



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION
LEGISLATION COMMITTEE

ESTIMATES

(Budget Estimates)

THURSDAY, 1 JUNE 2006

CANBERRA

BY AUTHORITY OF THE SENATE

INTERNET

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

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

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

SENATE
EMPLOYMENT, WORKPLACE RELATIONS,
AND EDUCATION LEGISLATION COMMITTEE

Thursday, 1 June 2006

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

Senators in attendance: Senators Barnett, Bernardi, Eggleston, Ferris, Marshall, Stephens, Troeth and Wong

Committee met at 9.01 am

EDUCATION, SCIENCE AND TRAINING PORTFOLIO

Consideration resumed from 31 May

In Attendance

Senator Vanstone, Minister for Immigration and Multicultural Affairs

Department of Education, Science and Training

Australian Research Council

Professor Peter Høj, 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

Australian Nuclear Science and Technology Organisation

Dr Ian Smith, Executive Director

Dr Ron Cameron, Director, Government and Public Affairs

Commonwealth Scientific and Industrial Research Organisation

Dr Geoff Garrett, Chief Executive

Dr Ron Sandland, Deputy Chief Executive

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

Professor Alastair Robertson, Group Executive, Agribusiness

Dr Stephen Morton, Group Executive, Sustainable Energy and Environment

Dr Rod Hill, Group Executive, Information, Manufacturing and Minerals

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

Australian Institute of Marine Science

Dr Ian Poiner, Chief Executive Officer

Mr Peter Willers, General Manager

Mr Vic Bayer, Chief Finance Officer

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

Questacon

Professor Graham Durant, Director
Ms Margaret Backhouse, General Manager

Australian Institute of Aboriginal and Torres Strait Islander Studies

Ms Bronwyn Nimmo, Deputy Principal Collections
Mr Tony Boxall, Director, Corporate Services

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 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
Ms Rosalie Grant, Acting Branch Manager, Indigenous Business Management Branch, Indigenous and Transitions Group

Strategic Analysis and Evaluation Group

Ms Lisa Paul, Secretary
Dr Wendy Jarvie, 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 Murray Kimber, Branch Manager, Income Support for Students Branch
Ms Anne Byrne, Branch Manager, Skills Analysis and Research Strategy Branch, Strategic Analysis and Evaluation Group
Ms Anne Gregory, Director, Higher Education Analysis, Strategic Analysis and Evaluation Group
Mr Paul Balnaves, Director, Demographics and Lifelong Learning Section, Strategic Analysis and Evaluation Group
Mr Greg Clarke, Acting Director, Research Support Section, Strategic Analysis and Evaluation Group

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 Tony Kwan, Chief Information Officer, Information Services Group
Mr Ewen McDonald, Group Manager, Corporate Strategy Group
Ms Margaret Pearce, Branch Manager, Parliamentary and Communications Branch, Corporate Strategy Group
Ms Carol Brain, Branch Manager, Business Performance Improvement Branch, Corporate Strategy Group
Mr Jason Coutts, Acting Branch Manager, Business Performance Improvement Branch, Corporate Strategy Group
Ms Lorraine Neish, Acting Branch Manager, People Management Branch, Corporate Strategy Group
Mr Ben Wyers, Acting Branch Manager, Property and Security Management Branch, Corporate Strategy 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 Systems Group
Ms Anne-Marie Lansdown, Branch Manager, Innovation and Research Branch, Innovation and Research Systems 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
Mr Greg Piko, Director, Research Infrastructure Section, Innovation and Research Branch

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 Manager, Policy and Analysis Branch, Higher Education 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 Mary Johnston, Branch Manager, Australian Technical Colleges 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

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

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

Ms Stella Morahan, Acting Branch Manager, Skills Branch, Industry Skills Development 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 Marie Cook, Branch Manager, Investing in Our Schools Implementation Branch, Schools Resourcing Group

Ms Kris Erwood, Acting Branch Manager, Funding and Coordination Branch, 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 Fiona Buffinton, Group Manager, International Education Group

Ms Linda Laker, Branch Manager, International Quality Branch, International Education Group

Ms Susan Bennett, 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

CHAIR (Senator Troeth)—Good morning, everyone. The committee will now continue the examination of the education, science and training portfolio. Copies of yesterday's opening statement setting out the procedural requirements of the estimates process are available from the secretariat. Today's proceedings will be suspended for breaks as indicated on the agenda. I ask witnesses to identify themselves when first called to answer a question, to assist the Hansard reporters and I remind participants that oral evidence and documents in estimates proceedings are part of the public record. I expect the minister will be here shortly and I welcome officers of the Department of Education, Science and Training. The committee has also fixed Friday, 28 July 2006 as the date for the submission by the department of written answers to questions on notice. We will be commencing today with the Higher Education Group and I will ask Senator Stephens for some questions.

Senator STEPHENS—Can you tell me why DEST has stopped producing the higher education students first half-year statistical reports?

Mr Walters—Those statistics I think are now available and they have been posted on the internet.

Senator STEPHENS—When were they posted?

Mr Walters—It was quite recently, a couple of days ago.

Senator STEPHENS—When do the universities submit their statistics to DEST?

Mr Walters—These particular statistics were submitted in the second half of last year. They were the first collection under a new system. I have the technical experts here if you want to have a bit more detail but, basically, because they were submitted under a new system there were a lot of teething problems and the department had to work with the institutions—bearing in mind we have 38 universities with different computer systems, and quite a lot of private providers too—in order to iron out the bugs. It was the first time this happened and therefore it took us longer than we had hoped to resolve all of those issues. They were of a technical nature; if you would like to hear more I will call on the technical expert to provide it.

Senator STEPHENS—Perhaps, Mr Walters, you can tell us what is involved in the new system and why it was necessary.

Mr Walters—My understanding, and not being a technical expert and not having been involved at the start, is that the main things that changed were the nature of the information and the precise detail in which it was collected changed to quite a significant degree. The time periods for the collection changed because, my understanding is, the previous system was based on something like August to July and it was decided, after consultations with this

sector, that it would be more sensible to have a collection which was based on financial year and calendar year, which coincides with the planning cycles for the institutions themselves as well as for us. That involved quite a shift in terms of the times at which the thing was collected. Then, of course, the requirements changed as well because of the nature of all the changes that were implemented under the Backing Australia's Future system and the extra funding that was put into the sector through that process. There was a lot of different change. That involved a lot different software changes. The institutions themselves had a number of different providers who were advising them on the software, so it was not one single unitary system but, if you like, the need to put together many different university and higher education providers' systems and link them in to the central data collection. That was all new. That is basically it in very layman's terms, as I say. I am getting a nod to suggest that that was roughly right. As I say, if you would like a more erudite exposition of that we do have the experts here.

Senator STEPHENS—That is okay, Mr Walters. What I understand is that there was a change in the timeframes in which data was being collected and, associated with that, there was a change in software and hardware requirements.

Mr Walters—Yes. It was not just the timeframes, but the nature of the data collected changed as well quite significantly in a lot of different respects. It is quite a complex collection.

Senator STEPHENS—What kinds of changes in the data?

Mr Walters—I think the data were related to the new programs that were introduced but also the, if you like, what is called the HEX system, the help system, and I think there were changes to the classifications of the students, too, but I think I am getting to the point where my expertise runs out, but Ms Sparkes might be able to help us on this.

Ms Sparkes—Not to that technical degree. We really do need our statistical expert. But Mr Walters is right; it is about the change in the data.

Mr Walters—We might take that on notice, I think, if you would like more detail on the precise nature of the change. There were quite a lot.

Senator STEPHENS—Thank you. Does this mean in the future you will be able to produce data on a semester basis again once the new system is operating?

Mr Walters—The intention is to produce data twice a year and we are hoping that the first full year's collection, which is calendar year under the new system, is going to be available within the next few weeks. So the experience with the collection of the data for the first half year of 2005 has been very helpful in clearing the way for a more rapid, if you like, cleaning up of the data in the sense that what one has to do is get this in, collect it together, then check out anomalies to make sure that they do not represent a mistake of some sort. That takes a few weeks from the submission of the data, but we are hoping that in future it will be available much more quickly.

Senator STEPHENS—Was it the 2005 full-year statistical report that has just been posted?

Mr Walters—No, it was the first half year, so we are still waiting for the full year. The full-year data only came in in various dribs and drabs from the institutions, as planned, in March and April, so now the technical people are in the process of going through that data, validating it, making sure it is okay and preparing it for release to the sector and publication.

Senator STEPHENS—Is it likely to be published within the month, or available? How long will that take?

Mr Walters—I do not think within a month—we have said June-July, so we are hoping within the next few weeks certainly that will be available.

Senator STEPHENS—Were there costs associated with the implementation of this new system?

Mr Walters—There were costs associated with implementation of the new system.

Senator STEPHENS—Both for the department and for the universities?

Mr Walters—Yes.

Ms Paul—That is part of Backing Australia's Future, the reform package from 2003.

Mr Walters—The costs provided to the department were \$20 million over four years and we did make some money available to the universities, too.

Senator STEPHENS—Has that all been expended?

Mr Walters—No, because it was over four years, so some of it is still to run, some of the functionality associated with the changes, and they were associated with all the changes in Backing Australia's Future. The introduction of the new course information system is another example and some of those programs are still being enhanced so, if you like, there was a four-year implementation process of which the main data required to get the system started were put in front-on and then there are further enhancements that are planned to come in over the next 12 months.

Senator STEPHENS—You said there was \$20 million provided for that and you have provided some funds to the universities. How much did you provide?

Mr Walters—We did provide some funds to the universities. I will have to take that on notice, but we think it was in the region of about \$10 million.

Senator STEPHENS—I understood the universities thought they estimated that the implementation costs would be up to \$60 million.

Mr Walters—They did, and I am not sure that it was ever intended to cover the full costs because, as you will recall, the total BAF package is worth \$2.6 billion over four years or around \$11 billion over ten years, so it was accepted that there is some extra administration cost from the total benefit of the extra funding package that was provided. Some money was specifically provided for this purpose, but of course there is an ongoing need to upgrade the administrative systems anyway, so I think it was always the intention that the universities would make a contribution, too.

Senator STEPHENS—The \$20 million that the department received, so really you had \$10 million for what you had to do?

Mr Walters—There is a very big IT project plan and so the work has been tailored to the funding provided. That is considered sufficient to get the Backing Australia's Future programs and changes up and running. One can always do more with more money, but there is quite a lot of enhancement still to go in that program and it is currently on schedule.

Senator STEPHENS—I want to talk about changes to the VSU and its impacts on campus services. Is DEST monitoring the impact of the implementation of the VSU?

Mr Walters—We are not monitoring the impact on services. Universities are in dialogue with us about the services they provide, but the principle that services should only be provided of a non-academic nature, if they are paid for voluntarily by the students, is one that the government has adhered to, so there was no particular reason to monitor the consequences of a decision in principle. It was agreed, at the time that the legislation was passed, that there would be a review and that is to take place after 18 months from the full implementation of the VSU.

Mr Cook—To add to that, for the first half of this year, universities were still collecting those fees as the scheme became operational from 1 July.

