.

Senator CROSSIN—And that is the list you will now use?

Mr Johnson—The MODL list, yes.

Senator CROSSIN—Is that list on a state-by-state basis?

Mr Johnson—The way the list is compiled is a national profile of migration occupations in demand, so we are actually drawing on a national profile built by the Department of Employment and Workplace Relations in providing that advice to DIMIA, so it is a national picture of skill needs.

Senator CROSSIN—How do you get on where the trades are actually defined differently? For example, the electronic equipment trades are on the toolkit list and they were on the skills in demand list in New South Wales, Victoria, Tasmania and the Northern Territory, but not Queensland, South Australia and Western Australia. What does that mean? Does it mean that, if I am an apprentice in South Australia and I am doing an electronic equipment trade, I do not get the kit?

Ms White—Only national skill shortages are included in this initiative. You are correct that the new list that DEWR is producing is of state and territory shortages. For this initiative, it has to be a national skill shortage, so if something is in skill shortage in just New South Wales or a couple of states, it is not eligible for this initiative.

Senator CROSSIN—And you will now be relying on the MODL, which is a national list. Is that correct?

Ms White—That is correct.

Senator CROSSIN—How does that work? Are you trying to match national shortages with state shortages?

Mr Johnson—There is a variance in whether shortages in a particular state or territory are actually relating to recruitment difficulties or supply shortages. Clearly, this initiative is

attempting to address only those qualifications that are in national skill shortage rather than trying to reflect the nuances of individual jurisdictions.

Senator CROSSIN—How do you get on if there is a particular specific industry like boatbuilding, for example, that would not be a national industry? If a company or a region is experiencing a skill shortage there and would like the toolkit for that particular specific industry, how do they get on?

Ms White—We have been referring those sorts of queries directly to DEWR for them to undertake research, but they are not eligible for this initiative if they are in state skill shortage only—it is only national skill shortages.

Senator CROSSIN—Okay, but it might not even be a state skill shortage, it might be a unique industry in this country that will never become a national skill—something like boatbuilding. How do you encourage more people to do that and access a toolkit? We will never need a national pool of boatbuilders, I suggest, but—

Senator Vanstone—Can I encourage you to take on what Senator Crossin says. That comes up as a problem in migration issues where you get extra points for being on MODL and things like that, and that means that you have to be pretty much in demand. There are specific niche skills that might be especially needed by just one company in Australia or in a small area and they will never make it onto those lists, so she is making a good point.

Senator CROSSIN—That is the exact point I am getting to. There will never be a national need for this.

Senator Vanstone—And that is why those people do not get extra migration points and therefore probably do not get the \$800 toolkit, so we should look at that.

Senator CROSSIN—It is an inequality.

Senator Vanstone—It is mistaking a volume requirement as being need across the board.

Senator CROSSIN—That is right.

CHAIR—We will now break for dinner.

Proceedings suspended from 6.35 pm to 7.35 pm

Senator CROSSIN—Perhaps if we pick up where we left off before dinner—that is, on the issue of some of the inequities in the allocation of the toolbox allowance. I thought one of the reasons for introducing the toolbox allowance was to go somewhere towards addressing the skills shortage. I am wondering if you have given any thought to the situation that I raised before dinner where there might be skills shortages in a particular region but if it is not nationally then those students are ineligible.

Mr Robertson—The toolbox, as you are probably well aware, is one of a number of initiatives that the Australian government has introduced to address skill shortages. There are a range of incentives, for example, which provide assistance to employers in rural and regional Australia or in the states to encourage them to take on new apprentices and to assist in their costs with training. Those include standard commencement and completion incentives and targeted incentives for rural and regional areas. The department also supports a range of specific projects through group training and through a national skills shortages strategy, which

again support industry or in some instances regional-specific initiatives to address skills shortages.

Senator CROSSIN—They do not specifically go towards assisting the student, do they, in the same way that the toolbox does?

Mr Johnson—No, that is true. The new initiatives introduced from last July, the trade learning scholarship and the Tools for your Trade initiative, provide direct assistance to individuals. As with any national initiative, they are subject to resourcing constraints, and the intention of the Australian government was to target this to occupations in national skill shortage.

Ms Paul—I think it is worth a look. You raised a really good point, and the minister was backing it up. This initiative has this particular target and, of course, it has only just started, so it is worth seeing how it comes through to target national skill shortages—but it is a good point. For example, I think the work coming out of COAG will be to try to refine the data down to a local level. I think you are onto something that is quite important.

Senator CROSSIN—Is there any intention to review the way the toolkit eligibility is determined?

Ms Paul—I think we would do that more towards the end of it. We have to see how it goes first, but—

Senator CROSSIN—What is the life of this—12 months, is it?

Ms Paul—No, it is a longer program than that.

Mr Johnson—It is over four years.

Senator CROSSIN—Four years seems a long time to wait to review the eligibilities. It is not something you might do at the end of, say, the first year?

Mr Johnson—I think, as Ms Paul has indicated, we would undertake a review about the impact and effectiveness of this measure on an ongoing basis. It is a demand-driven initiative, so we would be looking closely at which particular areas had the greatest interest. As we touched on earlier, where there are specific representations by regions or industry associations or others, we consult with our colleagues in DEWR and facilitate contact between these individuals to see where we can better map the identified skill shortages.

Senator CROSSIN—Ms Paul, you might pick up your suggestion about what I raised before dinner of a commitment to do a partial review even of where this might be going.

Ms Paul—I would like to see how it goes for a while first. But I am certainly open to the notion, according to the minister's interests obviously and the demand, of having a look somewhere through the program.

Senator CROSSIN—Have you received any complaints about trades that are experiencing skill shortages and are not able to access the toolkit?

Ms White—We have had two representations, as I recall. One was from boatbuilders and the other was from painters and decorators. They are the two that have made representations by phone to the department. Both of those have been referred to the Department of

Employment and Workplace Relations. Certainly painters and decorators are not in national skill shortage and nor are boatbuilders, so we took advice from there.

Senator CROSSIN—Again, they might be particular skills that are short in Queensland but not in WA.

Ms White—Yes, that could be true.

Senator CROSSIN—So, if you are going to address the skill shortage, surely it has to be flexible enough to be perhaps region by region.

Ms Paul—It is reasonable to start with the national skill shortages because they are aggregated up to a national level. They obviously illustrate the most chronic, so that is probably a good place to start. But, as I said before, depending on how the program goes and the demand and so on, it is certainly worth looking at over the course of the program if it is appropriate to do so.

Senator CROSSIN—But as of this year you will be directing your allocation of this off the MOD list rather than the previous national skills shortage list. Is that correct?

Ms White—That is correct.

Senator CROSSIN—In terms of the additional estimates, in the PBS for this itemised outcome there seems to be an increase in the budget of about \$3.94 million this year. Is that an increase or is that the allocation this year for the first of the four years?

Mr Johnson—No, it is an increase for this year alone. It is an increase of \$3.94 million for 2005-06.

Senator CROSSIN—So what will make the total allocation of that for 2005-06?

Mr Johnson—The total allocation just for 2005-06 alone?

Ms White—The allocation for 2005-06 is \$32.6 million.

Senator CROSSIN—For the toolkit allowance?

Ms White—That includes the \$800,000 for the estimated number of toolkits as well as the departmental funding, which includes the funding for the contractor.

Senator CROSSIN—Is this the \$176 per new apprentice fee that we talked about earlier?

Ms White—Yes, it includes that.

Senator CROSSIN—What is that based on? How many toolkits are you anticipating paying out of that amount?

Ms White—The estimate for the budget allocation was \$34,000 for the first year.

Senator CROSSIN—Do you know how many you have paid out so far?

Ms White—We have issued approximately 8,000 vouchers to date.

Senator CROSSIN—We only have four months to go until the end of the financial year.

Ms White—Yes, even though the initiative came in on 1 July, people did not become eligible until October, so we have only actually had three months of issuing vouchers. We expect that around April there will be a large increase in the number of vouchers issued.

Employers also have 12 months to submit their paperwork to receive the voucher, so there is a lag there.

Mr Johnson—In addition to those comments, it is probably useful to indicate that already, since 1 July last year, in excess of 34,000 new apprentices have commenced in qualifications which would be potentially eligible for this initiative. The contractor, Tools for Your Trade, has already issued almost 18,000 eligibility forms to those employers. As Ms White has indicated, those employers have up to 12 months to lodge those applications. The measure is certainly well on track, and the indications are that it will potentially achieve that target of 34,000 or more.

Senator WONG—I think I was asking some questions of Ms Cross at the last estimates regarding the Institute for Trade Skills Excellence. I think you advised us that a consultant, a Mr McDonald, was engaged to do a number of things, including look at the constitution and so forth.

Ms Cross—That is correct.

Senator WONG—You have given me the value of the consultancy; I do not think it was one of the ones that has not been answered. What were the terms of reference of his engagement—what was his brief?

Ms Cross—I do not have the details of the contract with me, but it was to work with the shareholders of the company to work through the details of its establishment. So he is acting as a facilitator, bringing the shareholders together, working out where there is common ground, where there is not and working around the details so that they can have an agreed model in place.

Senator WONG—Was it part of his brief to produce a model, a constitution or some document that indicated how it would operate?

Ms Cross—We had hoped that at the end of the process the shareholders would have agreed on a constitution, the process for appointing the board—those sorts of details.

Senator WONG—Is it intended that he produce a report for DEST?

Ms Cross—Not necessarily. He may just come back to us with a report that the shareholders have agreed, because the shareholders themselves established the company rather than the department.

Senator WONG—So I presume no such report has been received from him?

Ms Cross—The work is still in progress.

Senator WONG—Has any documentation been received from him?

Ms Cross—Not at this point, other than brief reports on how different meetings have gone—but nothing formal.

Senator WONG—Are we any closer to determining what, in fact, the meaning of ‘preferred provider status’ is? We had a lengthy discussion about this, I think, Ms Cross.

Ms Cross—I expect that that will be decided by the board of the company.

Senator WONG—Yes, I think that was your answer last time.

Ms Cross—That is right.

Senator WONG—What is the sort of time frame on that and what input is DEST having?

Ms Cross—Through the consultant we are working to get agreement on how the company will be established and then, once that happens, the board of the company will sit down and look at models for addressing the requirement that they have preferred providers. But at this stage the focus is on getting the company established. Once we have it established we will then move on to the details of the contract with DEST, and one of the requirements of that contract will be the preferred provider activities.

Senator WONG—Two questions out of that: firstly, what is the time frame?

Ms Cross—We are hoping that the company will be established in the first half of this year—so early 2006.

Senator WONG—Is it intended to be an incorporated entity? What is the legal status going to be?

Ms Cross—It will be a company under the articles of Corporations Law.

Senator WONG—A private incorporated company?

Ms Cross—Yes.

Senator WONG—Not publicly listed or anything like that, I presume? No shareholders other than the ones you have identified?

Ms Cross—That is correct.

Senator WONG—The second question is to confirm that the only involvement DEST has, therefore, at this stage is through the consultant?

Ms Cross—That is correct.

Senator WONG—How are you influencing—or are you seeking to influence—appropriate outcomes in the area, for example, of the meaning of ‘preferred provider status’ and the management of conflicts of interest?

Ms Cross—Certainly in the area of preferred provider status, in our other discussions with the shareholders we have made it clear that we do not want any duplication of the quality assurance arrangements that apply in the VET sector. So I think our expectation is that when we start contracting with the institute that will be made much firmer, but we are looking for the preferred provider status to align with the quality assurance arrangements that apply in the training sector. In terms of conflicts of interest, I think, as I answered last time, once we have the contract with the company we will require them to illustrate to us how they will manage any perceived or real conflicts of interest.

Senator WONG—Have you communicated that to the shareholders?

Ms Cross—They are aware that that is our position, I believe, from my answer at the last Senate estimates.

Senator WONG—I would hope, Ms Cross, it has been communicated other than in an answer to an opposition question.

Ms Cross—We do not actually have a formal company to communicate with, but certainly they are aware that they would have to manage any conflicts of interest.

Senator WONG—Has that been communicated to the potential shareholders, the identified shareholders?

Ms Cross—In that general sense, yes. They realise that is a requirement and that will be one of the features of the contract that we form with them.

Senator WONG—How have these communications occurred in relation to both conflict of interest and preferred provider status? Are they written, verbal or both?

Ms Cross—There is a draft constitution which sets out broadly the same information that is in the election commitment, so it is quite clear from that that there will be activity that they are required to do around preferred provider status. Beyond that it has been communicated through the discussions that the consultant has been having with the shareholders.

Senator WONG—Okay. Are there any communications from DEST to the shareholders, other than by the consultant's direct communications?

Ms Cross—I do not think there has been any formal communication.

Senator WONG—Is it intended that DEST or the minister would be required to approve the draft constitution before it was adopted?

Ms Cross—Not necessarily. The company will set itself up. Our main interaction will be via the funding contract. I think the intention is for it to remain an industry company and not for us to get into the detail of how it is formed. We are really seeking to facilitate agreement between the shareholders rather than influencing those points of detail.

Senator WONG—Even the AWB's constitution was required to be signed off by the relevant ministers.

Senator CROSSIN—There is that word!

Senator WONG—You cannot answer any questions. We should not say that!

Mr Davidson—Essentially, the way in which we would want to manage our relationship with the company once formed is through the contractual arrangement we have with them. As Ms Cross has indicated, we are keen to facilitate the potential shareholders reaching agreement around the construct of the company and the way in which it will function.

Ms Paul—So we will have a contract of funding with them.

Senator WONG—Which I intend to come to, given that that has been identified already as the mechanism by which you are going to resolve these matters, but I want to go back to the constitution. I would have thought there might be some benefit in DEST having input into the terms of the constitution. Clearly, there would be issues about who has legal rights and how they are exercised et cetera which may be relevant to some of the policy objectives which underpin the company.

Ms Cross—We have prepared a draft constitution, which is a starting point for the facilitators' discussions with the shareholders, but we are not directly influencing where they take that draft constitution.

Senator WONG—So there is no bottom line or minimum that you require in terms of the constitution?

Ms Cross—If they did not set up an appropriate structure then we would not contract with them, so we would expect that in the normal process they would come up with a structure that was acceptable to the department and the minister in order to engage in a contract with us. As I have said, we have given them a draft, which gives a pretty reasonable indication of the sort of information we would want covered in the constitution.

Senator WONG—When was that provided?

Ms Cross—That was provided last year as the basis for the consultant to go and talk to the shareholders.

Senator WONG—Can I ask for a copy of that?

Ms Cross—Yes.

Mr Davidson—I do not see any problem with providing a copy of that.

Senator WONG—Thank you. Has only the one draft been provided?

Ms Cross—There have been a couple of iterations of the draft around how we might manage a situation, for example, of one of the four identified shareholders choosing not to be involved, so there are some slight differences in some versions, but it is substantially the same document that they have been working on.

Senator WONG—Can you take on notice to provide that and any subsequent iterations?

Mr Davidson—We are more than happy to provide the draft we provided. I think you would need to seek the subsequent iterations from the parties. They would not be our documents; they would be their documents.

Senator WONG—Has it come back to you?

Ms Cross—They are discussing alternate versions.

Mr Davidson—They are discussing it at present.

Senator WONG—It has not come back to you? Someone behind you is shaking their head. I am happy for you to take advice, Ms Cross.