Senator STEPHENS—We have had quite significant coverage in the media about how different institutions have been dealing with the impending implementation. Has DEST been monitoring the kind of information that is in the public domain?

Mr Walters—We read the newspapers when we have time.

Senator STEPHENS—I should hope so. Do you have any sense as to how many services have already closed?

Mr Walters—I do not think it is just a matter of services being closed. We do get feedback and we read in the media that various different means are being explored to provide services differently, to seek user-pay arrangements for services that have previously been provided without charge and so on. It certainly seems to have caused quite a considerable rethink as to how universities prioritise these services, what they want to provide and how they should be paid for.

Senator STEPHENS—Certainly. With respect to the \$80 million transition funding that the budget has provided, can you tell me what output group this program will be funded under?

Mr Walters—It is 2.4.

Senator STEPHENS—There is a discussion paper in consultations being held in June. When is that consultation process likely to be closed?

Mr Walters—We have already asked for written submissions, I think the deadline has passed for that. We have had quite a lot of submissions back. We are going to hold consultations in the state capitals and in one or two regional locations so that will be over within the next month or so. We are starting next week.

Senator STEPHENS—Is there a schedule of consultations available to the committee?

Mr Walters—Yes, there is. I think it is on the web.

Senator STEPHENS—Will the fund be restricted to universities or will sporting associations or student unions actually be able to access the fund?

Ms Baly—The funding is available to table A universities not to sporting associations.

Senator STEPHENS—Mr Walters, you said that you have had many submissions.

Mr Walters—We have had quite a few, as one would expect.

Senator STEPHENS—What is ‘quite a few’—50?

Mr Walters—I do not know if we have counted them.

Ms Baly—We have counted them. I am looking for the number. I think it is somewhere between 40 and 50. I can confirm that number for you.

Senator STEPHENS—Has DEST received any submissions proposing the fund be extended to non-sporting groups?

Mr Walters—Yes.

Senator STEPHENS—Have there been many?

Mr Walters—I do not know if we have counted them on that basis, but there are a few, yes.

Ms Baly—We have not fully analysed the submissions, but there are some.

Senator STEPHENS—Have universities or student unions raised how non-sporting amenities and services are likely to fare without access to the funding?

Mr Walters—I am fairly sure some of them would have done. As Ms Baly said, we have not analysed all the submissions yet because they have been coming in until quite recently.

Senator STEPHENS—Who is going to make the determination on the proposals to be funded?

Mr Walters—The minister will.

Senator STEPHENS—Will there be recommendations from the department?

Mr Walters—I imagine there will be, yes. We have not discussed the details of the process with the minister yet, but that would be the normal process.

Senator STEPHENS—The department has not worked out the process around which you will make these recommendations. Is there going to be an internal committee? How do you think that this is going to work?

Mr Walters—That will be a fairly normal practice, but we have not got into that detail yet.

Senator STEPHENS—Is there a potential for someone to be an independent member of that committee?

Mr Walters—There is always potential, but I am not aware that the minister has come to any view that that should be done in this particular instance. That is the minister’s call.

Ms Paul—We are at an earlier stage. We have only just finished the call for submissions, so we are still really out with the sector.

Senator STEPHENS—When is the time frame for the distribution of the funds?

Mr Walters—I think the funding will be available from January next year.

Senator STEPHENS—I want to move to the \$10 million small business fund. What were the origins of this fund?

Mr Walters—The origins of this fund were discussions which took place between the then minister and other figures in the public debate prior to the passage of the legislation.

Senator STEPHENS—What is this fund intended to provide?

Mr Manns—We are probably at an even earlier stage with that one, given that the final decision by the government to proceed with the proposal was really only taken in the budget context. We put a preliminary set of proposals to the minister. At this stage, the thinking is that again the funding would be available to the universities for them to make available various kinds of incentive packages to small businesses to come and establish services on the regional campuses. Assistance with setting up on the campus, for example, perhaps a bit of a rent holiday in the early stages of their operations or even potentially some assistance with the actual establishment cost of a new small business and those sorts of things. It is very much intended to be the universities offering the incentives to the small businesses.

Senator STEPHENS—In terms of distribution of the \$10 million, are you considering a similar kind of process to the \$80 million fund or competitive tendering?

Mr Manns—Early thinking is that it would be a competitive process, not a tender as such, but seeking bids from the eligible universities and having a process of assessing those bids and putting recommendations to the minister. Again, not perhaps as grand a process as with the \$80 million program, but we envisage that we would develop some guidelines and consult the sector on them before they are finalised.

Senator STEPHENS—Thinking about that and the decisions made around the \$80 million fund, will there be collaboration between the two in deciding where some of this money might go?

Mr Walters—Perhaps I can answer that by saying it is a bit too early to do any more speculation about the how the process might run. But, since both of the funds are going to be administered by my part of the department, obviously there will be some cross-fertilisation as to what is going on between the two processes.

Senator STEPHENS—The \$10 million small business fund is available to regional campuses. What university campuses does DEST classify or define as regional for the purposes of this assistance?

Mr Manns—Again, a final decision has not been taken on that. We classify campuses as regional for the purpose of access to the regional loading under the Commonwealth Grants Scheme. That could be one possible mechanism to use, but, again, we have not finalised the design features of the program.

Senator STEPHENS—Can we talk now about the Commonwealth's takeover responsibilities in the universities?

CHAIR—Is that a topic, Senator?

Senator STEPHENS—It is part of output 2.

CHAIR—I thought I had missed it on the program, but we will see what eventuates.

Senator STEPHENS—I was interested by an article in the *Financial Review* called ‘Canberra wants more control of universities’ and the issue raised by the minister about this opportunity. In consideration of this issue, I understand there was a discussion paper released in December 2004 by Minister Nelson. That is right, isn’t it?

Ms Sparkes—Yes.

Senator STEPHENS—What happened with that discussion paper?

Mr Walters—I might first comment on the headline because journalists often tell me they write very good stories only to see them mangled by subeditors. I think the issue of more control is entirely different from the issue that we have been pursuing—which is where responsibility for university legislation lies—given that the states only put in two per cent of the funding and yet constitutional responsibility for the legislation, including things like audit, lies with the states. That is really the issue, rather than control as such, on the table. After the discussion paper there was a consultation process which went through submissions, discussion groups were held and the matter was processed back to the Ministerial Council on Education, Employment, Training and Youth Affairs, MCEETYA. The issue was discussed at MCEETYA.

It is worth bearing in mind that this is currently constitutionally a state responsibility and therefore, in order for there to be a transfer of responsibility for this legislation, which is the legislation governing the way the universities—the boards and all the rest of it—are run, if you like, there would have to be a reference of power from the states in some shape or form. The state ministers took the view that they were not prepared to countenance a wholesale change of this nature. They were, however, prepared to look at some detailed features. For example, it was pointed out that the way in which the states control the commercial opportunities of universities varies considerably. Some universities are able to operate with some degree of freedom, for example, in exploiting their assets while others are not. It was agreed that there would be a look at this through official levels. It was agreed that there was a need for a bit more consistency. For example, the states agreed with the Commonwealth’s proposals on improving the governance of universities, so the size of governing bodies and the roles of those governing bodies have been incorporated in new national governance protocols. There is to be a review of those next year to see if further improvements can be made. I think the states accepted that there was a need for greater consistency in that area.

The short answer really is that up until the matter was discussed at the last ministerial council last year, the states were not prepared to look at a fundamental shift which would bring the constitutional arrangements more in line with the funding arrangements for universities but they were prepared to look at aspects of greater consistency. Those are matters which are being progressed with the states through the officials committee which sits underneath the ministerial council.

Ms Paul—Some of the media is reflecting the fact that the current minister has expressed an interest in the original proposition, at least in the potential value of it, being, as Mr Walters reflected, two per cent funding and yet legislative control of ownership through state legislation.

Senator STEPHENS—It was last discussed at the ministerial council in 2005. When is the next ministerial council?

Mr Walters—It is next month.

Senator STEPHENS—Is it on the agenda for that ministerial council?

Mr Walters—I think the minister will make sure it is on the agenda, and there are related aspects of higher education policy that will be discussed, including the proposed new protocols. This is a measure to try and achieve a greater degree of national uniformity in the recognition of higher education providers. It is worth bearing in mind state functions extend beyond the legislation for universities into the legislation which governs the recognition of non-university providers of higher education courses. Some private colleges provide higher education courses, and the regulation around that is a matter for the states. The issue on the table is how some national consistency can be achieved in that area.

Senator STEPHENS—Are these the new national governance protocols that you mentioned or are they other protocols?

Mr Walters—No. The governance protocols are about universities and how universities are governed. They are about how the senates and the governing councils operate and about how many and what sort of people should be on them. These are protocols for the recognition of higher education providers and higher education courses.

Ms Paul—In other words, what is a university.

Mr Walters—Also how the private providers are to be recognised and dealt with.

Senator STEPHENS—Does that include accreditation of those non-government providers as well?

Mr Walters—Yes.

Senator STEPHENS—At this stage are there any issues related to the original proposal and the ongoing discussion that have not been comprehensively reviewed or discussed?

Mr Walters—I believe that the new minister takes the view that that is still unfinished business. It is not a supportable proposition in the longer term that the overwhelming funding responsibility for the sector should reside at one level of government and yet the constitutional arrangements for the governance of those bodies should reside at another level. For example, while the Commonwealth is providing 98 per cent of the government funding, the audit responsibilities lie with the states. This means that the Commonwealth does not necessarily have access to all the information which is obtained by the auditors. You would have to describe that as a risk factor for the two levels of government combined and as a worry from the public interest point of view. I think the minister would take the view that this has not been comprehensively discussed and that there is a need for further consideration of a long-term settlement.

Senator STEPHENS—Regarding the protocols for the recognition of private providers, could I interpret what you are saying as that the department would like to have sole responsibility for accrediting new higher education providers?

Mr Walters—I do not think the department has a view. The minister might well have a view. This is a function which should be conducted at national level because we are seeing an evolving market in higher education which includes both the public and private providers, and there is a lot to be said for a nationally consistent approach. One way of achieving that, and there is a strong case for it, is to set up some sort of a national agency.

Mr Cook—Just to be clear about that, a national agency does not necessarily mean a Commonwealth agency. We have a number of national agencies which are joint Commonwealth-state undertakings.

Senator STEPHENS—This is probably a bit of a left-field question, I suppose. I want to turn to accreditation—I am trying to think of the words; it is not mutual recognition—and the recognition of qualifications of overseas providers. Does DEST have a role in actually accrediting those courses?

Mr Walters—DEST has had a role in the part of the process which allows the one overseas provider we have at the moment access to the FEE-HELP scheme for its students. We have had extensive discussions. DEST plays a part in a Commonwealth-state committee called the Joint Committee on Higher Education. It reports to the ministerial council and that committee has played a part in looking at how the state and Commonwealth functions can be taken together to facilitate that sort of thing.