Ms Cross—It has not come back in any formal sense for us to approve as a final document. It is a document under consideration and under discussion. I expect that we will formally get it back once the shareholders have reached agreement on what the constitution will be. It has not come back to us in a formal sense for us to agree to or anything like that.

Senator WONG—How many meetings of the shareholders have there been at which Professor Rod McDonald was present?

Ms Cross—I will guess three or four, but I will check.

Ms McLaren—Professor McDonald has met separately with each of the shareholders and has had one meeting with all of the shareholders present. He has scheduled another meeting for later in February.

Senator WONG—When was the one meeting?

Ms McLaren—I cannot remember the exact date—I would have to take that on notice—but it was in January.

Senator WONG—This year?

Ms McLaren—Yes.

Ms Cross—And initially he met with them individually.

Senator WONG—Coming back to the contract, as I understand the answers given—and I think Ms Paul confirmed this—the contract is what you regard as the mechanism by which you will ensure issues that might be of concern to DEST are dealt with.

Ms Cross—That is correct.

Senator WONG—I think you indicated, Ms Cross, that if the constitution or the model is not something we are happy with we will not contract with them. I am paraphrasing, but is that right?

Ms Cross—I think I was suggesting it would be in their interests to come back with a suitable constitution.

Senator WONG—I appreciate that. But the minister has already announced that they are going to get this money, so you are going to have to contract with them anyway.

Mr Davidson—We would have to take a responsible position. If we felt that what the potential members of the company did in terms of the constitution was unsatisfactory we would not be in the process of doing a funding contract until we thought it was.

Senator WONG—But this was an election commitment. I understand that that is DEST's perspective, but you have an election commitment to give money to an unnamed company. Doesn't that make it somewhat difficult for DEST in its negotiations with the company because you know that that is what your political masters have already indicated will occur, that this \$22.9 million—I think that is the amount—will flow to this company?

Ms Paul—The usual rules around use of Commonwealth funds apply in our consideration of a contract for use of those funds. We always would actively manage a contract, particularly one like this. So far however, fortunately, it sounds like it is on good track.

Mr Davidson—And clearly the department is interested in it being successful, so we would provide what support or encouragement we need to, as we have with Professor McDonald, to try and facilitate that amongst the parties.

Senator WONG—Have you started work on a draft contract?

Ms McLaren—We have started putting down some ideas of what functions and requirements the company will be asked to undertake. We have not got to the stage of providing a draft to the shareholders of the company. We will not do that until the company has been established.

Senator WONG—Clearly—you have to have an entity with which to negotiate.

Ms McLaren—Yes.

Senator WONG—What are some of those issues?

Ms McLaren—They centre around some of the things you have already raised, such as the preferred supplier status, how they are going to promote vocational and technical education, how they are going to encourage people to become involved in it and how they might work with the department in relation to attending career expos. Those are some of the ideas we have for the functions that we will include in the contract.

Senator WONG—Have you undertaken any work on the issue of conflict of interest that I raised previously?

Ms McLaren—As I think Ms Cross said, the issue of conflict of interest will be handled in the way that these sorts of things are handled under the Corporations Act, and that is that they will be expected to come up with a mechanism for how they are going to deal with conflicts of interest as they arise.

Senator WONG—There are two issues, though. Potential conflicts of interest might arise that, you are correct, some provisions of the Corporations Law might deal with. But what I was referring to in my discussion with Ms Cross on the last occasion was the potential conflict of interest which might result from there being some additional commercial advantage from being a preferred provider and the fact that a number of the future shareholders also have training provider organisations within the same group. It seems to me that that is the most obvious conflict of interest. So I am asking: has the department done any work on what provisions might be inserted in the contract to manage that?

Ms Cross—One of the ways in which we normally deal with this is by actually requiring the person we are contracting with to demonstrate to us how they intend to deal with those potential conflicts. We then sit down with our legal area and other appropriate people in the department and make sure that the arrangements they are proposing are satisfactory. So, rather than us listing our requirements, the onus is on the person we are contracting with to demonstrate how they intend to manage it.

Senator WONG—I think on the last occasion, Ms Cross, you did agree that there was potentially a conflict of interest.

Ms Cross—Yes, we did agree. We agreed that there could potentially be a conflict of interest because it depends on the model that they come up with. If, for example, they contracted someone completely independent to look at the preferred provider status, then, under that model, none of the people who have these other interests would be involved in the decision-making process. So there are some models where there would be no potential conflict of interest—

Senator WONG—But have you demanded that model?

Ms Cross—No. As I said, we will be asking them to demonstrate to us how they intend to handle any potential conflicts of interest.

Senator WONG—Minister Hardgrave issued a press release regarding the institute in December. I understand that the BCA were not included in that. What has occurred there?

Ms Cross—The BCA remains supportive of the institute and its objectives but for their own internal reasons chose not to be directly involved as a shareholder of the company. So

they are still actively supporting it, but they took a decision not to be formally a shareholder or on the board.

Senator WONG—What was the reason the BCA provided to you about that decision?

Ms Cross—I believe that they are not on any boards, that that is an internal governance issue for the BCA, that that is their policy.

Senator WONG—They are not on any government boards?

Ms Cross—Their internal policy is not to be represented on boards of companies. They still remain supportive of what the institute is doing; they have just chosen not to be a shareholder.

Senator WONG—When were you advised of that? Was that through Professor McDonald?

Ms Cross—We had been aware for some time that BCA were considering their position. They were involved in the early discussions with Professor McDonald because at that stage they were still being viewed as a potential shareholder. I think the decision was taken shortly before the press release was put out—that was the point where we required a decision on whether they would be included as a shareholder or not.

Senator WONG—So were you aware at the last estimates that they were considering whether or not they would be involved?

Ms Cross—We were aware that they were considering their position, as at different stages all shareholders have considered how they will be involved with the institute. That has been part of the process of getting an agreed model so that they could all feel that they would participate.

Senator WONG—So we have not determined yet how the directors of the company would be appointed?

Ms Cross—That detail is still being worked through?

Senator WONG—Meaning that will be part of the constitution, presumably?

Ms Cross—That is correct.

Senator WONG—Has any funding yet gone to the shareholders?

Ms Cross—No.

Senator WONG—This was announced in 2004.

Ms Cross—It was an election commitment.

Senator WONG—We are 18 months down the track and we have got one less shareholder and no draft constitution—no constitution, no company and no contract as yet. Is anyone else considering their position?

Ms Cross—No.

Senator WONG—They are in now?

Ms Cross—I think the press release made it quite clear that they are all working together to finalise the details.

Senator WONG—When was the projected start-up date?

Ms Cross—We were hoping to have it established last year. As you are aware, that did not happen, so we are now looking to have it established early this year. Clearly we would like progress to have been quicker, but I think our key objective has been to come up with a model that will deliver what the government wants and one that is supported by all of the shareholders and that they have come to as a group. I think it has been important to put the time in to getting that agreement rather than merely focusing on getting it up quickly.

Senator WONG—Ms Cross, could you remind me how much was budgeted for that year for this particular measure in the 2005-06 PBS? It is on page 25. So it is \$4.3 million—

Ms Cross—Yes.

Senator WONG—and then \$6.7 million for 2006-07, \$6.7 million for 2007-08 and \$4.7 million 2008-09. So presumably there has been no expenditure for 2005-06 at this stage?

Ms Cross—Not at this point.

Senator WONG—Is that going to be re-phased; is that the phrase?

Ms Cross—It depends on when we actually establish the institute and sign a contract with them and whether there are up-front payments. I expect that some of it may need to be re-phased, but there may be some expenditure this financial year if we establish it quickly.

Senator WONG—What sort of up-front payments to the company would be required?

Ms Cross—If they have a contract with us to undertake activities from day one of the company's establishment then some of the contract funds may flow as those activities occur. So it really depends on some of the promotional activities that they are doing to promote trades; some of those might start quite quickly once the company is established.

Senator WONG—DEST, I presume, works with industry a fair bit in this area, and these organisations and other industry organisations would, in the course of their normal business, do promotion of training, correct?

Ms Cross—Yes, they are involved in a lot of those types of initiatives.

Senator WONG—So what value for money will the taxpayer get out of this? What is it that is additional that you say this institute could deliver which would not have been able to be obtained in any event by collaboration with the stakeholders?

Ms Cross—I think we are hoping that the institute, as a body representing the view of employers, will have a profile in its own right and that the endorsement by the institute of providers and trade training will actually carry great weight because it is all of the shareholders, the different industry groups, coming together and collectively promoting trades, promoting providers that are offering excellent services. So the institute will have its own profile and that will add weight to the types of activities that it does.

Senator WONG—A couple of points on that: there are already very high-profile national organisations which represent employers, including those who are identified as shareholders.

Ms Paul—For the first time, though, it will be a unified view about who the preferred providers are. We have not had that in the landscape here before.

Senator WONG—But not the BCA, so it is not really unified.

Ms Paul—BCA are on board with the policy direction and so on. They have chosen to stay outside the governance arrangements.

Senator WONG—But they are not in the company; that is my point.

Ms Paul—But they will still be part of supporting the approach to preferred providers and so on.

Senator WONG—From what you are saying, the major added value that taxpayers supposedly will get out of this is the preferred provider status.

Ms Paul—Absolutely, and it is the first time that that ever will have been the case, that people will actually know which providers are preferred according to this body and according to industry.

Senator WONG—If that is the primary issue, it comes back really to conflict of interest, doesn't it, Ms Paul? If what you are saying to me is that this will be a prestigious thing to have, an important thing to have, clearly there is a market benefit to those providers. We have already identified that the shareholders have relationships with a number of training providing companies, who will gain a commercial advantage if they are rendered a preferred provider by the company.

Ms Paul—And we have already said you are absolutely right: conflict of interest is an important issue and we will expect the company to deal with it and to be able to present to us satisfactorily how they will deal with it.

Mr Davidson—Senator, just in response to that, I am not sure that any of the current shareholders have direct interests in any registered training organisation at the moment. I am happy to check that, and we will check that for you, but from the point of view of the potential members of the company I do not believe that they do operate registered training providers.

Senator WONG—There was a question about that. From my past life, I would have thought that most of the relevant state chambers of commerce, or whatever they are now called, which I think are affiliates of what is now called ACCI, would run registered training organisations.

Mr Davidson—Some state chambers of commerce, whichever name they go by in their particular area, do have registered training organisations. Some do not. But they are not members of the company in terms of—

Senator WONG—Really, Mr Davidson! They are state members of the national organisation which is going to be a shareholder. Are you really suggesting there is no possible conflict of interest between ACCI being part of a company—I am not having a particular go at ACCI—which confers a substantial commercial advantage and their state constituent organisations having an interest in registered training organisations?

Mr Davidson—My comment related specifically to your comment about the actual shareholders. As far as I am aware, the shareholders are not operating registered training organisations. That is not to say that members of the potential shareholders do not from time

to time operate registered training providers. But, as Ms Cross has indicated, we would be expecting them to indicate the way in which they would deal with conflicts of interest, should that occur at any time.

Senator CROSSIN—I suppose we have already asked why the ACTU is not a director in this company!

Senator WONG—I suspect Ms Paul will say it was a decision of government! Some questions are just not worth it, Senator Crossin. If you look at E450_06, Mr Davidson, there is quite a list of registered training organisations which DEST has identified as having a relationship to ACCI, including AiG and NFF, which runs for just under three pages now, if you delete the BCA. They are substantial potential commercial interests in what would be related entities, are they not?

Mr Davidson—I think my answer to your question remains correct. Looking again at the list that we provided to you, the only one I would hazard a guess at is the one where the AiG is the trustee of the Manufacturers Training Trust. That is the only one where I can see that one of the potential shareholders may have a potential interest in a training company.

Senator WONG—Mr Davidson, are you aware that, for example, under the Corporations Law, in the case of directors regard is had in relation to their interest in related entities? There are certain definitions about that, but it does not have to be the same corporate entity of which they are director for there to be some regulation of what they must then disclose and so forth because of potential conflicts of interest reasons—for example, the contracting between the primary company and a related entity. To be frank, I am concerned that the suggestion seems to be that, unless it is the same corporate entity, there is no conflict.

Mr Davidson—No, that was not—

Senator WONG—I may be verballing you.

Mr Davidson—You are, sorry. In the same way that I would refer to the head of our legal branch in a circumstance where I wanted to understand the details of the Corporations Act, I am more than happy to defer to your greater knowledge of that act than mine.

Senator WONG—I might just be making it up.

Mr Davidson—I know you are not just making it up. But I think the substance of my response remains correct.

Senator WONG—Okay. I look forward to our discussion at the next estimates about where we have got to with the constitution and the company. Did Senator Crossin deal with the trade skills training visa?

Ms Paul—No. That may be a matter for DIMA.

Senator WONG—I understand that. There is one aspect I want to raise with you. Would the monitoring of the number of companies which have applied to obtain apprentices under the 471 visa be a matter that DIMA would monitor, and does DEST have any knowledge of that?

Ms White—That is a matter for DIMA. DEST will not be monitoring that.

Senator WONG—Nor do you monitor terms and conditions of employment of any apprentices on that visa?

Ms White—Once a person becomes a new apprentice they then fall under both the Commonwealth quality assurance mechanisms and the quality assurance mechanisms of the states and territories. They will all be on training contracts which, you are aware, are state government legal documents, and their employment conditions are stated on the training contract. So, yes, that would be monitored by state and territory governments.

Senator WONG—So you would not know, for example, how many of them might be employed on AWAs? That would not be information you would track?

Ms White—I am not exactly sure of the question on the training contracts. Certainly the industrial arrangement they are on is stated on the training contract. I believe it has tick boxes, so it has something like: ‘federal award’, ‘state award’, ‘certified agreement’ and ‘other’. I think those are the questions that are on there at the moment.

Senator WONG—Is ‘other’ where AWA is?

Ms White—It could be an AWA, yes.

Senator WONG—Is that information that you compile?

Ms White—No, that is the information that is declared by an employer on the training contract, and they are state and territory documents.

Senator WONG—I understood that. I am sorry, perhaps I did not make myself clear. Once the employer has done so, who is responsible for compiling that data?

Ms White—I am not sure that data is actually collected. Certainly it would be noted from the training contract when it is entered into the system and that goes across to states and territories.

Senator WONG—Entered into which system—your system?

Ms White—It gets entered into our TYIMS database and transfers across to state governments in an e-business arrangement. The data is actually entered by the new apprenticeships centre, but of course if it says ‘other’ that is what would be entered into our system—it will just say ‘other’.

Senator WONG—It is called TYIMS?

Ms White—The training and youth internet management system.

Senator WONG—Does TYIMS separately identify apprentices contracted under this visa category?

Ms White—We will be able to do that. We are going to put in a system change to allow that to happen.

Senator WONG—That has not been implemented yet?

Ms White—I think we do actually have it in place.

Senator WONG—Are you able to tell me when that occurred?

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

Senator WONG—You would compile or collect that data as a separate category. I am not sure how TYIMS works but you would therefore be able to determine a certain characteristic associated with that class of apprentice.

Ms White—We certainly can query our database and pull out information, yes.

Mr Johnson—We would only be able to identify the same level of data we could provide for any other new apprentice—the nature of their qualification, their employer, their region, whether they are gainfully employed.

Senator WONG—What sort of numbers are we talking about?

Mr Johnson—At present we have no new apprentices who have entered this training arrangement under this visa category. So I would imagine, in reference to Ms White's comment, an enhancement of TYIMS was probably made to coincide with the implementation of this measure late last year, from 1 November. But there are, to date, no apprentices anywhere in the country who have accessed training through that arrangement.