Ms Sparkes—Can I just clarify that. It is the states who have the responsibility for accrediting an overseas provider who wants to operate within their jurisdiction. The Commonwealth does not have a role. The Commonwealth's accreditation function is limited to a higher education institution, be it a university or a private provider, that may seek to operate in the external territories.

Senator STEPHENS—I understand that in April the minister announced the allocation of 4,480 new university places.

Mr Walters—The minister called for bids. The allocation has not been made yet.

Senator STEPHENS—The allocation has not been made but the breakdown of the places has been made. Is that right? So the breakdown in terms of where they will be is 1,000 new nursing places and 420 mental health nursing places. Is that not right?

Mr Walters—There were 2,800 original places arising from the BAF package—the Backing Australia's Future package—that were due to be allocated this year, to commence next year. There will be a further 1,800 next year to commence the year after. In addition to all of that, there have been announcements by the Prime Minister this year about additional places for nursing, mental health nursing and medical studies, and some places for Masters in Clinical Psychology. So there have been extra announcements this year, on top of the 2,800 that came out of the BAF package that were scheduled to be put out for bids this year.

Senator STEPHENS—Can we just work through the numbers, because I am a bit confused about that. The minister called for bids for 4,420 new Commonwealth places?

Mr Walters—Yes, that is correct.

Senator STEPHENS—So the Prime Minister's announcement about the mental health places—are they additional to those 4,420?

Mr Walters—No, they are included in that.

Senator STEPHENS—Are all those places going to be available in 2006?

Mr Manns—It is hoped that they will all be allocated to commence in 2007. I think in part of your earlier list you might have mentioned the medical places announced by the Prime Minister.

Senator STEPHENS—Yes, that is right.

Mr Manns—They are not part of the current allocation process. There is a separate process for those and, as the Prime Minister announced, they are expected to commence over the period 2007 to 2009.

Senator STEPHENS—Can we just take one step back? You said there are 4,420 places. My understanding was that those 4,420 places are made up of 2,800 new places announced under the Backing Australia's Future program, and 1,000 new nursing places, 420 mental health nursing places and 200 postgraduate clinical psychology places.

Mr Manns—That is correct. In addition to that, the Prime Minister announced that there would be 400 new medical places, but they are being allocated through a separate process.

Mr Walters—There are a further 1,800 places to be allocated next year for the year after that, from the BAF package.

Senator STEPHENS—Is that 1,800 in each year?

Mr Walters—No. There are 1,800 commencing in 2008 to be allocated next year.

Senator STEPHENS—Do we have a table that actually shows that?

Mr Walters—We can provide one.

Senator STEPHENS—If you could, please. Thank you very much. You said that the allocation is determined by tender?

Mr Walters—It is not a tender. We invite universities to put in bids. In the sense that a tender implies some sort of price competition there is not—

Senator STEPHENS—That includes public universities and private providers?

Mr Manns—Private providers are only eligible to apply for what are called national priority places. At the moment they are nursing and teacher education places.

Senator STEPHENS—How many of the 4,420 would be available for bids from private providers?

Mr Manns—Apart from the specific hypothecation of the 1,000 to nursing and those other special places that were announced recently by the Prime Minister, there is no set allocation within the 2,800. So, in a sense, we will be responding to the bids that are received, rather than saying that, of those, there are 500 for teaching and 300 for this or whatever.

Senator STEPHENS—Is the department giving particular emphasis to areas of workforce shortages in specific states?

Mr Manns—Two things. Firstly, the minister, in calling for bids, or really even before then, signalled that the priority would be on areas of workforce shortage and also on unmet

demand—or student demand, rather—particularly in outer metropolitan and regional areas. Having set those parameters, the minister wrote to state and territory ministers, seeking their particular views on priorities. Then, when we went out seeking bids from the universities, we communicated both the minister's general set of priorities and also state by state with specific priorities that the states had identified.

Senator STEPHENS—Is there capacity within the allocation to consider regional workplace shortages?

Mr Manns—Yes, there is, potentially. In fact, a number of the states said that there were particular regional areas that they would like bids to focus on. But these were statements of priorities; they were not absolutes. We will need to look at the whole suite of bids that come in.

Senator STEPHENS—You said you have actually consulted with the states. Have you consulted more widely about the allocation and where their shortages might be needed to be used?

Mr Manns—Basically, from a national perspective, we draw on the workforce shortage analysis done by the employment department. We have advised universities that the migration occupation in demand list and the state by state skills shortage lists produced by DEWR are a guide to them. We have not gone out and redone all the workforce analysis that the employment department does anyway.

Senator STEPHENS—I appreciate that, but I wondered if you had had consultations with some of the industry organisations.

Mr Manns—Not specifically, no. Industry organisations and also employer groups, as I understand, do feed into that workforce analysis work that DEWR does.

Senator STEPHENS—I understand, too, that priority is being given to collaboration between providers and that there is an emphasis, or some emphasis, on the VET to higher education articulation process?

Mr Manns—Yes, we have told providers that bids that demonstrate that articulation would be looked on favourably. Again it is not an absolute, but it is one of the things that the minister may turn her mind to in making the ultimate decision.

Senator STEPHENS—What kinds of courses might they be?

Mr Manns—We have not put any limits around those. We could pick a thousand examples. For example, enrolled nurse qualifications in the VTE sector might articulate through to a registered nursing qualification in higher education. There are quite a lot of examples of articulation arrangements in IT and business, for example. There are quite a lot.

Ms Paul—Accounting, engineering, nursing.

Senator STEPHENS—Indulge me for a minute. This is about formal collaboration between the VET sector and the higher education sector; are individuals able to access a place outside of a formal arrangement like this?

Mr Walters—It is worth bearing in mind that probably less than half of university entrants come through the formal tertiary entrance system. Universities are recruiting a lot of students

outside the school leaver formalities, if you like, and a good few of those are coming in from the VET or VTE sector. There is nothing new about that and there are thousands of different arrangements. It is not as if there is a high wall between the two sectors. MCEETYA has been looking at arrangements for credit transfer and articulation to try and facilitate the process, but there is already a very substantial body of students coming in through the VTE sector.

Mr Manns—I guess the short answer to your question is, yes, it can operate on the individual level—an individual student perhaps coming with a VTE qualification and a particular university giving them some advanced standing: credit towards a degree course as a result of that, or even selecting that student for entry on the basis of their VTE qualifications—on the one hand, and on the other hand there can be particular programs developed collaboratively between the two sectors which are deliberately designed for the graduates of one to feed in to the other. So it can be a range of very formal arrangements right through to more individualised ones.

Mr Walters—And in some cases it is enhanced—

Senator STEPHENS—I think that is why I asked you about whether there had been industry consultation. I was thinking about the shortage that we have in New South Wales in planning and environmental planners. Those people are based in local government in many respects, so there is not one place that they can go to get their accreditation, if they perhaps have a local government qualification and yet want to get the planning qualifications required under the new New South Wales planning regulations. That was what I had in mind—if an industry organisation would have to go and do that kind of negotiation with a VET provider and find the articulation path.

Mr Manns—I think that bears more on the broader work that MCEETYA is doing on credit transfer and articulation. I do not know if Ms Sparkes wants to add to that.

Senator STEPHENS—What about the other way round? What about going from university to VET, from the general to the specific—people who have a general engineering or science qualification and then go for some specific VET accreditation; is that part of it?

Mr Walters—The entry requirements there will be a matter for the VTE institution, but there is a big flow. I think the last time I looked at the numbers, there were actually twice as many people coming out of university and doing a VTE sector qualification as going the other way, although how you count them is a bit of an issue. But there is big flow.

Ms Paul—It is quite an interesting observation, isn't it, that there is such a large flow in that direction.

Senator STEPHENS—It is, yes. In the emphasis on articulation from VET to higher education, has the credit transfer and RPL issue been resolved?

Ms Sparkes—The ministerial council has asked officials to look into better processes for recognition of that. At the moment a number of things are in train. Part of the problem is how credit transfer and RPL is treated by different institutions, both in the VET sector and in the higher education sector, and the information provision to students as well. Students often do not have a broad understanding of what their entitlements or arrangements might be. There has been a three-pronged focus in terms of trying to articulate to institutions a set of best

practice principles and trying to articulate to institutions and students the sort of information that should be available in terms of credit transfer, articulation and RPL. The third part of the equation, which is actually very important, is trying to get a better handle on data on who is moving from VET to higher education and what credit they have been granted. We do have a dataset that provides us with some indications of that, but we are collectively of the view that that needs significant enhancements. We are working through that at the moment with an expectation that we will have some better arrangements in place within our higher education collection from the beginning of 2008. So we are working with the institutions and tertiary admissions centres to help improve that.

Ms Paul—Recognition of prior learning has also been a key priority, not only in the higher education sector but also in the vocational and technical education sector. In particular, COAG signed up to having an increased focus on recognition of prior learning.

Senator STEPHENS—Is that being driven by the department or is there a working group that is looking at that? How is it being done?

Ms Sparkes—The work that I spoke about is being managed by a group of officials, as sector representatives from both the VET and higher education sectors, through a working group process. We have two committees. One is looking at issues around best practice and information provision, and the other is more specific and technical, on the data issues. I chair both those committees but involve state and territory officials, institutional officials and people from the Australian Qualifications Framework Advisory Board, so they are very broad-based committees.

Senator STEPHENS—Going back to the higher education places: remind me, Mr Manns—you said that there is not a cap on the designated national priority places in nursing and education; is that right? Is that what you said? So they are being opened up to other higher education providers?

Mr Manns—All eligible providers were invited to bid for national priority places, yes.

Senator STEPHENS—How does DEST measure the success of private higher education providers in terms of quality and attracting students?

Ms Sparkes—This is the first year that we are going to have data on the private education providers that are accessing some funding under the Higher Education Support Act. We will be looking at that data. We are also putting in place arrangements under the Higher Education Support Act. All private providers who receive some funding under the act will be required to undertake a quality audit.

Over the last 12 months we have been working with the Australian universities quality agencies, the state and territory accreditation agencies and the private providers themselves to put in place some models of how those audit processes will proceed. Our expectation is that we may be trialling some of those towards the end of this year for full implementation commencing the following year. In a sense, this is the first time that we are going to have some substantive data on higher education providers.

The other aspect worth mentioning is monitoring student progress, which you asked about. The states themselves, as part of their accreditation processes, require private providers to

report to them on that, and the Commonwealth and the states, in the spirit of trying to get a nationally consistent approach to this, are looking at trying to get a common dataset for private providers that are not only those providers we deal with under our legislative responsibilities, but the same providers covered under state responsibilities. We are trying to work together to get some national consistency in that, so that we both have a shared dataset and a shared understanding.

Senator STEPHENS—Will this apply to both the private universities and the private non-university providers?

Ms Sparkes—Yes. Private universities such as Bond and the University of Notre Dame—UNDA—are also subject to quality audits, as will be other private providers.

Senator STEPHENS—When do you anticipate that the quality audit process will be in place?

Ms Sparkes—We are hoping that will be in place formally from the commencement of next year. We are trialling approaches this year. Just as when we introduced quality audits for the university sector some years ago we had a period of trialling the approach with the providers, we are hoping to do that for the latter six months of this year with full commencement starting next year.

Senator STEPHENS—Is that already applied to the private universities?

Ms Sparkes—All institutions that are self-accrediting institutions are actually covered by quality audits by the Australian University Quality Agency.

Senator STEPHENS—With the Commonwealth supported university places, is there a proportion or a quota that has been earmarked for private providers?

Mr Manns—Not in this allocation. Previously there was a special allocation of nursing and teaching places—272 or 273, I always get it wrong, it is one or the other—specifically earmarked for private providers. Some private providers, depending on how you define the term, have had a bit of a history of receiving Commonwealth supported places even under the old system—like Avondale College, for example—but we are talking very small numbers in total. My impression is that we have not been overwhelmed by new bids from private providers, although I do not have the precise numbers at the moment.

Senator STEPHENS—Are you able to provide the precise numbers?

Mr Manns—We are in the process of assessing the bids. We have not even determined eligibility and so on yet. I think that is a way down the track.

Senator STEPHENS—How far down the track?

Mr Manns—Probably an announcement of the allocation of places will occur in about mid-July, I would envisage at this stage.

Senator STEPHENS—In terms of the accreditation, are any TAFE colleges accredited higher education providers?

Ms Sparkes—Yes.

Senator STEPHENS—How many?

Ms Sparkes—At the moment, off the top of my head, two, and they are in Victoria—Box Hill TAFE and Northern Metropolitan TAFE.

Mr Walters—It is also worth noting that several of the universities are also TAFE providers—they are dual sector institutions in Victoria—and in the Northern Territory the Charles Darwin University and Batchelor College and also the Australian Maritime College.

Senator STEPHENS—What are the Box Hill TAFE and the Northern Metropolitan TAFE in Victoria accredited to deliver as higher education providers?

Ms Sparkes—I do not have that level of detail with me. I can provide that to you. Basically, to be approved as a higher education provider under the Higher Education Support Act, part of the approval requirements is that the provider has to be accredited to offer higher education awards by that state. So both Box Hill and Northern Metropolitan TAFE have had their higher education awards approved by OTTE, the Office of Training and Technical Education, the relevant accreditation authority in Victoria, the Victorian department.

Senator STEPHENS—Is there an opportunity in this round for non higher education accredited TAFEs to bid in order to use it to seek accreditation?

Mr Manns—No. It is the other way round. It would need to be in the system first and, as I say, for the non-university providers we are essentially talking about nursing and teaching places, and the TAFE colleges are not in that business, at least not at the moment, not at the higher education level anyway.

Senator STEPHENS—Thank you for that. That is quite enlightening. Given that we had all of those new higher education places, can we have a think now about the take-up rates for this year. You told Senator Wong in February that Central Queensland University handed back 490 additional growth places that it was expected to fill. What is the overall trend for university offers this year? Is it up or down?

Mr Walters—184,869 offers were made, which was an increase of three per cent on the offers made last year, and it is a record number of offers. The proportion of applicants receiving an offer this year is 85 per cent, an increase of four percentage points. Offers have increased in all areas of skill shortages—engineering, nursing, education and medical studies—and totalled 45,397. The number of offers to university places to year 12 completers is the highest for more than two decades and is now over 90 per cent.

Senator STEPHENS—Ninety per cent of the offers went to school leavers and 10 per cent to mature age applicants—is that right?

Mr Walters—No, 90 per cent of year 12 completers received an offer.

Senator STEPHENS—How does that translate to enrolments as opposed to offers?

Mr Walters—In terms of acceptances of offers, there were 138,367 acceptances or 63 per cent of eligible applicants, which is a two percentage point increase on last year. Acceptances increased in all areas of skill shortages, except engineering. The number of students accepting an offer in these important areas has increased by more than 1,800 compared to last year. The number of applicants not accepting an offer was 46,502, which is more than a third greater of the 33,000 that did not get an offer.

Senator STEPHENS—Do you have how many mature age applicants there were this year?

Mr Walters—In terms of the applicants unadjusted, so unadjusted for whether they were qualified or not—and the AVCC applies a criterion to this—my recollection is that there was a decline in non school leaver applicants. That is a phenomenon which we have seen for a while and is seen in other countries. It seems to be related to two issues: one is the strong labour market and the availability of other options such as VET and New Apprenticeships, and the other is that there has been a steady increase in the number of graduates in the population because of rising university participation over the last 25 to 30 years. Obviously, as more people go up into higher education and get a degree after leaving school, the pool of people who in later life might want to do a first degree is declining. I have seen this commented on in the UK as well as here. It is a phenomenon which the sector is aware of and it is going to result in a shift in the mature age market in time, away from longer first degrees and into diplomas and shorter masters degrees.

Senator STEPHENS—Mr Manns, when you spoke to Senator Wong about this issue in February, you said, ‘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.’ Do we have any information about that? How many universities did not meet their enrolment targets in 2006?

Mr Manns—In one sense it is still too early to tell, because all of the figures that Mr Walters has been talking about relate to the intakes at the beginning of the year. Of course, numbers of universities now have quite substantial mid-year intakes. There is attrition during the year as well—students may decide not to come back in second semester if they were there in first semester and so on—so we do not actually have any hard data for the whole year at this point. There is probably a handful of universities that still look fairly unlikely to fill their load. Others are still sitting on the fence a bit, seeing what happens with their mid-year intakes.

Senator STEPHENS—So has James Cook University handed back any places?

Mr Manns—No, it has not at this stage. It has begun to talk to us about its potential under-enrolment, but nothing has been agreed or decided at this point.

Senator STEPHENS—What about Edith Cowan?

Mr Manns—It is the same position with them.

Senator STEPHENS—What about Charles Darwin?

Mr Manns—The most recent discussions I have had with Charles Darwin are that they are quietly confident of being able to fill their load. I think I told Senator Wong at the last hearings that Charles Darwin had deferred the pipeline of growth for one year, so they took a pre-emptive measure to some extent and at this stage have indicated that they would like to resume that pipeline of growth next year.

Senator STEPHENS—Did any other universities take that path of deferring places?

Mr Manns—No. Charles Darwin and, with slightly different arrangements, Central Queensland were the only two.

Senator STEPHENS—Given those concerns of the universities we have just talked about, are there others that we have not talked that are talking to you about their capacities?

Mr Manns—We have had some preliminary discussion with Ballarat and Southern Cross as well. They would be the ones that are potentially facing the biggest issues.

Senator STEPHENS—Have you done any work on the course profiles that those universities are offering and the impact that this softening of demand might have on the workplace?

Mr Manns—I think it is the universities themselves that are doing that work. They are looking at their profiles to see if part of the solution to their problem could be a readjustment of the profile of courses that they offer—perhaps some shifting of loading into some higher demand areas, away from those where they are not getting the demand. But, again, it is all in quite early stages and each of those universities will be in a better position once they know how they are travelling after mid-year intakes.

Senator STEPHENS—Has the department actually tracked the disciplines in which there is softening demand?

Mr Manns—It takes us back to our earlier discussion about when we actually get hard statistics. We are only just now about to get the full year data for 2005. We do not have hard data for 2006, so at this stage we really are relying on the universities telling us how they think they are travelling and where the softer and higher demand patterns are for them.

Mr Walters—The ones we have been discussing have told us it is pretty much across the board, with certain exceptions.

Senator STEPHENS—Given now that we have talked about Ballarat, Southern Cross, James Cook, Edith Cowan and CQU, will this have an impact on the current allocation of the next round of growth places?

Mr Walters—Only in the sense that if any of those universities were seeking growth places then we would obviously look at that pretty carefully.

Senator STEPHENS—You said that Charles Darwin actually deferred growth places. Is there any indication from them that they will not take up the growth places that they deferred?

Mr Manns—No. The most recent discussion I have had is that they are confident of being able to take those back on again from the beginning of next year, but we have not finalised arrangements for next year yet.

Senator STEPHENS—Given that you have been in discussions with them, can you tell us whether they have met their enrolment targets this year?

Mr Manns—They are confident of getting them, yes.

Mr Walters—It comes back to the two semester point.

Senator STEPHENS—Yes. I appreciate that. As someone who is regionally based, I always have concerns about the regional universities that do not meet their enrolment targets and what the future might hold for them. Is there a strategy to deal with that issue?

Mr Walters—It is worth bearing in mind that some of the regionals are reporting to us that there is quite strong demand, so the pattern that we are seeing so far—and it is still at an early stage—is quite patchy and difficult to analyse, but obviously the department would have a concern for the sustainability of the regional universities. We have discussions with all of them, and those that seem to be experiencing a problem are all actively scrutinising their future strategy. They will be talking to us about that in what we call the funding agreement discussions, which are about the funding that we provide next year and how that breaks down between the clusters. In other words, we will be considering how best we can support them in the strategies that they are coming up with.

Senator STEPHENS—Thank you very much. I might just hand over to Senator Wong for a while.

Senator WONG—I am sure you have been managing just fine without me, senator. My apologies. I got caught up in another committee. I want to look at the comparison between some of the estimates in the 2005-06 and 2006-07 PBSs. Could you go to page 128 of 2005-06 and 117 of the current PBS?

Ms Paul—So page 128 was in the 2005-06 PBS or the 2006-07 one?

Senator WONG—2005-06 was 128 under output 2.5, and output 2.5 which is at page 117 of the 2006-07. So the forward estimate in the 2005-06 PBS for this administered item was \$698,902, revised down in the current PBS to \$519,381 and a concomitant downward revision across the forward estimate period in the subsequent PBS. I wonder if you could explain to me the reasons for that downward revision.

Mr Manns—We have revised down the FEE-HELP estimates in particular. It is probably worth making a comment about FEE-HELP in the sense that, as you are probably aware, it is a pretty new program although it subsumed a couple of earlier ones that applied primarily for post-graduate courses. In its current incarnation it only came into effect at the beginning of 2005. The early estimates that were done in the BAF package and so—

Senator WONG—Sorry. In the—

Ms Paul—Backing Australia's Future 2003.

Senator WONG—BAF is a very inelegant acronym.

Ms Paul—Another three-letter acronym.

Mr Manns—The early estimates were based on some fairly educated guesses about how a new program like that might play out. We now really only have very little actual experience to go on as well, and I think you can expect to see the estimates for FEE-HELP probably take a couple of years to really settle in to a pattern where we know about the actual take-up and so on. As you appreciate, it is driven by two different things really. One is decisions by providers about how many fee-paying places to offer and the other thing is whether individual students choose to pay their tuition fees or take out FEE-HELP loans. The experience with that is still evolving.

Senator WONG—That is a very good general answer, Mr Manns. Thank you for setting the context. I would like a little more detail, if you are able to give it to me. The alteration of what parameters has resulted in the revision?

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

Senator WONG—You are not able to go through that with me?

Mr Manns—No.

Senator WONG—Mr Storen can.

Mr Storen—I can probably add a little bit more light to that for you.

Senator WONG—Thank you.