Senator WONG—No-one under 471?

Ms White—That is my understanding.

Senator WONG—But in future, if there were, TYIMS would enable you to interrogate data in relation to that class of apprentices.

Ms White—Yes, I believe that is true.

Senator WONG—Given that there are none I expect you have not done any of this, but is it intended that DEST or the new apprenticeships centres will play any role in monitoring and providing information to DIMA on whether the apprentices are receiving appropriate training or the requisite training?

Ms White—That is a state responsibility. Certainly the NACs are involved in assisting the employer and new apprentice sign up to the training contract. That is one of the roles of the new apprenticeship centres.

Mr Johnson—We are not sure what additional monitoring arrangements DIMA may have put in place.

Senator WONG—I am sorry; I am having trouble hearing you.

Mr Johnson—In addition to the points that Ms White has made, there may be other monitoring arrangements that DIMA has put in place. As my colleagues have indicated, the specific monitoring arrangements for this initiative fall within that portfolio.

Senator WONG—You may recall the discussion I think you and I had last time about the two requirements on the visa. One was that the position had been unable to be filled locally and the second was that the employer had a satisfactory record of training et cetera—training Australians. There have been media reports of companies in Queensland beginning to bring apprentices in under the visa. Golden West Employment Solutions has embarked, according to the public reports, on a recruitment drive to the Philippines, China, Hong Kong, India and South Korea. It is a group training organisation that places apprentices in various firms from Toowoomba to Birdsville and Emerald to Winton and it has secured approval to sponsor up to 50 overseas apprentices in the next two years. Are you aware whether or not any of the new

apprenticeship centres servicing the areas identified are trying to find apprentices for these companies?

Ms White—We are not aware of that.

Senator WONG—Do you check that?

Ms White—I am not sure we would be able to get that data. This measure is being looked after by DIMA. They have what they call a regional certifying body who will be collecting that data and looking at evidence provided by employers and sponsors, as I understand it.

Senator WONG—Does anyone check with the relevant new apprenticeship centre?

Ms White—New apprenticeship centres are not involved in recruitment of new apprentices at all, nor in soliciting those sorts of things from employers, so they would not hold that information.

Senator WONG—But wouldn't they be able to say whether or not this company had previously tried to source apprentices locally?

Mr Johnson—I recall that when we discussed this matter last year we indicated that we had provided advice to DIMIA about appropriate sources for that sort of information, both through the Department of Employment and Workplace Relations and the regional certifying body framework that DIMA supports. Again, those really are implementation matters that DIMA has determined.

Senator WONG—Does DEST have an opinion whether or not any of the companies involved in fact have a satisfactory record of training Australians as per the visa requirement?

Mr Johnson—We would not have any information on which to base such a decision. That would be information that the state training authority would retain. It would only arise in the context where the department had initiated investigations against one of those particular employers, and I am not aware of any history in relation to that employer or those regions.

Senator WONG—'The department' meaning DEST or DIMA?

Mr Johnson—This department.

Senator WONG—You have said you gave DIMA some information about sources of information but there is no specific information which is sought in relation to any particular company. That is a poorly structured question. I am just trying to clarify. You said to DIMA, 'This is who you can contact,' but you are not asked by DIMA to provide any specific information regarding the training history of a particular company.

Ms White—That is correct.

Mr Davidson—I want to make one correction to a comment that we made. Looking at the draft of the constitution that the department prepared in relation to the institution, I note that the proposal that we put in that was that the company was a public company limited by guarantee.

[8.28 pm]

CHAIR—I welcome officers from the schools groups.

Senator WONG—Senator Carr asked question on notice E815_05. Would it be possible to have the answer updated on notice in the same categories as are there?

Ms Paul—Certainly.

Senator WONG—On the basis of that earlier question, do I understand that there are 208 funding maintained independent schools, and 974 Catholic systemic schools which are also funding maintained? Is it possible to update those numbers now?

Mr Evans—I can probably update them now.

Senator WONG—I would appreciate that.

Mr Evans—You asked for the number of funding maintained schools?

Senator WONG—Yes, independent and Catholic separately.

Mr Evans—In terms of Catholic systemic schools, as at 18 January this year there are 971. And there were 207 independent funding maintained schools.

Senator WONG—As at the same date?

Mr Evans—Correct.

Senator WONG—And the funding guaranteed?

Mr Evans—Again, as at the same date, there were 183 funding guaranteed independent schools.

Senator WONG—I presume there is only a minor difference in the funding maintained. That might be as a result of school amalgamations. Is there another explanation?

Mr Evans—Sorry?

Senator WONG—The change in the numbers in the funding maintained categories.

Mr Evans—I would need to have in front of me a comparison with some earlier figures. I am not sure what I am comparing it to.

Senator WONG—I am sorry; I was referring to E815_05. I can tell you. There are 207 now and there were 208. There are 971 now and there were 974. I am just trying to get some clarification about the alteration.

Mr Evans—It could have been an amalgamation or a closure. It would be only something small like that. As you can tell, it is at the margin.

Senator WONG—In relation to the funding guaranteed, there is a change of about 94. Why has that occurred?

Ms Wall—Over the quadrennium the number of funding guaranteed schools will go down because, as supplementation comes in, they will move onto their score. They are funding guaranteed so that they do not lose money, but each year, with supplementation, a number of them will move onto their score.

Senator WONG—They will become SES funded.

Ms Wall—That is right.

Senator WONG—Maybe I misunderstood Mr Evans. I thought there had been an increase. That is why I was querying it.

Mr Evans—Maybe I can explain the reason for the increase. At the time we answered question 815, we had been expecting a higher level of supplementation to take place in 2005, and that would have effectively moved more schools onto their SES score. As it turned out, the level of supplementation that occurred in 2005 was lower, which meant a smaller number of schools moved onto their SES score in 2005. So that is why the number is greater at 183. If I look here, to compare the numbers you have in question 815, we are going to further increase the number of schools going onto their SES scores, so while the figures in 815 are 99, 28, eight and four, I am estimating that the replacements for those numbers will be 183, 47, 16 and six. So in essence there will be the same principle and direction. The schools will be progressing from being funding guaranteed onto their actual SES score, but at this stage it is probably going to be a little bit slower. But by the end of the quadrennium we are still only talking between four and six schools that will not be on their SES score.

Senator WONG—If the projections work out.

Mr Evans—Correct.

Senator WONG—You said the supplementation was less than expected. I do not necessarily want a long explanation, but can someone explain to me why?

Mr Evans—There are two reasons. Firstly, there was a change in the treatment of leave in New South Wales.

Senator WONG—Yes, we had this discussion.

Mr Evans—That actually brought forward to 2004 supplementation part of the impact, so in that sense there was a higher level of impact in 2004 supplementation and a lower level in 2005. If you averaged it across the two years, you would probably find that it was in line with our broad estimate of supplementation movements of a bit over six per cent per annum. That is probably one of the principal reasons.

Senator WONG—As I said, this seems to be a very complicated area and I am not particularly across it, but these are schools which are not funded in accordance with their SES score. Is that correct?

Mr Evans—That is correct. A funding guaranteed school is a school which is on a particular funding score—

Senator WONG—And it waits till it gets there.

Mr Evans—It is like a grandfathered amount.

Senator WONG—I understood that. Can you tell me the number of schools that were funded in 2005 according to their SES score, for Catholic systemic and independent schools?

Mr Evans—Forty-nine per cent of all non-government schools, or 1,310, were funded on their SES score.

Senator WONG—Are you able to disaggregate between independent and Catholic systemic?

Mr Evans—I can. For Catholic systemic schools there were 642, and for other independent schools there were 668.

Senator WONG—Given that 971 are funding maintained, what is the proportion of Catholic systemic schools which are funded according to their SES score?

Mr Evans—As at 18 January, it was 39.8 per cent.

Senator WONG—Wasn't it announced two years ago that, for the current quadrennium, which is 2005-08, the Catholic systemic schools would enter the socioeconomic status model?

Mr Evans—Technically, they have.

Senator WONG—Only 39.8 per cent have, haven't they?

Mr Evans—Yes, 39.8 per cent are on their SES score. If the Catholic systems commence a new school, that school also has to commence on its SES score. In that sense, the arrangement that operated in the previous quadrennium was that the Catholics were essentially outside the SES arrangements. They were maintained at a particular funding level and, if a new Catholic systemic school started, it started at that new different funding amount.

Senator WONG—But 60 per cent of them are still funded differently from the SES process.

Mr Evans—But the important thing is that we have now brought into the SES arrangements some 642 schools, so we have now significantly increased the penetration of the SES to some 49 per cent of schools across the Catholic and independent sector.

Senator WONG—But 39.8 of the Catholic sector.

Mr Evans—Yes, 39.8 per cent of the Catholic sector are funding maintained.

Senator WONG—So still more than half of the schools are not funded according to the SES model.

Mr Evans—It is lineball. It is 49 per cent, so 1,310 out of 2,671 schools.

Senator WONG—You have given me the information about the trend over the quadrennium for funding guaranteed with funding maintained schools. Is it likely that your projections of that will continue at a similar level?

Mr Evans—Because of the nature of funding maintenance, it does not effectively change over the quadrennium, so the funding maintained schools receive the annual supplementation anyway. In that sense, that number is not likely to change significantly over the course of the quadrennium.

Senator WONG—I was just trying to clarify that. What is proposed to occur at the end of the quadrennium in relation to the funding maintained category?

Mr Evans—That is not determined at this stage. In that sense, there is an examination of some of the SES arrangements as we move towards the next quadrennium. That is going to be a matter for government as it determines the structure of the specific purpose program for schools for the next quadrennium. That is 2009-12.

Senator WONG—Presumably, you have been in discussions with representatives of the schools in relation to this issue.

Mr Evans—That is correct.

Senator WONG—Do they understand that there has been any commitment or guarantee of funding beyond the quadrennium at funding maintained levels?

Mr Evans—They know there is no guarantee of it at this stage.

Senator WONG—Presumably, that is something they are pressing for.

Mr Evans—It is something they would be taking up with government in the lead-up to government making decisions about the arrangements for that quadrennium.

Senator WONG—Do you have aggregated data available as to the difference in funding between the actual funding for the funding maintained Catholic category and what their funding would have been if the SES rate applied? I presume you would have to do that in order to determine if they moved into the SES funding model or they stayed in the funding maintained model.

Ms Wall—I will just have a look and see if we have got it with us.

Senator WONG—I am happy for you to take it on notice. I am actually asking a systems question here—whether you trap that data. I assume that is how you determine it, because you have to work out which would be higher.

Mr Evans—That is right; we do trap that data.

Senator WONG—I wonder if you could provide on notice, unless you are able to provide it, Ms Wall—that is, the difference between the two amounts, essentially, on an aggregate basis.

Ms Wall—I have some numbers here on the cost of funding maintenance. Essentially, that is what it costs.

Senator WONG—Is that the difference between what it would have been if they were funded under the SES arrangements?

Ms Wall—Yes. Over the quadrennium?

Senator WONG—Are you able to do it for each year?

Ms Wall—For each year, for all non-government school sectors.

Senator WONG—Do you differentiate between funding maintained and funding maintained Catholic?

Ms Wall—No, it is all the same. It is funding maintenance. For 2005, if I round these up, it is \$459 million; for 2006 it is \$495 million; for 2007 it is \$533 million; for 2008 it is \$572 million; and for the quadrennium it is just over \$2 billion.

Senator WONG—You just add them up, presumably!

Ms Wall—Yes!

Mr Evans—We do have that broken down also for the Catholic systems.

Senator WONG—Yes, I would appreciate that. I am wondering about that, just in terms of time. I am happy for you to provide it on notice.

Mr Evans—I can read it out to you now.

Senator WONG—Okay.

Mr Evans—Again, it starts with the year 2005: 2005, \$366 million; 2006, \$395 million; 2007, \$425 million; 2008, \$455 million; and giving an aggregated figure of \$1.64 billion. That figure is part of the \$2 billion that Ms Wall referred to.

Senator WONG—Yes, I understood that. You gave me one component, which is the larger component, which is Catholic maintained. Are you able on notice to provide me with that data on a state and territory basis, or do you not compile data in that way?

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

Senator WONG—Thank you.

Senator IAN MACDONALD—Senator Wong, while you are looking for your next question, if I may. I have to go to another committee meeting, but while I am here—this is a rare occasion—can I just say to the schools group in the department what a marvellous job you do, as someone who sees the end result of your work. I wanted to take the opportunity to mention what I know many of us think. Well done.

Ms Paul—That is very much appreciated, Senator. You are very kind.

Senator WONG—So do I understand that, post the quadrennium, there are a range of options that might be considered? But they are not matters, obviously, that the government has made a decision about. Have you yet been asked to provide advice in relation to options for the funding maintained sector post this quadrennium funding?

Mr Evans—No, we have not been asked for advice on that at this stage. It is a matter that we the department are taking up with some of the education authorities to see what the issues are as we move towards the next quadrennium.

Senator WONG—Sorry?

Mr Evans—To see what some of the issues might be in relation to the SES general recurrent funding arrangements that might apply for the next quadrennium.

Senator WONG—I now turn to E132_05. There was a difference between the E815 answer we have just been discussing, which indicated 208 independent funding maintained schools, and E132_05, which was 226, so there was a difference of 18 schools. On notice, could you give us an indication as to what has occurred in regard to those 18 schools?

Mr Evans—I believe it would be similar to my previous answer. It is probably a matter of timing as to when—

Senator WONG—I am happy for you to take it on notice. I just wondered if we could get some explanation of that.

Mr Evans—That answer is probably as at 30 April 2004, while the figures I am quoting you are for January 2006.

Senator WONG—Yes, I understood that. I am not trying to trap you; I just want to know what has happened to them.

Mr Evans—Sure. We will take it on notice.

Senator WONG—There is a footnote to E815_05. You originally indicated that 266 were funding guaranteed as at 1 January 2005 but you expected 167 to move onto SES funding. That did not occur. Was that because of the reasons you outlined previously?

Ms Paul—It is a supplementation reason.

Senator WONG—Right. Does that mean there was an underestimation of the projections of the AGSRC?

Mr Evans—There was, but when we examined it, it came down to the issue I mentioned to you. It was an impact that occurred earlier in a previous year, and so if you looked at the supplementation as it occurred across 2004 and 2005 and averaged it, our original estimating had been quite accurate, but it was just that a higher proportion than we originally expected occurred in 2004 and a lesser amount in 2005.

Senator WONG—Moving away from that issue, you gave a very detailed answer to question on notice E059_06, which revealed that a number of schools obviously got quite significant increases over the period from 2001 to 2008. I am interested to know whether or not the department actually undertakes any investigation or consideration of what that money is spent on.

Mr Evans—I take it you mean what Commonwealth grants are—

Senator WONG—Yes, what the schools are spending the money on.

Mr Evans—We do undertake an annual financial questionnaire of non-government schools, which actually requires non-government schools to provide the department of the breakdown of the source of income to non-government schools from the Australian government, from state governments and from fee income, and also the areas of expenditure of those individual schools—so the amount of money that might be spent on salaries, grounds, transport and other recurrent costs across the school. That provides the department with a fairly rich data source to look at. It does not get down to how much was spent on the headmaster individually, but it gives it in aggregate forms of expenditure types.