Mr Storen—As you are aware, the numbers we are looking at are accrual numbers, which are expenses, so the numbers for help there are not the amount of loans or the contribution of the Commonwealth to the university. They largely reflect the doubtful debt expense of the Commonwealth, and there has been a downward revision in the expected doubtful debt expense in 2005-06, which is the biggest contributor to the change in the numbers.

Senator WONG—What is the proportion or what is the impact of the contribution of the doubtful debt revision?

Mr Storen—The numbers I have got in my folder there tell me it is \$124 million.

Senator WONG—That is for the coming—

Mr Storen—In 2005-06.

Senator WONG—In 2005-06?

Mr Storen—Yes. The movement in the estimate from budget 2005-06 to the one we have got.

Senator WONG—Sorry. Let us just be clear: is that for the 2006-07 estimate?

Mr Storen—That is the 2005-06 estimate.

Senator WONG—So I make sure I understand what you are saying: the impact of the revision of doubtful debt on the estimate for the 2005-06 year is \$124 million?

Mr Storen—Yes.

Senator WONG—How much is everything else? That leaves about \$36 million attributable to some other cause. Is that right?

Mr Storen—That looks about right. We can unpack those for you.

Mr Manns—Essentially, that will be driven by the estimated take-up of loans and so on, and how they are treated in an accrual sense.

Senator WONG—So \$124 million of that 2005-06 difference between estimated, actual and the budget estimate between the two PBSs is doubtful debt revision. Are you able to do the same for me for the forward estimate comparison for 2006-07 in the two?

Mr Storen—That would basically be a flow-through into the forward estimates of the same revision, but we can put numbers on it for you.

Senator WONG—Yes. Do you understand what I am asking for, Mr Storen?

Mr Storen—You basically want to know what was changed in the 2005-06 PBS for the help line into the 2006-07 PBS.

Senator WONG—Yes, and what it is attributed to.

Mr Storen—That is correct. I have the 2005-06 comparison notes in front of me that tell me the \$124 million, but I do not have the 2006-07, which we can provide.

Senator WONG—So that would be the difference between \$698.902 million and \$519.381 million?

Mr Storen—That is correct. The largest contributor would be the doubtful debt change, and then there would be some other assumptions about take-up and so on that we had.

Senator WONG—I can remember when I used to do tax office estimates people used to give me very long lectures—I am not sure I understood all of them—about uncollectible debt, doubtful debt, various categories of debt. Can you explain to me: is the revision in these amounts because of the revision of the treatment of doubtful debt a function of a changing in the parameters or definitions of doubtful debt? Is it essentially a different accounting treatment or is there a behavioural difference as well?

Mr Storen—No. If you recall, we had a quick discussion yesterday about the actuarial services that the department contracts for. The estimate of doubtful debt is the subject of a lot of work by the Australian Government Actuary who gather detailed data from the tax office about repayment of debt and from DEST about the debt that accrues. For a number of years they have been working on estimates of that amount of doubtful debt, and last year they finalised another revision of their model to provide a lot more accurate forecast of doubtful debt. In layman's terms, or my terms, doubtful debt is basically an estimate of what the Commonwealth will not receive back from HELP loans out into the future. The financial statements provide last financial year's estimate of that by loans scheme in note 20B, from recollection. So what we have here is further detailed work by the actuary. As you would probably appreciate, because HECS/HELP debt can go for quite a period, you need to wait for a number of years to see the behaviour of people and students to see what types of people are repaying, and it is only about now that we are getting a good set of data so that the actuary can give us a tighter estimate of the amount that is not expected to be repaid.

Senator WONG—Given the increase in the level and the proportion of doubtful debt, which you say is debt the Commonwealth is unlikely to ever recover, can you give me some explanation as to why there would be an increase in doubtful debt?

Mr Storen—What you are seeing here is actually a decrease in the doubtful debt expense.

Senator WONG—Sorry.

Mr Storen—It is probably a bit difficult to explain.

Senator WONG—A reduction in the provision for, yes.

Mr Storen—That is correct. So as it reduces it actually reduces the expense. It is a credit.

Senator WONG—Did the department initiate the Australian Government Actuary's review of doubtful debt?

Mr Storen—The department has had an ongoing relationship with the Australian Government Actuary since the beginning of the HECS arrangements to determine the doubtful debt. It is part of our obligations in terms of financial statements in our accounting

that we have an as accurate as possible or a measurable forecast of doubtful debt, and the actuary has been the provider since the beginning. The latest revision was probably a result of discussions between ourselves, the actuary and the Australian National Audit Office to ensure we have the most accurate number possible.

Senator WONG—Is the assumption essentially that fewer past students will default on their debt payments?

Mr Storen—Yes. That is a summary of a lot of complicated factors, but yes.

Mr Manns—I think it is important not to use that term ‘default’.

Senator WONG—Pay it back?

Mr Manns—The scheme is income contingent, so the obligation to pay—

Senator WONG—Will be unable to pay?

Mr Manns—Are not required to pay, I think is the better way to put it.

Senator WONG—Will not pay for whatever reason?

Mr Manns—Or may even die.

Mr Walters—It is part of the policy design that if they do not reach the income level then they do not pay.

Senator WONG—Yes. I understand that.

Mr Walters—For example, other countries with loan schemes do have a real doubtful debt problem, like the UK, because people repay voluntarily. If they do not pay, you have to go after them. Our system is that you repay if you reach the income level.

Senator WONG—Yes, I do understand that.

Mr Walters—That is the policy design. So they are not defaulting by not paying.

Senator WONG—Yes, I understand that. I resilie from the term ‘default’ so everyone can relax. Let us not have an argument about nothing.

Mr Manns—If I could come back to the nub of your question then: my understanding is that the biggest change to the estimate that came out as a result of the actuary having redone their model was to do with their modelling of future incomes. That is an important part of the model. They have to try and work out what the cohort of debtors’ future incomes will be in order to assess their likelihood of repaying, or because of the requirement to repay, and they have done some much more sophisticated modelling on that which has affected their ultimate estimate of doubtful debt. They even consider that the scheme in actuarial terms is very immature.

Senator WONG—Actuaries think in long time frames.

Mr Manns—That is right. So, as Mr Storen said, although we are beginning to see that very first cohort of HECS debtors, probably some of them not even close yet to coming to the end of their lives, there is a better basis, but from an actuarial point of view it is still quite an immature scheme.

Senator WONG—Do I understand your evidence to be, Mr Manns, that the reduction in the number of people who will, for whatever reason, not pay back the debt is primarily due in terms of this modelling to changes in assumptions about income levels?

Mr Manns—In the modelling of income levels, yes.

Senator WONG—Apart from the income level not being reached or affecting the quantum of liability to pay back the debt, what is the modelling around other reasons for nonpayment, such as people going overseas or retiring?

Mr Manns—I think you are getting into a level of detail of the actuary's model that I do not have in my head, I am afraid.

Senator WONG—What can you give me that shows me how the actuaries go about this?

Mr Storen—Yesterday you put on notice a request for any reports we had from the actuary.

Senator WONG—I did.

Mr Storen—I am sure when we go back through the report and look at it you will be able to see the modelling that has been done.

Mr Manns—Yes. It does describe their model in some detail.

Senator WONG—If you give it to me, of course.

Mr Storen—Senator, while I am at the table, yesterday you asked for me to come back with some information about the decrease in the administered revenue we were talking about.

Senator WONG—Let me just find where we were.

Mr Storen—You were looking at page 19 of the PBS.

Senator WONG—That does not help me with this, though, Mr Storen. Is this non-appropriations revenue?

Mr Storen—That is correct. What I will do is take you through a number of pages and then talk to you about the reasons. Your question was around the revenue line, the \$467 million in the second-last column on page 19 at the bottom, and yesterday I discussed the fact that the key driver of the decrease was really the line that is called 'Total administered' that says \$423.846 million. There is a better breakout of the \$423.846 million on page 30 of the PBS, if you would like to have a look at that. On that page you will see the bottom line shows a decrease from \$541 million to the \$423 million. If you have a look at the table, clearly the major decrease is the write-back of doubtful debt expense of \$132.9 million in 2005-06 to virtually nothing in 2006-07. So the basis of that \$132 million write-back is not the HECS-HELP scheme; it is actually the student financial supplement loan scheme in relation to Austudy that we inherited from Family and Community Services a year or so ago. The original doubtful debt estimate in our last statements was that 50 per cent of the debt was doubtful. In some early work the actuary has just completed for us, the estimate is 43 per cent, so we are decreasing the provision, which provides us with a revenue.

Senator WONG—That was the Student Financial Supplement Scheme?

Mr Storen—That is correct.

Senator WONG—So previously the assumption in the 2005-06 PBS was that 50 per cent of that debt was doubtful?

Mr Storen—50 per cent.

Senator WONG—Yes. You revised that down as a result of the actuary's work to 43 per cent, which means your provision for it has dropped \$125 million or thereabouts.

Mr Storen—About \$130 million.

Senator WONG—Sorry. Write-back of doubtful debt expense: \$132 million to \$15 million. Am I looking at the right place?

Mr Storen—\$132.894 million. That is correct.

Senator WONG—To \$15 million.

Mr Storen—No. This is not the provision for doubtful debt; this is the movement in the provision.

Senator WONG—Of course.

Mr Storen—The provision at the end of 2005 was around the \$1 billion mark, so it will move to about \$870 million.

Senator WONG—So a billion minus \$132 million. Can you just give this to me in lay person's terms? I am not an accountant. Does that mean essentially the Commonwealth believe they will get \$132.894 million more back from people than they thought they would last year?

Mr Storen—Yes.

Senator WONG—Was there anything more on that item?

Mr Storen—That is that one.

Senator WONG—I assume you model the number of graduates who are going overseas to work. This is in the context of your provision for debt.

Mr Manns—That is a matter where I would have to look into the entrails of the AGA's model.

Senator WONG—Entrails?

Mr Manns—It is pretty complicated.

Senator WONG—I think that might be called a put-down, actually!

Mr Walters—But if you did you would have to know whether they came back, too.

Senator WONG—Correct.

Mr Walters—Quite a lot of people go overseas for a period and then come back, and of course if they came back then they would pick up the liability.

CHAIR—Maybe it is a technical term!

Mr Walters—It is a technical term.

Senator WONG—What, the entrails?

Ms Paul—Nevertheless very untrue!

Senator WONG—Dear me, it is Thursday! I am interested in that.

Mr Manns—We can give you an answer on that independently of whether the report is provided.

Senator WONG—And what impact that has on your assumptions about doubtful debt and repayment levels, et cetera.

Mr Manns—Sure.

Senator WONG—Perhaps Mr Storen can tell me how the doubtful debt assumptions work in a longitudinal sense. If you have a graduate that for X number of years does not meet the income threshold in order to pay it back, how do you allocate that? Do you say, ‘Okay, after X number of years we regard all their debt as doubtful,’ or do you provide a proportional actuarial analysis that says, ‘After X number of years we think across the cohort this percentage of them will eventually pay this percentage back,’ et cetera?

Mr Manns—The simple answer to the question is that the concept of doubtful debt is that which is expected never to be repaid, so it analyses the entire cohort over their entire predicted life history to come up with a proportion of the total stock of debt that is estimated never to be repaid. It is not about an individual’s propensity to repay.