Senator WONG—So there is an annual survey, is there?

Mr Evans—It is not a survey; it is a census for every non-government school.

Senator WONG—Does that enable you to have some information as to whether or not schools reduced their fee income, for example, or increased their fees, or employed more teachers, or paid them more?

Mr Evans—It does give us that sort of empirical data.

Senator WONG—What about the purchase of new land—capital expenditure?

Ms Wall—Those sorts of data are captured at a very high level, but we do ask them to give us some capital details.

Senator WONG—How is the data collated and in what form?

Ms Wall—Every school or system fills in the questionnaire. Then we collate the data and analyse it.

Senator WONG—In what form is that analysis? Do you do a report?

Ms Wall—We do not do routine reports. It informs our policy development. On specific instances, we can refer to that data, but they are not collected for the purpose of publishing. At the moment, some of the data from the questionnaire are used at a very high level in the annual report on schooling.

Senator WONG—Is this on an IT system?

Ms Wall—Yes.

Senator WONG—So you can interrogate it?

Ms Wall—Yes, we can.

Mr Evans—We collect the data through an internet based system, so it is provided to us online, so it provides for easy compilation for us to be able to analyse and interrogate it.

Senator WONG—When is that census conducted? I think you made reference to this.

Ms Wall—Schools are required to report to us in three ways. One is the census, which is the number of students. That is conducted around August each year. The next is their financial accountability, which is essentially like financial statements. They need to demonstrate that they have spent the money in accordance with the funding agreements. The third is the financial questionnaire, which Mr Evans has referred to, which is a broader set of information for us about their income from all sources and their expenditure.

Senator WONG—Does that enable you to determine, for example, what proportion of schools has reduced their fee income?

Ms Wall—Again, it is at a global level. My recollection is that they tell us how much income they get from fees, from state governments and from other sources. But it would be quite difficult to draw conclusions from that, because it is aggregated. It is obviously per capita related—

Senator WONG—What do you mean by ‘aggregated’?

Ms Wall—We get one line for fees, and that is for the entire school. For combined schools, particularly, we know that there are different fee levels for primary than there are for secondary et cetera. My understanding is that we could only tell year on year if that total income from fees was going up or down, but we could not interrogate that any further.

Mr Evans—For instance, you could have a situation where a family might have three siblings at a school. The fee charged to the second and the third might be on a discounted rate, so in that sense you cannot simply look at the movement between fee income in one year to the fee income in the next year as a basis of what the fee movement might be across that school. There are other factors that influence it.

Senator WONG—Yes, I understand. I am trying to work out whether you are able to determine, for example, what proportion of all the schools surveyed, excepting all the provisos that you have indicated about fee income, reported a reduction or an increase in that,

increased their teaching staff from one year to the next or initiated additional capital expenditure. That is what I am trying to determine.

Mr Evans—We can get broad evidence in some of those categories.

Senator WONG—Are you able to provide, at least in that aggregate sense, what proportion did reduce or increase their fee income between the last two censuses?

Ms Wall—I am not aware that we have looked at that, but we could certainly take that and have a look. It seems to me that it is something that we could do.

Senator WONG—What about employment of teachers or class size?

Ms Wall—We do not collect class size. There is one line on expenditure on teacher salaries.

Senator WONG—So you could, presumably, determine what proportion showed an increase in that. Mind you, most of them would, presumably, because wages do go up. There is no increase in staffing?

Ms Wall—I would have to check whether we collect staffing numbers as well as staffing expenditure.

Senator WONG—Could you take that on notice. I would be interested in what proportion has actually increased their staffing numbers.

Mr Evans—A related issue here is that year on year in you are also looking at an increase in student enrolments in the non-government sector of about 18,000 a year. In that sense, you would naturally expect that the size of the teacher work force in the non-government sector is going to increase just because of the increase in the student population.

Senator WONG—I think Ms Wall has taken that on notice. In relation to, I think, one of your early answers, you have information about enrolments, so presumably you have the ability to determine fee levels.

Ms Wall—Not fee levels; not fees charged by a school—we do not have that information.

Senator WONG—In dealing with my questions about teaching or class sizes, do you do teacher to pupil ratios? Do you collect data on the of teachers to the number of students?

Ms Wall—No.

Ms Paul—You tend to get that from the state government systems. I do not know that we have collected that.

Mr Evans—The way you would have different curriculum offerings at a school would affect—

Senator WONG—I understand that, Mr Evans. I thought—just assumed, frankly—that you would collect data on the number of teachers and the number of students, but that is not the case.

Mr Evans—We have that figure but we do not have it broken down or how it translates to individual student staff in a classroom sense.

Senator WONG—No, but you do have the number of teachers and the number of students in any institution.

Mr Evans—Yes, we have that. We could give you that figure if you would like that figure.

Senator WONG—How would you provide that? I do not want you to do it if it is not particularly useful to me. That is all.

Mr Evans—It is not going to be that useful. It would be simply an aggregate of the number of students either by state or across Australia, and the number of teachers that are in that sector by state or across Australia.

Senator WONG—By state and territory would be useful—just at that aggregate level.

Mr Evans—Yes.

Senator WONG—I appreciate that. Senator Troeth has asked me do give an indication of what more I have. I have further question in schools, and we have some questions—

CHAIR—You did have questions listed for the Indigenous and Transitions Group, so that still applies.

Senator CROSSIN—Yes.

Senator WONG—That is for Senator Crossin.

CHAIR—I did think that.

Senator WONG—I do not have any questions on that.

CHAIR—What about the Strategic Analysis and Evaluation Group?

Senator WONG—I indicated that I had no income support questions.

Senator CROSSIN—I have a couple of questions on Abstudy.

CHAIR—I know, Senator Wong, you have some from international education.

Senator WONG—Very few, and I have had a discussion with the department about that.

CHAIR—Thank you.

Proceedings suspended from 8.58 pm to 9.09 pm

Senator CROSSIN—I want to go to the tutorial vouchers. How many students have received the tutorial vouchers by state and territory? If you have a sheet of paper, you might want to table it.

Dr Mercer—There was a question on notice which we have tabled.

Senator CROSSIN—Have you? My next question was going to be: where are the answers to our previous questions?

Dr Mercer—It was in answer to questions on notice Nos E570, 571, 577 and 628, which attached a table of the eligible students by state and broker.

Senator CROSSIN—No, I do not mean eligible. We want to know how many have actually received vouchers rather than how many are eligible to.

Dr Mercer—I would need to take that on notice. I can give you the national number to date. It is a number that is still changing as we receive the final reports and invoices from our brokers.

Senator CROSSIN—What is the national number of those who were eligible and those who have received vouchers?

Dr Mercer—The national number of those who were eligible as at February is 6,893. That is the number who were registered by their parents for the pilot.

Senator CROSSIN—I am looking at the table. Are they your latest figures? You do not have anything more up to date than that?

Dr Mercer—The very latest figure from this week was 6,979 registered for the pilot.

Senator CROSSIN—Eligible?

Dr Mercer—Registered, so eligible for the pilot.

Senator CROSSIN—And how many have actually got vouchers?

Dr Mercer—Again, as at 14 February, I have a figure of 6,177 who have received assistance under the pilot. There is a difference of some 800 between the two figures, where parents had registered their children but they did not commence. The majority were offered a tutor, I understand, but chose not to proceed.

Senator CROSSIN—Sorry, could you tell me that again?

Dr Mercer—The majority of that 800 were offered a tutor but decided not to go on.

Senator CROSSIN—What did they do with their voucher in that case?

Dr Mercer—They decided not to take up the assistance.

Senator CROSSIN—How many of those out of the 6,177?

Dr Mercer—That is the difference between the 6,177 and the 6,893 who were eligible.

Senator CROSSIN—They were the 800 people who decided not to take it up.

Dr Mercer—We can give you that by state. I believe the largest number is in South Australia.

Senator CROSSIN—Take it on notice if you like, but, now that this table has been given to me, while I know that the voucher is being paid through the Northern Territory department, I want to ask: why is there an asterisk in the Territory column? They are still in the development phase?

Dr Mercer—We are still waiting on numbers from the Territory. They had deferred it to this term to conduct the tutoring. So my advice is that I do not yet have any firm figures from the Territory but, again, I will take it on notice to see if we can get you some figures.

Senator CROSSIN—In the column regarding the number of estimated eligible students, is that the number of students who did not reach the year 3 benchmark?

Dr Mercer—Yes, based on the 2003 benchmark.

Senator CROSSIN—Why are there then only 6,979 eligible if 19,000 or so failed to reach the benchmark?

Dr Mercer—The number of 6,979 is the number of parents who did register their child. As we have talked about in previous estimates, in this pilot, the major issue in conducting the tutorial voucher initiative was making contact with the parents. That data is owned by the education authorities, and we were completely reliant on them.

Senator CROSSIN—So this is a trial where parents have opted in?

Dr Mercer—That is once parents were advised they were eligible. The biggest issue is parents getting that information.

Senator CROSSIN—But, if you were to automatically give this to all parents around the country, you would be looking at 19,000?

Dr Mercer—Yes.

Senator CROSSIN—But parents have opted in, basically.

Dr Mercer—Yes.

Mr Burmester—The 19,000 are the children who could have been offered assistance if their parents had been made aware of the availability of the voucher. Some states were slow or did not actually get around to notifying the parents who were eligible, and so the take-up in some states was very low simply because the parents did not know of that opportunity.

Senator CROSSIN—I understand that.

Dr Mercer—You will see in the table that the three states where parents were not notified directly were Queensland, Victoria and Western Australia.

Senator CROSSIN—What happens here? Do the parents actually get the voucher and then they go and spend it—or, in the case of Queensland and Victoria, is the amount of vouchers times the number there, which is about 1,200, the amount given to Progressive Learning?

Dr Mercer—We have a contract with each of the brokers, and we have progressive payments based on the number of students that they tutor. There are performance payments.

Senator CROSSIN—So the payment goes to the contractor, not through the parents to the contractor?

Dr Mercer—It does not go to the parents, no. It goes to the contractor, who pays the tutor.

Senator CROSSIN—Are there current problems with Progressive Learning?

Dr Mercer—We have completed the pilot with all the brokers, except in the Northern Territory, and there are no current problems with Progressive Learning.

Senator CROSSIN—You are not investigating Progressive Learning?

Dr Mercer—No, we are not investigating Progressive Learning.

Senator CROSSIN—Are they still answering the phones and still contactable?

Dr Mercer—As far as I understand. We are still waiting for some of the final invoices, as we are with all of our brokers.

Senator CROSSIN—But otherwise the pilot is completed?

Dr Mercer—Yes.

Senator CROSSIN—And a review of the pilot is being conducted?

Dr Mercer—An evaluation is under way, yes.

Senator CROSSIN—Have you paid all outstanding moneys to Progressive Learning except for the remaining invoices that are due?

Dr Mercer—We have not yet paid out Progressive Learning, and I do not believe we have made final payments to most of the brokers. We are still waiting on the final invoices.

Senator CROSSIN—Who is conducting the review and how is that happening?

Dr Mercer—Erebus is conducting the evaluation for us. It is an education company based in New South Wales.

Senator CROSSIN—Yes, I have heard of them before. When is that due to be finished?

Dr Mercer—We would expect that probably in the next couple of months it will be finalised—probably this month or next month.

Senator CROSSIN—Before the budget, I imagine.

Dr Mercer—Yes.

Senator CROSSIN—That is all the questions we have there. I would like to move on to the Investing in Our Schools Program and the Capital Grants Program. I want to take you to something the previous minister said last year, in August, in an interview with Karl Stefanovic on the *Today* show:

We're giving each public school \$150,000 directly to the P&C to do whatever they think is appropriate with it.

This was restated by the minister's media centre in September. Is that correct? Is each school going to get \$150,000 at some stage in the life of the program?

Ms Dacey—I do not have the transcript in front of me and I do not know the media release you are referring to, but the program is a competitive program not an entitlement program. So some schools may—

Senator CROSSIN—I do not have a media release; I have two quotes from the previous minister—one from 26 August and one from 29 September. In the first one the minister says that the government will be giving each public school \$150,000 directly. And in the second one he says that the government will be investing up to \$150,000 in every government school to put that \$150,000 in the hands of parents.

Ms Paul—I think his point was that if a school applies for a grant and is successful through the process et cetera, we are giving them up to \$150,000 directly. It is the first time the Commonwealth has ever had a direct relationship with a school or a parent body. Particularly when you read the last bit, you see that is one of the key points that he made on several occasions. It is the first time we have really had a direct relationship in terms of capital funding. In the past we have worked through a block grant system.

Senator CROSSIN—I have to say, though, you said ‘up to \$150,000’ and there is a competitive tendering element.

Ms Dacey—It is on a submission grant basis.

Senator CROSSIN—Those comments from the minister give the impression that each and every school would receive \$150,000.

Mr Evans—The guidelines are very clear about the arrangements that operate under this program, that it is up to \$150,000. Simple mathematics of the number of government schools in Australia, which is around 7,000, and the fact that the appropriation for this program over the four years is \$700 million, shows you that if you did simply average it and played it out flatly to everyone, that would only come in at \$100,000. Discussions we have had with the minister have been very clear that there would be some schools that would be very modern schools that would not have same physical need as a whole lot of other government schools that we know of and have talked about over a number of years which are in run-down circumstances. So we saw that, in the competitive process, a number of those schools would be likely to be able to access the \$150,000.

Ms Paul—It depends on what they apply for. Obviously not all schools would have projects of that magnitude.

Senator CROSSIN—I understand all that, but it is not technically correct, is it, to say, ‘We will be investing up to \$150,000 in every government school.’ The schools will actually have to apply. Is that correct?

Mr Evans—I will read another media transcript from Minister Nelson on 29 September 2005. It is a doorstep interview which reads:

One of the things that we are doing is ... providing up to \$150,000 for every Government school P & C across ... to actually invest in projects at the school level.

So it is ‘up to \$150,000’.

Senator CROSSIN—But it is not necessarily in every government school, though, is it?

Ms Paul—No. It depends who applies.

Senator CROSSIN—Can non-government schools get more than \$150,000?

Ms Dacey—Yes, they can.

Senator CROSSIN—How does that occur?

Ms Dacey—It is a completely different system. It is not submission based and it is run the way the traditional capital grants program is run, through the block grant authorities.

Senator CROSSIN—So it is an automatic payment and is not a competitive payment?

Ms Dacey—No. The block grant authorities assess projects on a needs basis. It is run on a very similar plan to the mainstream capital grants program.

Mr Evans—If you step back and look, you see that the government’s announcement was \$1 billion under the Investing in Our Schools program. There was \$700 million for the government school sector and \$300 million for the non-government school sector. The 70 per cent of money that is going to the government sector is in respect of the 68 per cent of

Australian students that are in government schools. So, in that sense, the broad proportional split on the program represents the enrolment share.

Senator CROSSIN—What is the average payment that has been made to schools to date?

Ms Dacey—Government or non-government?

Senator CROSSIN—In the government sector.

Ms Dacey—I would have to take that on notice. I do not have an average figure.

Senator CROSSIN—Would you know if there are many that are getting the \$150,000?

Ms Dacey—No. I can tell you how many have applied for over \$145,000. I think it is close to 1,000 schools that have applied. We ran two project rounds last year, because that was the first year of the program. The first round was for smaller projects up to \$50,000 and the second round, which closed in August, was for the large ones up to \$150,000. Some got two or three small projects of \$25,000 or \$30,000, so they may well be over \$100,000. Some have chosen to apply for one larger grant of \$145,000 to \$150,000 in the second round. The second round is not largely assessed yet but I think about nine schools in round 1 got close to the \$150,000 entitlement by virtue of a number of smaller projects aggregated together.

Senator CROSSIN—Take this on notice, but I am after the current average grant per school.

Ms Dacey—Yes, I will have to take that on notice.

Senator CROSSIN—It might have to be in the smaller and the larger areas, so you might need to—

Ms Dacey—Sure, I will take that on notice.

Mr Evans—Because we have only done the small ones at this stage, they will fit in that smaller category.

Senator CROSSIN—Can you also provide me with an idea of the range, from the lowest to the highest?

Ms Dacey—There are some very small grants in there, for \$4,000 and \$5,000, and anything up to the \$150,000.

Senator CROSSIN—And I am interested in that information by state and territory.

Ms Dacey—You want the range by state and territory or just the average?

Senator CROSSIN—The average would be fine.

Mr Evans—Where a school may have applied for a small grant of \$4,000 that is not to say that that school might not come back to us in the 2006 round or the 2007 round to increase the amount that they access from the Australian government.

Senator CROSSIN—I understand that.

Ms Dacey—I can give you the number, as its stand, on the \$150,000: it is close to a thousand that have applied for \$140,000 or more.

Senator CROSSIN—Do we know how many or the percentage of public schools that have received a grant under the program?

Ms Dacey—The stats I have are about the numbers that have applied rather than the numbers that have been successful.

Senator CROSSIN—I could put that on notice.

Ms Dacey—The statistic for round 1 is that we funded 2,614 schools. So, going on sheer stats alone, with approximately 7,000 public schools, it would be 30 or 35 per cent.

Senator CROSSIN—I will put these questions on notice; that might be easier. Your ‘Administrative guidelines for schools 2005’, at page 186, states that the total funding allocated for this program for government schools in 2005 was \$140 million. Is that still correct?

Ms Dacey—Yes.

Senator CROSSIN—I am assuming that means that \$560 million will be allocated over 2006-08. Is that right?

Ms Dacey—Yes. We had made payments of approximately \$35 million as of 31 December 2005. So for accounting purposes, for transparency, we brought the balance of that 140, which was 105, forward into 2006. The aggregate is the same; it is just that there has been some movement.

Senator CROSSIN—How much will actually be allocated in 2006?

Ms Dacey—There is that 105 plus the 186 that was in the calendar year. And we have the potential and the capacity under the guidelines to forward commit, if that is what the minister elects to do.

Senator CROSSIN—So you have a breakdown for 2006 already?

Ms Dacey—Yes; I do not have the number on me, though. The minister can choose to move some money around.

Senator CROSSIN—Otherwise it is 186 plus the 105.

Ms Dacey—Yes, but remembering that a lot of that 105 is basically already allocated to a project; it is just that the payment was not physically made.

Senator CROSSIN—Yes. Will schools have sufficient notice to plan their projects?

Ms Dacey—Do you mean to apply for—

Senator CROSSIN—Yes. It is a rolling program, is it?

Ms Dacey—That is right. In 2005 we had national closing dates and that caused huge spikes in the workload. To alleviate delays that come out of that we have gone to staggered closing dates for states and territories this year. That information is on the website and the minister will be writing to every school. We are having roadshows and information shows and we have a call centre. So there is quite a bit of information out there about when the dates are.

Senator CROSSIN—I am sorry, I missed the last bit of that.

Ms Dacey—I think there is quite a high level of awareness of when the closing dates are in 2006. Every school is going to get a letter.

Senator CROSSIN—Yes, but every school was supposed to get a last year and it was rather late, wasn't it? When will every school get a letter?

Ms Dacey—There is an opening and closing date for each school. At the beginning of the opening dates every school will be sent a letter saying: this is how much you did or did not receive last year, this is how much you potentially are allowed to applied for and these are the closing dates. As well, it is all there on the website et cetera.

Senator CROSSIN—I have some questions about the cost of administering this program but I can put them on notice.

Senator WONG—We could go back to them. Because I have to go to another committee I would like to have about 10 minutes now to ask some questions.

Senator CROSSIN—Okay.

Senator WONG—Still on schools, the question on notice E599-06—which was the schools data question—was provided in a PDF format. You have previously provided that in an Excel format. The answer said that you were wanting to ensure that the integrity of the data set was maintained. I accept that in terms of what is on the website, but in terms of its use by senators there is a benefit to us in having the Excel format because it does enable us to interrogate the data differently. Would you be willing to provide that in Excel format for the use of the committee?

Ms Paul—I am happy to have a look at it, Senator. I am aware of the question and we have had some difficulties with providing the spreadsheet in some other areas, I think, but I am happy to have a look at it. I will take that on notice.

Senator WONG—What are the difficulties, Ms Paul?

Ms Paul—Sometimes the translation means that errors come in, or at least it is more at risk of having errors.

Senator WONG—I am actually trying to save you work because if you provide that then it is easier for us to interrogate that data rather than having to ask you more questions about it.

Ms Paul—I am happy to take it on notice.

Senator WONG—I would appreciate that. Can I turn to Kevin Donnelly, which was a discussion we had last time. I do not intend to spend a lot of time on this. Can you advise me on what date the department first became aware that its consultant on the research project National Mapping of Gender Specific and Gender Related Curricula was to be employed as chief of staff to a federal minister?

Dr Mercer—Could I ask you to repeat that question? I heard it was about the gender mapping project.

Senator WONG—When did you first become aware that the original consultant, Dr Donnelly, was to be employed as a chief of staff?

Dr Mercer—My understanding is we became aware of that when Dr Donnelly advised us that he was joining Minister Andrews's staff and that he would withdraw from the project, and that his co-researcher would complete the project.

Senator WONG—What was the date of that?

Dr Mercer—I am not sure that I have that with me—the actual advice when he formally notified us—but I can certainly give that to you.

Senator WONG—Do you have the month? If you do not, Dr Mercer, that is fine—I just thought you might be able to give me something.

Dr Mercer—I do not think I have that with me.

Senator WONG—Did you become aware at that time that the project would need to be reassigned to another consultant to complete?

Dr Mercer—He advised us that the project would be able to be completed by his co-researcher.

Senator WONG—Who is the co-researcher?

Dr Mercer—The co-researcher was Julia Donnelly.

Senator WONG—Who is Dr Donnelly's wife?

Dr Mercer—And business partner and has educational qualifications, and she completed the project.

Senator WONG—As I understand your answers on the previous occasion, the reason given for the decision not to go to tender for this consultancy was Dr Donnelly's unique expertise in the area.

Dr Mercer—Yes, certainly Dr Donnelly has expertise in the curriculum mapping area and had been involved, at our request and the minister's invitation, in a boys' education forum not long before which kick-started our boys' education program.

Senator WONG—Yes, what I am asking is I think your indication to me previously was that the reason for not going to tender was Dr Donnelly's unique expertise. At the point at which he supposedly withdrew from the project, doesn't that reason fall away?

Dr Mercer—The project was halfway through when he joined Minister Andrews's staff, so it was obviously beneficial to complete the project.

Senator WONG—Did the department inquire as to whether Mrs Donnelly had a similar level of unique expertise that would justify a non-tendered contract being continued with her?

Dr Mercer—We were certainly aware of her qualifications in the area and that she would be adequate to complete the task.

Senator WONG—But on the basis of your previous answer is it correct to say that you were simply advised by Dr Donnelly that Mrs Donnelly would be able to continue the project?

Dr Mercer—I would actually have to take that on notice because I would have to go back and check the file on that. My understanding was that Dr Donnelly had started the project and then this employment opportunity arose, so he advised us that it was possible to be completed—otherwise we would have had to terminate the contract and start it again, at both time and cost. So I will certainly take on notice how that was advised to us and how we were aware of her qualifications.

Senator WONG—And the date on which you were advised about his withdrawal and his employment.

Mr Simpson—I might have that detail for you. It was in September 2003 that Dr Donnelly advised the department that he was taking up the position of chief of staff.

Senator WONG—Do you have which date it was in September?

Mr Simpson—No, I just have that month.

Senator WONG—If you could take that on notice, I would appreciate it. I presume therefore that the department undertook no consideration of whether another person was appropriate to continue the contract other than Mrs Donnelly.

Dr Mercer—Neither Mr Simpson nor I were engaged in this at that period. My belief would be that, as I said, it would have been both time and cost to have started again. The project was well under way.

Senator WONG—With respect, Dr Mercer, I am not asking about your belief. Is there documentation to show us that there was active consideration of the appropriateness of transferring or reassigning the contract to Mrs Donnelly?

Dr Mercer—I will take it on notice. There was certainly consideration to ensure that the project could be completed satisfactorily.

Senator WONG—Was there consideration of any other person for reassignment of the contract?

Dr Mercer—I will have to take that on notice; I do not believe there was.

Senator WONG—Did Dr Donnelly advise you in writing?

Dr Mercer—Yes, he did advise us formally.

Senator WONG—Was the advice of the transfer to Mrs Donnelly of the contract also in that letter?

Dr Mercer—That is what I have said we will have to take on notice.

Senator WONG—Could you take that on notice. I would also ask for provision of a copy of those documents, on notice.

Dr Mercer—Dr Donnelly's notification to us?

Senator WONG—And the suggested reassignment.

Dr Mercer—I am not sure that it was in that letter. It may have been a conversation. I will check on that.

Senator WONG—And whether any investigation or consideration occurred.

Dr Mercer—Yes.

Senator WONG—Given the decision to reassign the contract was done in part on the basis of the Prime Minister's guide on ministerial responsibility, did the department undertake any investigation to ensure that the project was in fact completed by Mrs Donnelly and not by Dr Donnelly?

Dr Mercer—I do not believe that would have been what we needed to do. What we were concerned about is that he had formally advised us that he had transferred the responsibility. Our concern was to ensure that we got a product that was satisfactory. We did. We signed off on that basis.

Mr Simpson—The dealings after that day forward were with Julia Donnelly.

Senator WONG—Dr Mercer, on the basis of your last answer I would suggest this to you: wouldn't continuing involvement by Dr Donnelly after having had to withdraw as result of the guidelines been a breach of the probity guidelines?

Dr Mercer—He made it very clear. He advised us he was withdrawing from the contract, and we had transferred it. I would have to check, but I imagine there was a contract variation.

Mr Simpson—There was no further involvement with Dr Donnelly.

Dr Mercer—All correspondence and contact was thereafter with Julia Donnelly.

Senator WONG—Was the contract amended?

Dr Mercer—I will have to take that on notice.

Mr Simpson—It was, in terms of specified personnel.

Senator WONG—Did DEST undertake any investigations or ask Mrs Donnelly to confirm that her husband was no longer involved in the project?

Mr Simpson—It was in the positive rather than the negative. The person henceforth involved was Julia Donnelly.

Senator WONG—But that was not my question. I asked: did the department ever raise with Ms Donnelly—or Mrs Donnelly; I am not sure what she goes by—the point that it would be inappropriate for Dr Donnelly to continue involvement in the project?

Mr Simpson—Dr Donnelly had already volunteered that himself, so that was clearly understood.

Senator WONG—So it was never discussed with Mrs Donnelly, and the department undertook no investigation to ensure Dr Donnelly did not continue to work on that project.

Mr Simpson—We have no evidence that Dr Donnelly was involved.

Senator WONG—I appreciate that you have no evidence, but that is not the question I am asking. Were inquiries ever made?

Dr Mercer—We will take that on notice and ask the people involved at the time. It is clear to us that the contract hereafter was with Julia Donnelly, and that was about what she was doing to complete the project. There were comments given to her. There is clear evidence to us that she was working on the project.

Senator WONG—I appreciate that. Could you take on notice whether any active inquiries were made as to whether or not Dr Donnelly continued his involvement.

Dr Mercer—We will do that.

Senator WONG—Do you agree that it would be a breach of the guidelines for him to continue to be involved? Is that DEST's understanding?

Dr Mercer—It would have been a breach of any of our contracts to have personnel who are not specified working on a project. In any of those cases, we would have needed to be advised. Our contracts are very specific in terms of who is undertaking a project for us.

Senator WONG—And you had no concern about simply transferring the contract to Mrs Donnelly?

Mr Simpson—We did a check and ascertained that Julia Donnelly, who had a BA, a DipEd and 10 years experience in teaching and education consultancy work, was quite capable of completing the contract.

Senator WONG—I think the issue is what was asserted to me previously, that the contract was not put out to tender on the basis of Dr Donnelly's unique expertise. It is not asserted that Mrs Donnelly has a similar unique expertise that might circumvent a tender process, is it?

Ms Paul—I think we have also indicated that if the project were halfway through at that stage we would have taken into consideration the capacity for the project to be finished. Presumably, Dr Donnelly would have already offered a considerable amount of his expertise to the project, and we have undertaken to take on notice exactly how that process unfolded.

Senator WONG—Thank you.

Senator CROSSIN—I want to try and make an assessment of what we have left. If I can finish schools by, say, 10 o'clock and then do Indigenous and international—

CHAIR—In the following hour, Senator Crossin.

Senator CROSSIN—I can put the rest of Investing in our Schools on notice, I think. If I do technical colleges now we could do that, and then Indigenous. Then we could probably try and do international by about quarter to 11.

CHAIR—We are finishing at 11 no matter what.

Senator CROSSIN—That is right. You have said that three times today, and I have got that message.

CHAIR—Good, as long as you have got the point.

Senator CROSSIN—I am just trying to give people a bit of an indication of time line here.

CHAIR—Okay. Given that we have an hour and a quarter, I do not know that there is a lot of time line to be drawn, but the remaining time—until 11 pm—is up to you.

Senator CROSSIN—There is when you have two or three areas you want to cover, I am afraid. We will try and do technical colleges in 15 or 20 minutes, and then we will put the rest on notice if we cannot make that time line. I want to start with some background. I will go back to the Prime Minister's election speech. I want to quote to you a section of that speech. In launching the Australian technical colleges, the Prime Minister made mention of much of the need of the federal government to take responsibility directly for the colleges to 'operate independently of the state education system'. I am assuming that that meant that we would anticipate that government schools would not participate in the program. Is that correct?

Mr Evans—No, that is not correct. There is an opportunity for government schools to participate in the program in accordance with the criteria that have been very clearly set down

by the Australian government. There were some design features around the Australian technical colleges that were non-negotiable—issues around the fact that staff at a college should be offered an AWA—so there are some features that some state governments might find less palatable.

Mr Burmester—I would add that the governance requirements for each of the colleges required an independent board to be established and that that have industry representation on it.

Senator CROSSIN—I know all about the board and the AWAs. I am trying to ascertain whether your department's guidelines for the program made it clear that the intent was that government schools would not participate in the program.

Mr Evans—No.

Senator CROSSIN—You do not believe your guidelines did that.

Ms Paul—No. In fact, in the first request for proposal we received quite a lot of interest from state governments.

Mr Burmester—The Prime Minister's statement about the independence of the colleges from the state school systems was that they would have an independent governing authority that included industry representation but that that governing body had to be separate from the state school systems. I think that is how we get the independence from just becoming a—

Senator CROSSIN—That is the interpretation of that.

Mr Burmester—That is how it was implemented. The requirement to be separate from the state school systems was achieved by having separate entity status with an independent board.