Mr Storen—Adding on to that, the actuary has broken down the report into behaviour types, if you like, in terms of income. They have looked at a proportion of debtors that have a constantly rising income over, say, a 10-year period where there is a likely chance that they will repay. I do not have percentages in front of me, but there is a large proportion of debtors whose income rises steadily over the course of the 10 years that we have had data, therefore there is a high percentage chance that they will repay their debt. There is a smaller set of debtors that have a constant income stream, and it depends where that income stream is in terms of the repayment thresholds. The interesting one is your earlier questioning about overseas. We do not have data about debtors going overseas, but there is a smaller percentage or cohort that have extremely erratic income records over a period of time, as per the tax office’s records, which would be those debtors who go overseas for a year or two then return, and that is probably the best answer we can give you. Yes, the actuary works down to cohorts and income patterns but not down to an individual level. Then they also look at the data based on gender and age, and then model percentage likelihood of repayment on a number of those.

Senator WONG—Tell me about the gender assumptions.

Mr Storen—The actuary models those cohorts on their income by gender. Testing my memory, surprisingly the last report actually showed not a lot of difference between the genders in the repayment. I think we can come back to you with that.

Senator WONG—You have a look at that. It is despite what we know about the real relative levels of men’s and women’s wages.

Mr Manns—We are talking about university graduates, where that differential is potentially less than for the workforce as a whole.

Senator WONG—Yes, but I reckon you blokes are still ahead, even of those of us who went to university. How about that?

Mr Manns—I will not argue with you on that.

Senator WONG—I wanted to talk about the budget announcement regarding the increase in the FEE-HELP loans limit. As I understand this, we had the COAG announcement which raised the limit in respect of medical students, and in this budget the limit for medical, dental and veterinary students is \$100,000.

Mr Manns—That is correct. It will be from the beginning of 2007.

Senator WONG—That is a \$20,000 jump from the COAG announcement in March. Is that right?

Mr Manns—February, I think it was.

Senator WONG—Time flies. What prompted that increase?

Mr Walters—Which one?

Mr Manns—The budget one, wasn't it?

Senator WONG—The \$100,000.

Mr Walters—This was a matter which arose from the normal deliberations of ministers in the budget process.

Senator WONG—I am more interested in why we need \$100,000 as opposed to \$80,000. Has something changed?

Mr Walters—I think ministers simply decided to extend the loan scheme in order to enable some students who want to access the scheme to borrow more in order to cover a larger proportion of the costs of the courses.

Senator WONG—There are courses where such a loan would be required?

Mr Walters—I think there are, yes.

Senator WONG—Degrees that cost \$100,000?

Ms Paul—We are talking about the three per cent of students who pay full fees.

Senator WONG—Yes, I realise that.

Ms Paul—We are talking about full fee paying students, so yes. The reflection would be that in some of these priority areas—and there are only a few of them—an extension of this nature would be helpful for the student.

Mr Walters—It is particularly longer courses in medicine and things like that.

Senator WONG—Are the priority areas that you refer to, Ms Paul, the ones I mentioned—medicine, dentistry and veterinary science?

Mr Manns—They are the three areas to which the higher limit will apply, yes.

Senator WONG—What about the other courses—not medicine, dentistry or veterinary science—in relation to which the limit has been lifted to \$80,000, which is a reasonably substantial increase from \$50,000. What has prompted that?

Mr Walters—It was in the normal deliberations of ministers in the budget process that they decided to raise the limit.

Senator WONG—I am not asking you to give me evidence about the thinking of ministers. What I am interested in is what it is about our higher education sector which requires \$80,000 loans for these degrees. Are there degrees that cost that or is this based on a costing of a range of degrees around the country?

Mr Manns—There are some, but I think an important point to mention is that these are lifetime limits and they are not just about borrowing to undertake an initial undergraduate degree on a fee-paying basis. As you know, most post-graduate degrees are offered on a fee-paying basis, so students would now have the option of potentially covering both with a FEE-HELP limit or potentially doing more than one post-graduate degree. So it is not just a simple matter of responding to the costs of initial undergraduate fee-paying degrees.

Senator WONG—In the example you use is there evidence of demand from students wanting to borrow to do both an undergraduate and a post-graduate course?

Mr Manns—Again, this takes us back to the fact that the availability of the scheme for undergraduates is brand new. We have only had the scheme in place for undergraduates since the beginning of 2005, so I have no hard data to tell you at this stage whether students who use FEE-HELP for an undergraduate degree will go on consuming FEE-HELP for post-graduate degrees.

Senator WONG—I am just responding to the answer you gave, Mr Manns.

Mr Manns—My answer was about the capacity rather than responding to a particular—

Ms Paul—Mr Manns was spelling out the parameters of the measure. That is all.

Senator WONG—I am trying to discern what the market is doing or what the sector is doing. I am trying to work out, if the policy decision has been made to take the limit to \$80,000—a reasonably substantial increase—what the demand is that the government would point to that drives that. You raised the issue of having undergraduate and post-graduate, but as you correctly pointed out we are probably not at the stage where you could actually determine that.

Mr Manns—I can say that we know that there are at least some undergraduate courses where the full fee paying cost is above \$80,000, and the data we have for that unfortunately are 2004 data, so they are a bit old and do not include a number of the private providers that have come on-stream since then. There were data to demonstrate that there were already some courses that were costing more than the \$80,000 limit.

Senator WONG—They are outside of the three areas that we were discussing earlier?

Ms Paul—No, we are talking about these areas of priority.

Mr Manns—That was across the board, so it would include those medicine ones.

Senator WONG—It is not exclusively those three.

Mr Manns—No. I do not have a list of them.

Senator WONG—What areas are we talking about?

Ms Paul—These are based on the universities' own data, so it is quite varied. It is not data that we verify in our own way, but the picture across the country in these areas and in some others is quite varied. As Mr Manns says, certainly there are some courses where full fee paying students would be looking at this amount or more, and these seem to be some of the areas where this would particularly be the case, but it is not consistent across the country.

Senator WONG—I appreciate that.

Mr Walters—You are asking what was in the ministers' minds. I think it is worth making the point that there are some—

Senator WONG—I did not ask that, actually. I said I was not asking that.

Mr Walters—About three questions ago you were asking the basis for the decision. I think it is just worth making the point that some of the vice-chancellors—and I think the AVCC—have argued for an increase in the limit. Certainly the report that they recently had from PhillipsKPA recommended the review of having a cap at all, so I think ministers probably had those arguments in mind.

Senator WONG—Going back to your answer, Ms Paul, about the information which I accept is yours only in the sense that you collect it or are given it, not in terms of verification. Is that the caveat?

Mr Walters—Do we collect information about the cost of courses?

Senator WONG—Yes.

Mr Walters—Yes. It is on the course information system which we introduced last year as part of the Backing Australia's Future reforms.

Senator WONG—That is not a public document, is it?

Mr Walters—Yes. It is on the web.

Senator WONG—Is it on the web? I can have a look, can I?

Mr Walters—It is a new website, so anyone can access that.

Senator WONG—There you go. So I can go through and work out where I would pay \$80,000 to do an undergraduate non-medical degree.

Mr Walters—We give details for all the courses for all the universities.

Senator WONG—Thank you very much. Has the increase in the FEE-HELP level altered the revised projections for student debt in the budget, and to what extent?

Mr Manns—The short answer is yes. There are three budget measures that bear on FEE-HELP. The first is the impact of the decision following the February COAG meeting to increase the cap on the number of fee-paying medical students from 10 per cent to 25 per cent. Then there was the initial post-COAG decision to raise the FEE-HELP limit for medical students to \$80,000, and then the subsequent budget decision to increase the general limit to \$80,000 and the limit for medicine, dentistry and veterinary science to \$100,000. All of those measures have an impact on the 'help' estimates.

Senator WONG—There was a question on notice in the House of Representatives which was answered on 22 May 2005 in relation to estimated FEE-HELP debt incurred each year,

and debtors and debt levels, and it did project out over the forward estimates period. I want to confirm that all three parameters that you just outlined, Mr Manns, are taken into account or reflected in the answers provided there.

Mr Walters—Which number was it again?

Senator WONG—It is not an estimates question; it was in the House of Representatives.

Mr Manns—How long ago was that?

Senator WONG—22 May 2005, so clearly it would not. I have just answered my own question. I would like it updated, because I do not think it is in the PBS but I might be wrong. Something similar that sets out the—

Mr Manns—There might be a short answer to your question. I can tell you that the estimated additional loans that will be made under FEE-HELP as a result of the combined impact of all three measures is about \$114 million over the four financial years, so the budget and the three out years.

Senator WONG—I have some figures here. I am not sure where they appear in the PBS. This is at 11 April 2006. I have figures of FEE-HELP debt, \$434.446 million, \$470 million, \$502 million and \$536 million as at 11 April 2006. Are you able to give me those figures for the post-budget period, given the impact of all three of those measures?

Mr Manns—I did not quite catch all of the earlier part of your question, but I am sure we can. We will look at it. Obviously, I do not have all those numbers.

Senator WONG—I am happy to clarify it.

Ms Paul—You were giving us year on year?

Senator WONG—Yes. I understand a question on notice has been answered, which sets out the estimated FEE-HELP debt incurred in each year. It is as at 11 April, so I assume it does not include the impact of—

Ms Paul—It would not.

Senator WONG—the most recent budget announcements as to the increase in the limit. Could you give me your revised estimates for FEE-HELP debt for the forward estimates period, or point me to where it is in the PBS? To be honest with you, I could not find it, but we have been in here a lot and in various other committees, so I might have missed it. Is that possible?

Ms Paul—Yes.

Senator WONG—You have taken that on notice, I assume?

Ms Paul—Yes.

Proceedings suspended from 10.45 am to 11.03 am

Ms Paul—Senator, we may be able to help you on the question on FEE-HELP year on year. I think you asked for the difference. We do not have in front of us the numbers you have, but we do have the totals year on year, so can we offer those?

Senator WONG—Yes.

Mr Manns—What I can give you are our current estimates of the calendar year amounts of FEE-HELP loans we expect to make: 2006, \$393.5 million; 2007, \$456.5 million; 2008, \$491.2 million; and 2009, \$530.7 million.

Senator WONG—Those are the actual loans?

Mr Manns—They are the actual loans we expect to make in those years, to which would need to be added the 20 per cent loan fee to get the students' total debt for that year. Then in terms of the effect of that on the total outstanding HELP debt—I think you were interested in that as well—and how that adds to the total stock of outstanding debt, which is for HELP as a whole, because we will not distinguish between the various components of HELP in future, for 2005-06 our current estimate is \$13.1 billion; 2006-07, \$14.9 billion; 2007-08, \$16.8 billion; and 2008-09, \$18.8 billion.

Senator WONG—I have the reference for the House of Representatives question that I wanted updated. You might want to take it on notice. I would be interested if you are able later in the hearing to come back to me, because I have to say I do not understand the answers you have just given in the context of this, or I do not understand the comparison. It is a question on notice in the House, No. 3402. You can take this on notice. I would like the information in the answer revised so that the information is currently correct. That has estimated FEE-HELP debt incurred each year as at 11 April 2006. I assume that is not an analogous figure to the last set of figures you have just given me?

Mr Manns—Can you give me one of those years figures?

Senator WONG—The FEE-HELP debt at the currently legislated loan limit for 2006-07 was \$434,446 million.

Mr Manns—For which year, sorry?

Senator WONG—2006-07.

Mr Manns—I have given you calendar year figures for debt, for a start, so the financial years will be a blend, half of one and half of the other, so to speak, and the total debt amount will include the loan fee, which was not included in these figures.

Senator WONG—I do not know which of the sets of figures you just gave me are the analogous figures.

Ms Paul—It sounds like we will have to take that on notice.

Senator WONG—Yes. Just so you understand, in the first set what you have given me in fact is a lower debt incurred number than in the question on notice, which would seem to be odd. The second set you gave me about the total debt level is obviously substantially higher—\$13 billion.

Mr Manns—Yes. We will have to take it on notice.

Senator WONG—If you could give me an answer that revises the detail in 3402 and then perhaps explain the correlation or the relationship between the figures you just gave me and those figures.

Mr Manns—Yes.

Senator WONG—I know that Senator Stephens dealt with this, but I was interested in clarifying with you whether or not or to what extent you have commissioned legal advice regarding the use of the corporations power and the extent to which that might be able to be utilised by the Commonwealth over universities.

Mr Walters—There has been no legal advice sought on the issue in recent times, to the best of my recollection.

Senator WONG—What does ‘in recent times’ mean?

Mr Walters—In the last few months. I think there were some legal considerations incorporated in the consultation document that we put out a couple of years ago. Ms Sparkes will remind me.

Ms Sparkes—That was in the *Building university diversity* discussion paper. There were two discussion papers, if my memory is correct. One was towards the end of 2004 and one was released in March 2005. The issue then was about Commonwealth-state responsibility in respect of universities. There was some work done then and I think reported in one of those documents. I cannot remember which one.

Ms Paul—I think it was the second.

Ms Sparkes—I think it was the second.

Ms Paul—The discussion paper of December 2004 was the opening discussion paper to stimulate debate. It had some questions in it, invited submissions et cetera. Then there were a couple of pieces of work done in the consultation process and one of those pieces, to my recollection, was legal, and the results of that were then in the subsequent discussion paper.

Senator WONG—So there has been no legal advice subsequent to that?

Ms Paul—We have not needed to, because that advice was comprehensive at the time.

Senator WONG—Have any drafting instructions been issued consequent upon that discussion paper or legal advice?

Ms Paul—No, and we went into a discussion earlier this morning about the processes and the consideration of these issues by the ministerial council and so on.

Senator WONG—A chat at MCEETYA, I think; is that how it works?

Ms Paul—There were some decisions taken at MCEETYA last year in this regard, but in terms of the fundamental question of the referral of powers the states so far have not supported that.

Senator WONG—Has the Commonwealth determined any position as a result of the states’ position?

Ms Paul—The current minister, as we were saying before, is still interested in the concept, noting that it seems there is an opportunity to better rely on the fact that 98 per cent of funding comes from the Commonwealth but the legal basis for the establishment of universities is with the states, including the audit power. So she is also of the view, as her predecessor was, that it is a worthwhile concept. But, of course, it would require the referral

of power. At the moment, we are still going through processes with all the jurisdictions to not so much address the fundamental issue but to address some smaller related issues.

Senator WONG—Interestingly, you just raised the referral of power issue. Is that the basis on which the Commonwealth is proceeding, that it is of the view that a referral will be required?

Ms Paul—I believe that was the view in the initial legal advice, and I think it was actually covered in possibly both of those discussion papers.

Senator WONG—That remains the Commonwealth's position?

Ms Paul—We have not changed our factual understanding of it since then.

Senator WONG—Can I get a little more information on this issue of universities failing to meet their enrolment targets? Just take me through again the financial implications for a university that fails to meet its enrolment target.

Mr Walters—The situation is that, if a university fails to reach its target by more than one per cent, the government is able to recover that in the subsequent year. The numbers for a full year, bearing in mind we are only halfway through this year, will become available midway through next year, and following that point a determination will be made as to whether or not the university will be required to repay some of that money. But the minister is able to make guidelines on that issue which could vary that, and the policy position has been to look at that in terms of persistent failure to enrol. It is not an automatic process, it is one in which the minister will want to consider all the factors. In the case of underenrolments last year, the then minister indicated that, as it was the first year of the new system, no recoveries would be sought. In the case of the handful of institutions that think at this stage they might be looking at an underenrolment that would take them over that one per cent figure, the minister has indicated that the department will talk to those institutions and look at ways in which they might want to realign their course provision—perhaps they have soft demand in some areas and wish to look at picking up demand in others—and that there might be a case for retaining some of the funding in order to do that. That is the general policy stance at the moment. The resolution is quite some time off, but we have started discussions with a handful of institutions that seem to be affected.

Senator WONG—Have you told us who the handful are?

Mr Walters—Yes, we mentioned it earlier on.

Senator WONG—This process of discussion on realignment, of course, does not preclude the possibility of funding being recovered subsequently?

Mr Walters—It does not preclude that possibility, but we are looking at it from the point of view of being reasonable. There is certainly the presumption that some funding might need to be returned to the government, but there is also the presumption that some of it might be retained if a good case is made for doing so.

Senator WONG—Edith Cowan was one of the universities discussed with Senator Stephens.

Mr Walters—That is right.

Senator WONG—There have been press reports that they have announced a \$21 million cost-cutting plan. Has DEST indicated to them the parameters of the potential quantum of recovery from under-enrolments?

Mr Walters—No, because there are no parameters other than those set out in the legislation at the moment. I did have a discussion with the vice-chancellor earlier this week and we have arranged for a meeting to talk about funding arrangements for next year and to look at the plans the university has for handling the situation it is facing. We will be having those discussions in a couple of weeks time.

Senator WONG—When you say the parameters are set out in the legislation, given the indication that Edith Cowan did not meet their enrolment targets last year and are unlikely to meet them for 2006, what is the total amount that is potentially at risk for them?

Mr Walters—That is impossible to say at the moment, because it depends on total enrolments for 2006.

Senator WONG—Is the HECS census date the end of March?

Mr Walters—2006—the universities can enrol throughout the year. Commonly they enrol, of course, at the start of the year and then there is a second enrolment midway through the year. The universities often adjust the size of the enrolment they aim at midway through the year in the light of how they have gone the first time around, which will depend on two things. It depends on new commencers and also on the number of continuing students. A number of the institutions that have had problems this year have said to us that it is not so much commencing students that have been the problem—or at least it has partly been that—but it has also been the number of continuing students. They attribute that to the strength of the employment market at the moment. Those factors need to be balanced and they need to look at how they get on with the mid-year enrolment. Those figures only start to become available at the start of the following year, so it will be in the early part of 2007 that we can start to take stock of the final position. At the moment, one simply looks at projections.

Senator WONG—What was the percentage by which they failed to meet their enrolment target last year?

Mr Walters—We do not have the final figures yet.

Senator WONG—You must have some figures. It is May 2006.

Mr Walters—No. They were required to notify us by March-April. We do have raw data, which is still being processed to check out anomalies and make sure it is okay. This was a discussion you missed a little bit earlier on. We hope to have those ready in a few weeks time.

Senator WONG—Are they public?

Mr Walters—They will be.

Senator WONG—Can I take you to page 34 of the PBS and to the HELP line. Can you explain the credit to that special account of \$749 million?

Mr Walters—This is a historic provision dating from the previous arrangements under the Higher Education Funding Act, where the funds were paid into a special account and then released to institutions. That arrangement has been supplanted now. These are figures that

relate to, if you like, the wind-up of a historic account. That is what I can tell you about that. Mr Storen may be able to add to that explanation, but that is basically it.

Mr Storen—Mr Walters has covered off the basic facts there. It is the back end of how HECS operated under the old legislation, running the money through a special account and then to the universities in relation to loans. Under the new act, HESA, we no longer use the special account, so this is the very last part of that. You will see the \$200 million carrying balance, plus the \$750 million we expect in 2005-06, all going out in 2006-07 in the \$951 million to wind it down to zero.

Senator WONG—Where will this account now reside?

Mr Storen—That is a good question. The special account was not a separate bank account. It was, if you like, a virtual account within the whole-of-government official public account. Rather than having this concept of a virtual account, we now have access to the official public account for the moneys that we need to pay loans. The Higher Education Support Act provides us that authority, rather than running through this type of accounting concept. The money resides in the official public account without this artifice, if you like.

Senator WONG—Are you able to give me average debt figures under HELP?

Mr Manns—I can help you there for the last full year.

Senator WONG—Are we able to disaggregate HECS-HELP and FEE-HELP?

Mr Manns—No, we cannot.

Senator WONG—Now or ever?

Mr Manns—We will not be able to do it in future at all, because under the new legislation I think from 1 July this year there is no longer any concept of a distinction between the schemes. Everything becomes a HELP debt, and basically that is how the world will go on from then onwards. As at 30 June 2005—and we get these on an annual basis so we do not have what will be the position at the end of the current financial year—the average debt was \$9,800.

Senator WONG—You are conflating—

Mr Manns—That is HECS and the other loan schemes. Primarily most of that will be the precursors of FEE-HELP, given that FEE-HELP had only been in place for half a year at that stage.

Senator WONG—Presumably for the 2005 figure you can disaggregate the average debt?

Mr Manns—I am not entirely sure whether we can. I would have to take that on notice, because these are as reported back to us by the tax office.

Mr Walters—If we did disaggregate this, the FEE-HELP is a very small proportion of the total, of course.

Senator WONG—I am interested in whether the average debt level is different. I understand from 1 July it will all be lumped together so I cannot ask the question. This will be the penultimate opportunity. I assume you will be able to do it for 20 June 2006 as well, given the start date for the bundling is 1 July.

Mr Walters—We will certainly take a look and see what can be provided.

Senator WONG—We did have some questions regarding the average length of time that is assumed for a graduate to pay off their debt and also the numbers of students who depart Australia after incurring a debt. Do you have that information?

Mr Manns—The latest figure for the average length of time—and again this is across the whole scheme and relates to obviously those who fully repaid—is 7.1 years.

Senator WONG—What is the date of that figure?

Mr Manns—That would be at 30 June 2005 as well. What was the last bit of your question?

Senator WONG—How many students leave Australia with a HECS or HELP debt after graduation?

Mr Manns—I do not think we would be able to get that.

Senator WONG—I presume that might be something that the actuarial analysis looks at.

Mr Manns—It is probably embedded in their general population and income modelling. I do not know that they would have a particular figure for it, but we will look at that. In terms of students leaving the country, obviously we do not track them. HECS is recovered through the tax system and, if they are in Australia paying tax they pay it; if they are not, they do not.