Mr Evans—For example, the Australian Technical College in East Melbourne is part of the consortia of Ringwood Secondary College, which is a government school in Victoria.

Senator CROSSIN—You and I have been in this game for too long, I think. You could just have the brief because that is my next question. Sorry, continue: I did not want to interrupt you. Perhaps you have been in the game for too long.

Mr Evans—I will take that as a compliment, Senator.

Senator CROSSIN—Do you get extra brownie points if you anticipate estimates questions—and publicly?

Mr Evans—I am happy to see Ms Paul nodding. A second example is a college that is scheduled to commence in 2007—that is, Sunshine and it has Sunshine Secondary College, which again is a government school as the lead college there.

Senator CROSSIN—I will make you laugh even further because I was going to ask you if you have announced 18 of the 24 technical colleges so far—yes, that is correct.

Mr Evans—I think it is 19.

Senator CROSSIN—Nineteen. My next question was: it appears that one of the 19 colleges operates solely as a government school, which is Sunshine—is that right? Sunshine ATC in Victoria?

Ms McDonald—That is correct.

Senator CROSSIN—Is that correct?

Ms McDonald—Yes, it is.

Senator CROSSIN—I think I am getting an email here to criticise me for laughing so much. Are government schools in Victoria offering AWAs—do you know?

Mr Evans—I think I just gave you the example of—

Senator CROSSIN—Is that the case? Will the Sunshine ATC be offering AWAs?

Ms McDonald—Our funding agreement and business plan for the Sunshine technical college is yet to be negotiated. In their proposal they indicated that they could find a way to meet the government's requirements in terms of the employment management for ATC staff.

Senator CROSSIN—What does that mean?

Ms Paul—They have to work that out. This one is not starting till 2007, so—

Senator CROSSIN—Is it a core requirement that staff must be on AWAs?

Mr Evans—Must be offered an AWA.

Senator CROSSIN—Must be offered an AWA.

Mr Evans—Correct.

Senator CROSSIN—So not necessarily then employed on an AWA.

Mr Evans—No, but we would expect that a large number would be.

Senator CROSSIN—How do we get on in the case of Sunshine, which is a government school? I am assuming that the Victorian government is not even offering AWAs.

Ms Paul—But the difference here, as Mr Burmester was saying, is they have to set up—

Senator CROSSIN—The independent board.

Ms Paul—That is right, so there has to be some independent structure. In the 19 that have been announced, there are quite different models in the different regions, so how that will pan out in Sunshine, I am not sure yet.

Senator CROSSIN—The East Melbourne Australian technical college is established between a consortium, isn't it? Between Ringwood college and St Joseph's in Ferntree Gully—is that right?

Mr Evans—Correct.

Senator CROSSIN—Who owns that college—the state government?

Ms McDonald—Yes, the funding agreement is with the state of Victoria.

Senator CROSSIN—And that contract has been signed.

Ms McDonald—That is correct.

Senator CROSSIN—What is happening with those staff? What is the part of the employment conditions there?

Ms McDonald—The consortium involves the state of Victoria, St Joseph's, which is a Catholic college, and Melbourne East Group Training, which is a group training organisation.

The college has an independent industry led governing council which is a subcommittee of the Ringwood school council. There is a memorandum of understanding between the two councils as to the roles and responsibilities of each in order to give the ATC council as much autonomy as possible within that system. The delivery of administrative student support services and trade training services is through Melbourne East Group Training company. The delivery of the school teaching services is through a combination of Ringwood Secondary College and St Joseph's College.

Senator CROSSIN—So I am assuming that some of those staff are state government employees, some are employed by the Catholic education system in Victoria and some will be employed by the ATC—is that correct?

Ms McDonald—Some will be state government staff, some will be St Joseph's staff and some will be employed by Melbourne East Group Training company.

Senator CROSSIN—That is what I thought I just said.

Mr Burmester—There is a range of combinations by which this could reasonably be established, in that the college as an entity could subcontract some components of the requirements of the college to other organisations, such as the state schools. The state schools could be providing the services of academic teaching to the students enrolled in the ATC. So they are students of the ATC but their academic teaching happens through the provision of teaching services by the state of Victoria.

Senator CROSSIN—What has happened in the contract with the East Melbourne ATC? What are the employment conditions in that contract?

Ms McDonald—As I just described, the employment arrangements are that the staff of the ATC are employed through Melbourne East Group Training for some of the services—

Senator CROSSIN—And there is a requirement that they must be offered an AWA?

Ms McDonald—That is a contractual arrangement between Ringwood Secondary College, which is the legal entity of the ATC, and Melbourne East Group Training. I believe that, as part of that arrangement, the Melbourne East Group Training company does offer those staff an AWA.

Senator CROSSIN—I am assuming Ringwood secondary school does not, because they are part of the Victorian education system—is that correct?

Ms McDonald—The staff of Ringwood Secondary College who will be delivering services to the ATC are not actually employees of the ATC.

Senator CROSSIN—I understand that. But you are telling me that Ringwood college, in conjunction with the Melbourne East Group Training company, have actually signed up to a contract that says that they will offer staff AWAs—is that correct?

Ms McDonald—Only the staff of the ATC need to be offered an AWA.

Senator CROSSIN—I understand that, but we still have a situation where we have a funding contract to which a state public school is a party, and that state public school has agreed that part of the funding arrangements will be the offering of AWAs—is that correct?

Ms McDonald—No, that is not correct. The requirement is that only staff of the ATC be offered an AWA. Staff of Ringwood Secondary College are not staff of the ATC.

Senator CROSSIN—I understand that, but whose signature is on the bottom of the contract?

Ms McDonald—It is signed by the principal of Ringwood Secondary College, as the delegate of the minister.

Senator CROSSIN—That is what I am getting at. We have the principal of a state secondary school in Victoria who has signed a contract that agrees to staff of the ATC being offered AWAs.

Ms McDonald—I am obviously not explaining it very well.

Senator CROSSIN—The staff employed by Melbourne East are being offered AWAs.

Ms McDonald—That is an arrangement between Melbourne East Group Training company and Ringwood Secondary College.

Ms Paul—What you are saying is that the contract or arrangement—whatever it is legally—between Ringwood Secondary as the sponsor or whatever we call it and the ATC has that requirement in that. I presume the answer is yes.

Senator CROSSIN—That is right. What I am getting at is that the Victorian government obviously must have a policy that they do not offer AWAs. But they are aware that Ringwood College have signed this contract?

Ms McDonald—Yes.

Ms Paul—I might have been wrong in what I said before. I am not sure of the details.

Senator CROSSIN—I understand that not all of the teaching staff at the college were offered AWAs. They would not be. If they are employed by the government system or the Catholic system, they obviously were not offered AWAs; they are teachers within the system in their own right—is that correct?

Mr Burmester—It goes to the relationship between the ATC as an entity and those who are either providing employees to that entity or providing services to that entity. If they are providing services then they remain the employees of Ringwood college or the state system. If they are providing employees then, for work and employment in the ATC, they would have to be offered AWAs.

Senator CROSSIN—Isn't it the case that you have effectively circumvented the AWA requirement in your own contract by having that arrangement—the teaching function—with two other entities?

Mr Burmester—There is no requirement that the ATC undertakes and has its employees undertake all functions of an ATC. They can obtain those services—in this case, the teaching of academic subjects—from another provider, a state school or a Catholic school—

Senator CROSSIN—When that happens then that other provider is not required to offer AWAs?

Mr Burmester—No, the ATC employees have to be offered an AWA. It can obtain services in another way.

CHAIR—Senator Crossin, before we go any further, I have observed that you are continually interrupting the officers when they are attempting to answer a question. I would be obliged if you would let them answer the question and then ask your question.

Senator CROSSIN—We are going to save a lot of time, though, if I try to direct them to the kind of answer I want, because I know the background.

CHAIR—I am sure we would but we would also—

Senator CROSSIN—We will save a lot of time here.

CHAIR—We would also like the officers to give the answer that they deem suitable, and I would ask you, in the name of politeness, to let them finish answering the question.

Senator CROSSIN—Let us see if we can make this a bit shorter, because I have got a lot of background about ATCs and I know very much about how they operate. What I am suggesting to you is that you can circumvent your own requirement for the signing of AWAs. If the Australian technical college subcontracts out, say, the teaching role then there is no requirement for the employer of those teachers to offer AWAs. It is only the direct employees of the ATC that have to be offered AWAs.

Ms Paul—That is not circumventing the requirement. The requirements are quite clear, and they are as Mr Burmester has spelt out.

Senator CROSSIN—But in this case, though, we have got three educational entities but only one of those three have to offer their employees AWAs.

Mr Burmester—That is correct. The ATC approach is to provide a framework in which a range of models can emerge to suit local circumstances and involve local community partnerships, if you like. Most of them have come in as consortia of one sort or another. We have not set guidelines about the various roles under which an ATC would operate other than that it has to be a separate legal entity, it has to have an independent board and, I believe, the principal has to be employed by the ATC authority itself. No?

Ms McDonald—There is a requirement that the board has a role in appointing a principal.

Mr Burmester—Okay, and that separates the ATC as an entity from state systems, Catholic systems or other educational authorities.

Ms Paul—We are not trying to be tricky here at all. The notion is that the attraction of the technical college, among many others, is to draw in consortia, and we have not sought to control the relationships within all those partners of a consortium.

Senator CROSSIN—So the principal does not necessarily have to be employed by the ATC.

Ms Paul—But the independent council, which controls the ATC, must have a role.

Senator CROSSIN—I heard that. So when you say a range of options, does that mean ways of getting around the AWA requirement?

Ms Paul—No. It means that one of the features of design of the tech colleges was to respond to local needs. So what you find with the 19, so far, is that each of them is unique. Each of them has quite different consortia, quite different partnerships between industries, schools, TAFEs and universities. Some of them have got universities involved; some of them have got local councils involved. It is quite impressive and it is specifically to respond to skills shortages in each of these regions in a unique way appropriate to that region, that region's industry and that region's school and other systems.

Senator CROSSIN—Does the East Melbourne ATC receive general recurrent grants as a government school at Ringwood? And is the Catholic systemic school at Ferntree Gully still continuing?

Mr Evans—Correct.

Senator CROSSIN—Are there two government schools out of the 19 funded colleges—Sunshine and East Melbourne?

Mr Evans—Out of the 19 announced consortia. That is right for the moment.

Senator CROSSIN—I know some students in government schools could benefit from an indirect involvement with some of the industry owned colleges, but they are not owned by the public sector. So all the other colleges—at least, 17 out of the 19—have had to be established as independent schools to qualify for the Commonwealth general recurrent funding. Is that right?

Ms Paul—We went through a request for proposal process. These are the ones which have come out of our assessment of those proposals against the guidelines.

Mr Evans—We still have six other areas to work through.

Mr Burmester—Also, some of them were existing independent schools. They did not have to establish new independent schools.

Senator CROSSIN—I want to respond to something you said earlier about skills shortages. How do you claim that you are responding to local requirements and skills shortages when you have to subcontract in some places where there are already existing skills and there is a strict requirement to offer AWAs? How does that agenda drive a local requirement to combat skills shortages?

Ms Paul—The whole notion of this initiative is to address local skills shortages. Each of these areas features particular industries that face skills shortage and a particular size of youth population with youth unemployment and so on. So the request for a proposal naturally went to those factors: what trades can be offered by these technical colleges, what local industries are involved and how the schools, the industry, TAFEs, universities, the council—whoever is involved—work will together to meet the skills shortages by training young people in the relevant areas.

Senator CROSSIN—You have an existing structure here. You could have expanded the VET in schools as one option, I imagine.

Ms Paul—This is the only initiative—and I think we have touched on this before—which really brings together all these partners on a local basis. It is the first time there has been

support or funding available to bring together these consortia of interested parties to solve a local problem like this.

Senator CROSSIN—I have a question about the independent schools from the 19 that have been announced already. Will they also qualify for state and territory per capita funding?

Mr Evans—They should. That aspect should be unchanged.

Senator CROSSIN—So we will end up with a system where state and territory governments are contributing to a federal election promise, won't we?

Mr Evans—No. We are ending up in a situation where there are more educational and training features being offered at these schools than there were previously.

Ms Paul—The Commonwealth funding is higher for these because of a recognition of the particular capital needs and so on. It would just be through the normal CSG and so on.

Mr Evans—We could expect to see years 11 and 12 students retained at these schools when previously they might have needed to leave school to enter a new apprenticeship or go to the TAFE sector. So there is a greater retention in the school sector.

Senator CROSSIN—Is that the model planned at East Melbourne and Sunshine?

Ms Paul—In terms of—?

Senator CROSSIN—Having a continual pathway for students who finish year 12.

Ms Paul—I do not know the detail.

Senator CROSSIN—Is that what you said, Mr Evans? You just said you may have a situation where students will not leave the school; they will continue on at the ATC. Is that what is planned at Sunshine or Ringwood?

Ms Paul—The notion is to offer school based new apprenticeships, so that is right. The students are based in years 11 and 12 in a school but go out to learn a trade; hence the involvement, I imagine, in this case, of the group training organisation. In some of the others you will have a link-up between a company and a TAFE or, as in this case, a group training organisation. They differ, but basically they are linking industry to school students.

Senator CROSSIN—Once a student finishes year 12, though, they move out of the ATC—is that correct?

Mr Evans—Correct. But they will have two years of a school based new apprenticeship behind them.

Senator CROSSIN—I understand that. Just qualify for me what you said a moment ago. You talked about how students may well stay on. I cannot see how they are going to stay on if they have to leave.

Mr Evans—The point I was trying to make was that, before we had ATCs, some of these students would have actually left school at the end of year 10 to become a new apprentice outside the school environment. What I am saying is that the option that is now coming forward means that some of those students would stay on at school. Sorry if I was confusing.

Senator CROSSIN—That is all right. Of the 17 schools that have so far been announced that will operate as non-government schools—so not the two we have talked about, but the

others—does this mean that in those schools students will have to face enrolment fees for the school?

Ms McDonald—Some of the ATCs are proposing fees. But in all cases they are no greater than the fees an existing non-government school is already charging. In some cases for existing schools they are actually proposing lower fees. None of the fees are considered to be high fees; they are all considered to be low fees.

Senator CROSSIN—Can I just concentrate on the 17, because none of those are attached to a secondary school. Have you an idea of what fees have been suggested for those 17 technical colleges?

Ms McDonald—I can taken it on notice and give you some detail, if you like. A handful would be charging around \$500, which is equivalent to the voluntary contribution that many state schools charge. Probably the highest would be in the order of \$1,000 to \$1,200, but I would need to confirm that.

Senator CROSSIN—Can you take that on notice?

Ms McDonald—Yes.

Senator CROSSIN—Is that yearly or six monthly?

Ms McDonald—That is an annual fee.

Senator CROSSIN—Does it mean that new students that transfer from nearby public schools will be forced to pay enrolment fees? As you know, in government secondary schools, sometimes the contribution is only \$100 and sometimes students do not pay that at all. What will happen if someone moves into one of these colleges, say, halfway through year 11? Will they be forced to pay the fees?

Ms McDonald—As I said, the fee levels are generally pretty low. Most of them tend to be equivalent to the voluntary contribution that many state schools charge. It is a requirement for ATCs to have an equity strategy, which considers things such as the financial impact on students participating in the ATC. Many of them have scholarship programs proposed to deal with those kinds of situations.

Senator CROSSIN—How many of that 17 have scholarship programs proposed?

Ms McDonald—I could not tell you that. We have signed agreements with seven of them. Of the remaining 12, including one government school, we are still negotiating the details.

Senator CROSSIN—Can you take that on notice?

Ms McDonald—I can tell you for the seven that we have signed agreements with, yes.

Senator CROSSIN—If a student has not paid the fee at a public school and moves to the ATC, will they be required to pay?

Mr Evans—It is going to be a matter for the school, in the first instance. I think that, if a student wished to attend an ATC, a school would probably be advising the student's parents what the fee policy might be at that school.

Senator CROSSIN—Some of them are industry owned colleges, like the Hunter Valley Training Company, the Port Adelaide Training and Development Centre and Stirling Skills Training Inc. Would you classify them as industry owned colleges?

Mr Evans—Industry led consortia, which might be working with a non-government school.

Senator CROSSIN—Are these providers for-profit organisations?

Ms McDonald—I think all of the three you mentioned are not for profit. It is actually a requirement that the ATC be a not-for-profit operation.

Mr Evans—As you would be aware, Senator—we have had these discussions at various times—schools are not for profit.

Senator CROSSIN—Yes, that is right. I realise that. Do you have a view or a policy about the level of fees to be charged in ATCs?

Ms Paul—In the guidelines it is as Ms McDonald described, which is—and she said it much better than I can—that they cannot be above what would have been charged, if it were a pre-existing school.

Senator CROSSIN—Just on the fees, most low-fee non-government schools receive around 50 per cent of their recurrent income from the Commonwealth and about another 20 or 25 per cent from the state. So if the school charges \$500, would that not suggest they are operating at around 75 to 80 per cent of the resources of government schools?

Mr Evans—It might be too late in the evening. I cannot get my head around those figures.

Senator CROSSIN—If a low-fee non-government school—so not a government school here but a school in the private sector—

Ms Paul—It does not work like that. I think—although I will look at the *Hansard*—the implication of what you are saying is that you are allowing some proportion for fee income, which is not the way our funding works. We fund on a per student basis according to a percentage of AGSRC or according to, for non-government schools, a measure of socioeconomic status of the school community, and that is the basis on which these schools are funded, like any other school.

CHAIR—Is this the end of your questions, Senator Crossin?

Senator CROSSIN—No. Do you want to know how long we are going till? We are going to go to International at about a quarter to 11.

Senator WONG—I was hoping to do Bridge college and then International. Is Bridge in International?

Ms Paul—Yes.

Senator WONG—I might need a little bit longer than 15 minutes.

CHAIR—We are stopping at 11 o'clock.

Senator WONG—Chair, I am very aware of your time-keeping reputation. I was actually directing that to Senator Crossin.

Senator CROSSIN—I have a whole series of quite in-depth questions here, which, if we had more time, we could go into.

Senator Vanstone—Alas!

Senator WONG—It gives you a chance to finish your book, Minister.

Senator Vanstone—I do not think I will do it tonight.

Senator CROSSIN—If I was not so keen to do Indigenous, I would keep—

Senator WONG—Senator Crossin may have asked this. Have we clarified when the remaining colleges will be announced?

Ms Paul—Did you say ‘if’ or ‘when’?

Senator WONG—When.

Mr Evans—I do not have a date for you. We are still working with potential consortia in those locations to work things through. It is still a work in progress.

Senator WONG—When will information on funding be made public?

Mr Evans—Because we are in commercial negotiations with some of the consortia that have been announced but we still have not signed agreements with them, I prefer not to make public at this point exactly what some of the levels of funding are but it will become available to you.

Senator WONG—I did not ask that, actually; I asked when it would be public.

Ms Paul—When we have finished those negotiations and have settled them.

Senator WONG—We have no time frame on that at this stage?

Mr Evans—We might be a lot further advanced at the next Senate estimates hearings.

Senator CROSSIN—We hope so because there are still six locations yet to be approved—is that correct?

Mr Evans—Correct.

Ms Paul—We are not trying to avoid the question but a lot of it depends on the parties. For those six that are still in development, in particular, a lot of that depends on how the consortia can come together and so on. It is just a little bit hard to predict.

Senator WONG—I understand that but aren’t there consortia for which the agreements have already been signed but the funding is not public in relation to those yet?

Ms Paul—What Mr Evans is suggesting is that because we are still in negotiation with another 12 of the 19 that have been announced, it would not be ideal to release the details of a settlement.

Senator WONG—Details of the—

Ms Paul—Of the seven that you mentioned there. That is what you are getting at, isn’t it?

Mr Evans—Yes.

Senator WONG—Of who they are?

Ms Paul—Of their money?

Senator WONG—No. I am asking when it will be released.

Ms Paul—I am sorry.

Senator WONG—You said: by the next estimates.

Ms Paul—I think the answer is: when we finish the negotiations with all of them then we will be at a time when we are outside commercial negotiations, and at that point we would be more than happy to release the figures.

Senator WONG—So does that essentially mean that the negotiations have to be finalised in relation to all 25 before funding details are released?

Ms Paul—I am not sure.

Mr Evans—At least at a fairly advanced stage.

Ms Paul—I think we would want to be fairly well along the track.

Senator WONG—How does that interact with your previous evidence that there was no clear time frame for the remaining regions? Presumably, they would not have to be finalised before the others, which are substantially more advanced than—

Mr Evans—Sorry, I was trying to imply that I have not got a clear time frame about which I could advise you as to when those other six regions would be announced.

Senator WONG—Let us leave them to one side. I am asking about the ones where—

Ms Paul—Are you asking about the 19 that have already been announced?

Senator WONG—Yes. When is that funding going to be made public?

Ms Paul—We are currently under negotiation with all of them. It is hard to say when negotiations will finish, but we are in active negotiation now.

Mr Evans—We hope that, by mid-year, we would have settled at least the 19 and be further advanced on the six for which we still have to get consortia over the line.

Ms Paul—And that makes sense. At the end of the day, we would be driven by what needs to be in place so that the colleges can start in 2007. There are five that are starting in 2006, and the rest are starting in 2007.

Senator WONG—I raise a concern. Do I understand that your answer is that you do not want to provide funding details yet in relation to any of the 19, including the seven where you have finalised funding?

Ms Paul—That is correct.

Senator WONG—Why?

Ms Paul—Because it sets the bar.

Senator WONG—I understand what you are saying but, from my perspective, this is a \$350 million program.

Ms Paul—I absolutely understand your concern.

Senator WONG—We are supposed to examine this expenditure.

Ms Paul—What we are asking for is that we be able to finish those negotiations and then provide those figures.

Senator WONG—There is one issue. Five have commenced, have they not?

Ms McDonald—Four have commenced, and one will commence in the middle of this year.

Senator WONG—Public money has already been paid to them, but you do not want to disclose how much?

Mr Evans—I can probably disclose to you how much money we have provided as the first payment to an individual Australian technical college. My concern is more about the totality of a funding agreement that might be operating over the four-year cycle, that being a more sensitive figure.

Ms Paul—If you would like us to provide what has been committed and spent so far, we would be more than happy.

Senator WONG—Thank you.

Senator CROSSIN—Of the six locations where ATCs have yet to be approved, four of those six are in New South Wales. Is that correct?

Mr Evans—That is correct.

Senator CROSSIN—Dubbo, Gosford, Lismore and Queanbeyan. Are those the four?

Mr Evans—Yes.

Senator CROSSIN—So half of the promised colleges in New South Wales are not yet under way. Is that right?

Ms McDonald—There is one college under way in New South Wales. Only four colleges are under way.

Senator CROSSIN—Sorry?

Ms McDonald—Only four colleges have commenced.

Senator CROSSIN—They are not all in New South Wales, are they?

Ms McDonald—No. One is in New South Wales.

Senator CROSSIN—How many were promised for New South Wales?

Ms McDonald—Eight.

Senator CROSSIN—So we have one out of eight operating in New South Wales so far.

Ms McDonald—Yes, we have one operating in New South Wales out of eight and we have got another three which have been announced and are in development for a 2007 commencement.

Senator CROSSIN—And there are four that have not even got into the starting blocks yet.

Mr Evans—They might be on a starting block, but we are not at a point where we are finalising with consortia.

Senator WONG—It depends on your definition of starting blocks, I presume.

Mr Evans—It does.

Senator CROSSIN—We will put the rest of those questions on notice so that we can have a few minutes with the Indigenous and transitions group.

Senator WONG—Ms Paul, the chair did mention this at the start, but can I say how helpful the plain English description has been for senators. We really appreciate that.

Ms Paul—That is terrific. Thank you for the feedback. I will give the feedback to the people who prepared it.

Senator WONG—Except for Senator Crossin, who understood everything else, mere mortals like me appreciated the plain English agenda.

Ms Paul—That was the initiative of some of the good people here.

CHAIR—Senator Crossin, do you have questions?

Senator CROSSIN—Yes. We are never going to get through these, so you will probably end up with a lot on notice. My apologies for that. I will start by asking a question I asked previously, and I was told that you, Mr Greer, would be able to answer this for me. Can you please explain to me what happened at Batchelor college last year?

Mr Greer—In what sense?

Senator CROSSIN—My understanding is that they were given \$1.5 million for their SRA program.

Mr Greer—Yes. Batchelor college entered an Indigenous education agreement with the Commonwealth in June 2005—Batchelor, of course, being a government entity not a non-government entity. We became aware in early November that, due to a processing error, the Batchelor institute had been overpaid an amount of \$1,595,377.64. The cause of that was in the processing. Its computations were effected on the non-government rate as distinct from the government rate. Its entitlement for 2005 was for 603.6 remote full-time students and 220 non-remote full-time equivalent students. That would have resulted in an entitlement of \$815,659.07. In the event, because of using the non-government as distinct from the government rate, there was a payment of \$2,393,598.40 in addition to a GST payment of \$398,897. The Indigenous education agreement that was entered into had a provision—clause 6.3—that if in good faith the institute or the provider is paid more moneys than it is due then there are recouping provisions. We became aware of it in the national office, as I say, in early November. We wrote to the registrar of Batchelor pointing out the overpayment and suggesting one option for repayment but being open to negotiate a different repayment option.

Senator CROSSIN—What did you suggest they do?

Mr Greer—I proposed to offset the SRA overpayment against future funding payable to BIITE in accordance with clause 6.3 of—I am just reading from the letter of 10 November that was sent to the registrar—our funding agreement. I would like to offset the SRA overpayment against the second away from base payment due for 2005. I am unable to offset the incorrectly paid GST component and therefore seek the returns of those payments in accordance with clause 6.3b of our funding agreement.

The institute responded to us—the department—on 21 November saying that the proposed repayment regime that we had suggested would be too onerous on them and indicated they would like to, without being specific in talking about an alternative mechanism, discuss with us a repayment schedule. As a consequence of that, we entered into discussions in the latter part of November with the institute and we reached agreement with them and confirmed that advice to them in December that we have approved the recovery of the overpayment from the institute's SRA entitlements over two funding years—over 2006 and 2007. Also, we provided them with a recipient created tax notice for the refund of the overpaid GST. My understanding is that in recent days Batchelor institute have refunded the GST overpayment and we will be progressively, as we have agreed with them, recouping the \$1.5 million overpayment over two full years.

Senator CROSSIN—On what date last year were they provided their funding?

Mr Greer—I am not sure I have got that with me. I know the agreement was signed in June. There may have been August and September payments made, but I will stand corrected on that. The invoices that went with those payments were quite clear. I have not got them here but I have seen in the past that the payments were paid at the non-government rate. This is an organisation that for many years has been receiving payments at the government rate. We also included in that invoice a contact number for the national office finance person if there were issues on that. I understand Batchelor may have made contact, but they made contact locally with the Darwin office and not with the prescribed contact. Had that happened, we would have immediately been able to nip this in the bud.

Senator CROSSIN—I am assuming they have spent some or all of the \$1.5 million.

Mr Greer—In their letter to us seeking some mitigation, they indicated that because they had made some entreaties with our local office and had some advice that it must be part of the new quadrennial arrangements they had committed to spend that.

Senator CROSSIN—So there is no capacity to waive that debt. There is no capacity to put it down to administrative error and write it off, seeing that it is Batchelor college.

Mr Greer—The payments are taxpayers' funds. The overpayment was received in good faith but the contract, the Indigenous education agreement, which had only recently been signed, has a very explicit provision at clause 6 about the processes that will be pursued in relation to good faith overpayments.

Senator CROSSIN—The net result of that is that, if they are getting around \$800,000 a year from you and they have to pay back \$1.5 million over two years, they are pretty much getting none of their SRA for the next two years, are they?

Mr Greer—I do not have the schedules of payments with me, but the repayment regime was negotiated with and agreed to by the institution.

Ms Paul—There may be two considerations which we would have to check, if you are interested. Firstly, I would be surprised if they could have spent that amount of overpayment in that short a time. Secondly, it is not the only source of funds for the entire institution, obviously. I am not saying that it is not a significant matter for them, but in a positive way we have reached an agreement with them—at least, it was on their suggestion.

Senator CROSSIN—I understand that, and this is not raised as a query in terms of a complaint about the officers of DEST, but I ask you to have a look at it. By my calculation, it seems that even if they keep getting \$815,000 for the next two years, if they are going to pay you back \$1.5 million in that time, effectively they are getting no SRA for the next two years because of the overpayment.

Mr Greer—In a sense they have had it in advance.

Senator CROSSIN—Will there be any provision if they are struggling to meet this repayment? I am surprised; two years seems such a short amount of time.

Mr Greer—Certainly. Now that we have reached agreement with them and in the course of that agreement, if the institution is having particular difficulties, it can be open with us. We may be able to look at the duration of that repayment regime, but the reality is that it was an overpayment to the extent that Batchelor is getting additional Indigenous specific funding. It means that some other needy providers may not be.

Senator CROSSIN—I do not think there are too many more needy than Batchelor. Did the overpayment error occur in Canberra?

Mr Greer—It did. The overpayment error was generated by applying—and we have certainly apologised to Batchelor about this—the non-government rate instead of the government rate, which reflects the fact that we do have a weighting for not only non-government but non-government remote.

Senator CROSSIN—I want to ask you some questions about the Indigenous Youth Leadership Program. In an answer to a question in November, you indicated the Indigenous Youth Leadership Program administrator would be announced shortly. Has that happened?

Ms Smith—Yes, the announcement has been made in relation to the provider of the program administrator for the Indigenous Youth Leadership Program. It was announced in December by the then Minister for Education, Science and Training.

Senator CROSSIN—Who is that?

Ms Smith—The provider is the Foundation for Young Australians, a Melbourne based philanthropic foundation.

Senator CROSSIN—What is the membership of the advisory group?

Ms Smith—The membership of the advisory group, which is the Indigenous youth leadership advisory group, is made up of Indigenous people appointed by the then minister. The members are Mr Joe Ross from Bunuba Corporation in the Kimberleys, Ms Geraldine Atkinson from the Victorian Aboriginal Education Consultative Group, Tania Hosh from South Australia, Brendan Church from the ACT, who is a member of the National Youth Leadership Council, and—

Mr Greer—Waverley Stanley from the Yalari Indigenous scholarships project and Professor Mary Ann Bin-Sallik from CBU and also a member of the National Indigenous Council.

Ms Smith—And also a member of the Indigenous Higher Education Advisory Council.

Senator CROSSIN—Yes, I know. Has the program commenced for the start of this 2006 academic year?

Ms Smith—It has. The program is constructed such that 250 scholarships for school and tertiary education for young people from remote communities will be offered during the life of the program. At the moment, there are advertisements in place in Indigenous media and other media for five tertiary scholarships. The foundation and the advisory group are working through the selection processes for those scholarships. It is expected that there will be advertisements later this semester for the school scholarships. And we are expecting up to 60 school scholarships this year.

Senator CROSSIN—Are the scholarships targeted specifically and only at kids from remote communities?

Ms Smith—Primarily these are opportunities for young people from remote communities to attend high-performing schools.

Senator CROSSIN—What is the definition of ‘remote’?

Ms Smith—The standard definition of remote that is used by MCEETYA. The administrator will be targeting communities using the definitions used by MCEETYA.

Mr Greer—They are the remote and very remote communities—I think it is the ARIA definition.

Senator CROSSIN—It is 150 kilometres from the GPO or something like that, isn't it?

Mr Greer—Yes. And MCEETYA uses that now on a national basis; we have married to that.

Ms Smith—Can I just clarify that it is primarily students from remote communities. There will be circumstances where a student might be from a remote community but is actually living in a provincial area. So there are different circumstances that might influence that.

Senator CROSSIN—Going now to Indigenous tutorial assistance, the answer to November estimates question E549_06 shows the number of ATAS and ITAS tutors employed from 2002 to 2005. There is a dramatic drop from 5,776 in 2004 to 488 in 2005. I assume that is due to changes in the funding arrangements whereby DEST no longer employs tutors directly except in the year 10, 11 and 12 tuition age group—is that correct?

Mr Greer—That is correct. The 488 figure was as at 31 October. As at 31 December, that had increased to 552. And you are right: the ITAS provisions, particularly in-class tuition, were part of the new Indigenous education agreements we have reached. Most, if not all, providers have agreed to take on that responsibility and therefore the direct employment of tutors is now a responsibility and a function of the education provider.

Senator CROSSIN—Are there any means by which you would be able to know how many tutors have been employed around this country?

Mr Greer—We will know, but not at the moment. As you can see in the last sentence of the answer, the data on the numbers of tutors involved in in-class tuition provision by education providers will be included in the performance reports on the providers. But those reports are not due at the Commonwealth until the end of May.

Senator CROSSIN—Will you not even have the figures for the May estimates? Will it be not until November?

Ms Paul—We might in June.

Mr Greer—To the extent that jurisdictions have reported in advance of the end date, we may be able to provide at the next estimates data on those that have reported.

Senator CROSSIN—They know I will be on their tail about it.

Mr Hoffman—Can I just clarify that DEST never employed tutors. DEST contracted tutors rather than directly employed them.

Senator CROSSIN—I understand what you are saying.

Mr Hoffman—A number of the providers, which we funded in 2005 for in-class tuition, may well do the same—and they may employ them too.

Senator CROSSIN—I used employed, you used contract, but I think we were meaning the same thing. The money was still paid directly to those tutors.

Mr Hoffman—Yes.

Senator CROSSIN—When you talk about performance reports, these are the performance reports of the agencies, departments or organisations that now have the contract for the tutorial scheme.

Mr Greer—That is correct. They have a requirement to do an end-year report to us by no later than the end of May.

Senator CROSSIN—I am going to skip a lot. I really would like to ask a lot of questions about the Whole of School Intervention Strategy. Can I place on record my thanks for whoever it was in your department who produced this table? I know it would have been a lot of work, but I have certainly appreciated it. There were a couple of schools in here I did not think were actually in the Territory. Never mind. We might clarify that.

Ms Paul—That was produced by Mr Greer's group, so thank you for that.

Senator CROSSIN—I thought you might say it was Mr Greer who typed that up, for a minute!

Ms Paul—It could have been.

Mr Greer—I doubt it.

Senator CROSSIN—I am going to have to put the questions about that on notice. If I get a chance, I will follow it up in May. I want to ask you about the Commonwealth Country Areas Program because it is an area that has affected the schools.

Mr Greer—That is a schools program.

Senator CROSSIN—Is it? The reason I put it in here is because it is affecting a number of Indigenous schools in the Territory. But it is actually a schools outcome, is it?

Mr Greer—Yes, a mainstream schools program.

Senator CROSSIN—I would say it is the same for the tutorial voucher. I have a few minutes left so I might just go back to these questions.

CHAIR—You have two minutes.

Senator CROSSIN—That is okay. I can do a lot in two minutes. I am referring to my question E551_06. The Whole of School Intervention Strategy was being refined. DEST continued to seek advice from Indigenous education advisory bodies. Can you tell me with whom you are seeking that advice in the Northern Territory because there is no such body?

Mr Greer—Is that the right question, Senator? I have question 551 as an AEU survey. I thought you mentioned it was Falls Creek.

Senator CROSSIN—No. This is the survey.

Mr Greer—It is the AEU survey?

Senator CROSSIN—Yes, it is. That is just my reference for these questions. You mentioned in the answer to that question that you were seeking advice from the Indigenous education advisory bodies. My question is: no such body exists in the Northern Territory, so where are you getting your advice from up there?

Mr Greer—We have had regular meetings—we meet twice annually with those Indigenous education consultative bodies that do exist. At this stage, the Northern Territory is still in the process of formalising or re-establishing their advisory body, as is South Australia. But other bodies—from Western Australia, New South Wales, Victoria and Queensland—have attended those past two meetings, the last one being held here in Parliament House in around September last year.

Senator CROSSIN—Are you consulting with no-one in the Northern Territory?

Mr Hoffman—At that forum, we invited representatives from the Northern Territory Department of Employment, Education and Training to attend as participating observers—if that is not a contradiction in terms.

Senator CROSSIN—I thought you were going to say that. So the advice you are getting at the moment from the Northern Territory is from the department, essentially?

Mr Greer—Yes, pending the re-establishment of the advisory body in the Territory, which I understand is scheduled for this year.

Senator CROSSIN—Can I just take you through the answer you gave me. For the Whole of School Intervention Strategy there are two funding rounds in 2006. The development of a concept plan is no longer required. Tell me about that.

Mr Greer—That is correct. Following consultation with stakeholders and advice from the Senate itself, we went through a significant process of streamlining. We have collapsed the funding rounds from the transition year of 2005, where we had five separate funding rounds. They have been collapsed now into two: one at the end of March and one at the end of August. In relation to concept plans, that two-stage process has now been streamlined into one—a direct application. That was in effect from the fifth round in 2005.

There have been a range of other continuous improvement processes that we have pursued pretty vigorously through the course of last year. That included four national workshops with our Indigenous network, from about June, I think it was, through to December. Complementing that are bimonthly teleconferences with the network in those intersecting

months. We have brought the Indigenous education consultative bodies together to do that. We have set up and made sure that in every state and territory there is now a regional advisory committee, which includes a state government or the independents or the Catholic representation together with Indigenous participants to advise on the WoSI projects. We have firmed up or improved feedback to clients—certainly schools and parent groups—and implemented a regime of good decision making that we have rolled out nationally again with our network.

Senator CROSSIN—This goes to the PSPI funding?

Mr Greer—Yes, absolutely.

Senator CROSSIN—So schools will no longer have to put in a concept plan; they simply apply for the funding now.

Mr Greer—It is an application. It is still a competitive process but, instead of going through the two-tier stage, it is now an application. That was effective from the fifth round in 2005 and of course will roll through from here on.

Senator CROSSIN—So you have cut out that process whereby someone in a DEST office looks at the concept and provides feedback to people and then tells them whether they can or cannot apply for the funding. They just simply apply now for the funding. Is that correct?

Mr Greer—That is correct. That concept plan has been taken out, recognising that it was introduced in the first place to assist those schools, particularly those more remote schools, who may have thought that the only way you are going to get a return on this is by doing a bells-and-whistles application.

Senator CROSSIN—I might organise to get a briefing from you off that. It is great that that has happened after the work that we did with the Senate committee and the inquiry. It is really encouraging to see the department actually listen to what is going on out there in the schools and actually make some positive changes and get rid of that unnecessary paperwork that educators were involved in. So I congratulate you on doing that and taking that on board. That is a terrific change if that is what is happening.

Mr Greer—It has, and I think some of it is reflected in the outcomes of the round 5. At the end of round 5 in December, we had approved \$36 million worth of projects—1,637 projects. It had leveraged according to—

Senator CROSSIN—We have to move on to International. I have given you enough gold stars tonight, Mr Greer. How much more do I have to do? I might write to the new minister and get a briefing about those changes and get up to speed with what has happened. It is good work.

[10.50 pm]

CHAIR—We will move on to the International Education Group.

Senator WONG—I have some questions in relation to the suspension of 14 private colleges from CRICOS which I think you answered on the last occasion—actually, it was in February last year. We were advised then that 14 were suspended for violating compliance rules and that one of them had since had their registration cancelled. Could you advise what

happened to the other 13, whether there have been any further cancellations and if any are still suspended.

Ms Laker—We would have to take on the notice the specifics of those particular providers. However, it has been our normal practice to update those tables for the committee each time we appear, and we have a copy of those tables here of current actions that have been taken in the last financial year.

Senator WONG—So you are not able to tell me what further action was taken in relation to the other 13?

Ms Laker—In order that I do not mislead the committee, I think it would be best if I took it on notice.

Senator WONG—That is fine. I will come back to this once I have had a look at that document. I turn now to the Melbourne Institute of Tourism and Hospitality, where I understand there was, because I think this has been discussed before, an investigation by DEST into claims made by students regarding the standard of teaching and equipment shortages. Is that correct? Did DEST undertake such an investigation?

Ms Laker—Yes, that is correct.

Senator WONG—How many officers of the department carried it out?

Ms Laker—It would normally be the case that two compliance officers would visit the college.

Senator WONG—Did that occur?

Ms Laker—Yes. Two officers attended and there has been a subsequent visit since that time.

Senator WONG—Do you generally advise the provider of your intention to attend for an inspection?

Ms Laker—Yes, that is correct.

Senator WONG—How does this sit with trying to investigate what their normal practices are as opposed to what they might do after they have been advised you will attend?

Ms Laker—We have a range of options, but it is a requirement that the provider gives us permission to enter the premises. It is our normal practice to make our compliance monitoring effective, given that we frequently have to travel and do not want to end up arriving and not being able to get into the premises. We would normally advise the provider and ask for permission to enter the premises. That is normally given to us. We then arrange a suitable date. If we have any issues which we identify at that time, we may subsequently make another visit. We can visit under a warrant if that is required.

Senator WONG—Are there written guidelines within the department around this sort of investigation?

Ms Laker—Yes. We have a compliance package, and that compliance package is part of the business process for identifying the provider which we are investigating.

Senator WONG—On notice, are you able to provide us with a compliance package?

Ms Laker—I will have to take that on notice.

Senator WONG—Can you tell me how many investigations DEST has conducted to date in the current financial year and in the previous financial year as a result of complaints from students?

Ms Laker—It would be in the vicinity of about 20, but I would like to take that on notice so we can give you a precise number.

Senator WONG—Is that 20 in the current financial year?

Ms Laker—Yes.

Senator WONG—And in the previous financial year?

Ms Laker—It would probably be less than 50 in the year. Often it is the case that a complaint from a student ends up being referring to a state or territory authority, given the nature of the complaint.

Senator WONG—Are you able to provide us with details of the outcomes of the investigation of the Melbourne institute that I referred to earlier?

Ms Laker—Yes, we should be able to do that. I can tell you that they were found to be compliant, but we can provide you with more details if you would like us to take it on notice.

Senator WONG—Thank you, that is very useful. Also, are you aware of the matter of students being refused interim certificates from the Australian College of Tourism and Hospitality until they pay for the entirety of their course? Was that matter investigated? I am happy for you to take that on notice.

Ms Laker—Certainly.

Senator WONG—Thank you. Can I very briefly go to the Bridge Business College and tuition assurance scheme issue. Can you advise me whether the ministerial exemption has been granted?

Ms Laker—At this point it has not.

Senator WONG—Did the department conduct an audit?

Ms Laker—We have conducted a compliance monitoring visit, but I would not characterise that as an audit.

Senator WONG—What about a financial risk assessment?

Ms Laker—We completed a financial risk assessment last year.

Senator WONG—Where is this matter at currently? Is the investigation being finalised? Is it with the minister?

Ms Laker—There are two aspects to the work we have been doing with Bridge College. One is around the ministerial exemption: the status of that is that we are waiting for Bridge to provide submissions to us, which are due on Monday, 20 February. The other activity that we have been involved in has been compliance activity looking at breaches around attendance-reporting requirements. Conditions were imposed upon their registration as a result of that. At the end of January we visited again and found them compliant with the conditions we have

imposed. As a result, only one of those conditions remains in place on their registration, so that we can continue to monitor that and ensure that they continue to be compliant.

Senator WONG—So Bridge has been investigated by DEST during the current financial year for reasons other than this ministerial exemption issue?

Ms Laker—That is correct.

Senator WONG—In relation to what matters—attendance requirements?

Ms Laker—Attendance recording and reporting requirements.

Senator WONG—Can you provide details of the nature of those investigations and the outcomes?

Ms Laker—I certainly can provide you with the details of the outcomes and the broad range of matters that we investigated.

Senator WONG—I think we might have discussed this on the last occasion, but just remind me: are there guidelines that the department follows in assessing an application for ministerial exemption such as this?

Ms Laker—Primarily, our assessment about ministerial exemption is based on what the regulations will allow for and then consideration by the delegate, on a case-by-case basis, of the circumstances for that provider seeking an exemption in relation to specific courses.

Senator WONG—So they are in addition to the statutory guidelines?

Ms Laker—No.

Senator WONG—If this exemption is granted, what are the implications for this sector? Will it open the floodgates, for example, to other private colleges to avoid paying their TAS fees?

Ms Laker—I am certainly not able to speculate.

Senator WONG—Is the impact on the sector and the message it sends to other private colleges a relevant consideration for the department?

Dr Jarvie—We do not want to speculate on a hypothetical situation at this time, so we really would not wish to comment further.

Senator WONG—I am asking whether the impact on the sector is something you would consider in your assessment of the application for exemption, or whether it is dealt with entirely on its own merits.

Ms Laker—Yes, it is part of the considerations—as is the impact on the students. Primarily, we are making sure that the students' interests are going to be protected.

CHAIR—I am sorry; we will have to leave it there. It is 11 o'clock.

Senator WONG—I have got one more minute.

CHAIR—One more minute. This is the last question.

Senator WONG—Can you tell me what other—

Senator Vanstone—You have six seconds by the clock up there, Senator.

Senator WONG—What are the consumer protection measures currently in place for Bridge, given that they are not currently in a TAS?

Ms Laker—The consumer protection requirements under ESOS provide, in the first instance, that the provider is obligated to provide a refund. Where there is not a TAS, the affected student can seek a refund or placement through the assurance fund.

Senator WONG—Weren't we waiting for submissions from Bridge at the last estimates?

Ms Laker—In the intervening period, some other issues were addressed. They subsequently sought membership of tuition assurance schemes again, and then requested further consideration of the ministerial exemption. So it was declined and this is a new approach. It is a new request by them.

CHAIR—Thank you.

Senator Vanstone—It is 11 o'clock and 40 seconds.

CHAIR—If there are any more questions, Senator, perhaps you could place them on notice. I thank the minister, Ms Paul and your officers. Thank you very much.

Committee adjourned at 11.00 pm