Senator WONG—But it is relevant to your assumptions about how the debt will be repaid. I presume the actuary is going to have to have a component which takes into account the small proportion which go overseas and the effect that therefore has on the debt repayment pattern?

Mr Manns—As Mr Storen was saying, without going back and looking in more detail at the report, that is probably embedded within the actuary's overall assessment of income volatility. They are no longer students when they are paying back generally. If their income goes up and down sharply, that could be a result of a number of factors, one of which could be leaving Australia.

Senator WONG—I turn now to the higher education indexation factor. Is this like the higher education version of what I think is called COPO for a number of the Commonwealth grants to various state services? Ms Paul is nodding.

Ms Paul—It is an indexation factor. Mr Storen can offer some—

Mr Storen—Basically COPOs are Commonwealth own purpose outlays, which are programs of the Commonwealth. There is a government policy about how they are indexed, so that is probably how you have come across that and linked it. Yes, the higher education indexation factor is the equivalent of how higher education funding is indexed.

Senator WONG—It is a calendar year, not a financial year basis, is it? That is how it is calculated?

Mr Storen—That is correct.

Senator WONG—I understand that, therefore, there is a proportion in terms of factors leading to indexation which was applied to wage adjustments and a proportion deriving from CPI adjustments?

Mr Storen—That is correct, and that is the same as applies to the other indexation arrangements for Commonwealth—

Senator WONG—Is that 75, 25?

Mr Storen—Yes. Each program has different ratios, but they are the higher education ones.

Senator WONG—So it is 75 per cent for the safety net wage adjustment and 25 per cent for CPI. Have I got that right?

Mr Storen—Yes.

Senator WONG—In general, the safety net review or living wage is usually handed down in April-May, or has historically been so for a period of time. I understand, without getting into an argument about Work Choices, that the Fair Pay Commission has indicated quite clearly publicly that it is not looking at any adjustment to the minimum wage until spring. I think it says. I do not believe there has been any more detailed indication than that, which is potentially a number of months delay. Is there going to be any adjustment to the HEIF to take into account that delay?

Mr Manns—Essentially we have the adjustment figure for the 2007 appropriation.

Senator WONG—When did you determine that?

Mr Manns—That has been provided to us quite recently, post budget. We will be introducing the legislation to increase the funding amounts in HESA probably within the next couple of weeks.

Senator WONG—Can I clarify the practice today? Is that generally how it occurs, that you are given, I presume by DOFA or Treasury or someone—

Mr Manns—Yes, that is right.

Senator WONG—Someone. I gave you three options. You said, ‘Yes. That is right.’

Mr Manns—From the department of finance. They are Treasury indices but they come to us from Finance, which is why I said, ‘Yes.’

Senator WONG—I suppose all three were right. Generally in the past that is advised to you post budget?

Mr Manns—Yes, for a calendar year appropriation that is right.

Senator WONG—Generally in the past has that advice post budget taken into account the most recent minimum wage increase?

Mr Manns—That is my understanding, yes.

Senator WONG—Do you know if there was any adjustment to the HEIF factor to take into account the fact that there had not been a minimum wage adjustment in April?

Mr Manns—Again, Mr Storen might be able to help me here. We may need to take it on notice, but my feeling is that the safety net adjustment component was simply carried on at

the same level as it had been for the previous year. The assumption was that there was no change.

Mr Storen—By ‘carrying on’, it means that the increase that was provided for the previous period was carried on—

Mr Manns—That is right.

Mr Storen—Yes, there was a change, but it was the same change as the previous year.

Mr Manns—The same increase as the previous year.

Senator WONG—So the figure you are given assumes a notional wage increase of the same quantum as 2005’s?

Mr Storen—That is correct.

Senator WONG—What was the factor last year and what is it this year?

Mr Manns—The combination of CPI and SNA last year was 1.9 per cent and it is two per cent this year.

Senator WONG—Reflecting?

Mr Manns—That is the movement from 2006 to 2007.

Senator WONG—These are cumulative?

Mr Manns—Yes, each year we are adding another two per cent on.

Senator WONG—Presumably if the wage component stayed the same, that reflects a slight increase in CPI?

Mr Storen—That is correct.

Senator WONG—Can you tell me then what the assumed rate of wage increase was, therefore, for 2005-06?

Mr Manns—You are asking me to go back and give you—

Senator WONG—I want to unpack how you get to 1.9 per cent and 2 per cent.

Mr Manns—I do not have the composition of last year’s index with me. We would have it, but I do not have it with me.

Ms Paul—I think the index is a matter for the department of finance at any rate.

Senator WONG—It probably is.

Mr Manns—We will have a look at what we can give you and what has been provided in relation to higher education in the past as well.

Ms Paul—We usually have to take advice from the department of finance.

Senator WONG—Is it usual that it works like this? This year we have a notional increase assuming an identical wage increase as occurred last year applied. You then apply that for the 2007 funding?

Ms Paul—Yes.

Senator WONG—Has it always been the case that in the calendar year for which funding is paid the wage increase in that particular year is actually not taken into account in the factor, because you take into account the wage increase from the year before? You are calculating in May?

Mr Manns—Essentially what you are asking is do we index the coming year on the basis of a known previous safety net adjustment rather than some prediction of a future one? Is that the nub of the question?

Senator WONG—That is right. Has that always been the case?

Mr Manns—That is my understanding.

Ms Paul—Yes, which is the way indexation would normally work across the board.

Mr Manns—At this stage we have not changed the indexation arrangements as a result of any change to the safety net adjustment arrangements.

Senator WONG—Do you revise the factor?

Mr Manns—During the course of the year?

Senator WONG—Yes.

Mr Manns—No. Once the funding is legislated, that is it.

Senator WONG—Can I take you to question on notice E1023_06? The last paragraph says that \$26 million of the reduction was a result of applying the actual HEIF instead of the estimated factor applied in the original estimates. Can someone explain that to me?

Mr Manns—Obviously in producing forward estimates we make assumptions about indexation.

Senator WONG—I see.

Mr Manns—When we actually get the indexation rate for that particular year, that could be different from what had previously been estimated.

Senator WONG—Could you tell me what was the factor or the parameter that contributed to the variation between the estimated factor and the actual factor? Did you assume a higher wage increase or was a higher or lower CPI assumed?

Mr Manns—I would have to take that on notice. Again, this would have been just applying the forward estimate projections that Finance would have given us across the board.

Ms Paul—I am not sure it is a matter for us to have estimated.

Mr Manns—No, we would not have done that.

Ms Paul—It is simply our receipt of the factor from Finance, in the first instance, in an estimate going forward; then, in the second instance, the later actual. That is my understanding of it.

Mr Manns—Yes, that is right.

Ms Paul—It would not have been based on our own analysis.

Senator WONG—Just to clarify, then: two per cent is the HEIF for next year, and that is made up of an assumption of a wage increase or a movement in the minimum wage identical to that which occurred last year, plus CPI?

Mr Manns—We will confirm that. That is my understanding in relation to the SNA component.

Ms Paul—Once again, it is not our work.

Mr Manns—No.

Ms Paul—It is DOFA's.

Senator WONG—So you cannot remember what the date for questions on notice to DOFA is?

Ms Paul—We always have to take these questions to them.

Senator WONG—I turn now to an issue that we discussed a bit on the last occasion, which is the HEWRR. Which universities are being required to provide more information in order to determine their compliance?

Mr Walters—Curtin University of Technology and Batchelor Institute of Indigenous Tertiary Education.

Senator WONG—What are the issues in relation to potential noncompliance?

Mr Walters—The issues were notified to both institutions in detailed statements of reasons by the minister, and the institutions have responded to those detailed statements of reasons. It is in the nature of confidential discussions between the minister and the institutions and a process which is halfway through determination; I do not think it would be appropriate to go into those issues today. But they have been fully ventilated.

Senator WONG—Are you declining to answer or are you asking that it be taken on notice?

Mr Walters—I think I am taking it on notice.

Senator WONG—Are they currently compliant or is the matter still outstanding and yet to be determined?

Mr Walters—Curtin has responded to the statement of reasons. Batchelor has not yet responded. Advice has been provided to the minister after consideration of Curtin's statement and the obtaining of legal advice on that.

Senator WONG—Was the legal advice provided by Clayton Utz again?

Mr Walters—It was.

Senator WONG—What was the cost of that?

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

Senator WONG—Has Clayton Utz provided advice in relation to Batchelor as yet?

Mr Walters—Batchelor has not yet responded. Initially, Clayton Utz provided advice on all of the submissions. As a result of that, the minister decided to give a statement of reasons and ask for further information from Batchelor and, as I said, it has not responded yet.

Clayton Utz has not been in a position to provide advice on something that we have not received yet.

Senator WONG—Can you update the figure you gave me in February which was \$169,369 for Clayton Utz?

Mr Walters—Of course.

Senator WONG—I presume there has been additional expenditure since that date?

Mr Walters—That would be right.

Senator WONG—Do you have that here?

Mr Walters—No.

Senator WONG—We discussed on the last occasion the way in which the funding contingent upon HEWRRs worked—2.5 per cent in the basic grant in 2005 and five per cent in 2006. Am I right?

Mr Walters—Two and a half per cent in 2005, five per cent this year, and 7½ per cent next year, and it is contingent not just on the HEWRRs but on the governance protocols.

Senator WONG—Yes, we discussed that. Has anyone not complied with the governance arrangements?

Mr Walters—No.

Senator WONG—How did it work again? They all got the 2.5 per cent last year—is that right?

Ms Paul—Yes.

Senator WONG—Who has got the five per cent for this year?

Mr Walters—All of the universities apart from Curtin, Batchelor and Ballarat, which did not apply.

Senator WONG—Yes, I was going to come to that. Were they all certified as compliant for 2005?

Ms Baly—They were all found to be compliant in 2005.

Senator WONG—So Ballarat did not seek to be certified as HEWRRs compliant?

Ms Baly—That is right. It did not put in a submission for compliance for funding.

Senator WONG—Therefore it has not received the five per cent?

Ms Baly—It has not received the five per cent.

Senator WONG—It never received it?

Ms Baly—It has never received the five per cent—

Senator WONG—Did it receive the 2.5 per cent?

Ms Baly—Yes, it did receive the 2.5 per cent in 2005.

Senator WONG—Was that required to be returned?

Ms Baly—No.

Senator WONG—What was the funding in dollar terms for the 2.5 per cent?

Ms Baly—I have not got the 2.5 per cent. I have got the five per cent increases for this year, but I have not got the 2.5 per cent. In Ballarat's case, they would have got \$1.24 million as five per cent, so a bit less than half of that.

Senator WONG—What is the quantum of five per cent for Curtin and Batchelor?

Ms Baly—Curtin is \$5.27 million to the five per cent.

Senator WONG—\$5.27 million.

Ms Baly—Yes, and Batchelor is \$167,000.

Senator WONG—Which section of the department administers HEWRRs?

Mr Walters—We do.

Senator WONG—Not all of you?

Ms Paul—The Higher Education Group, through Ms Baly's branch.

Senator WONG—What is your branch called, Ms Baly?

Ms Baly—The Teaching Equity and Collaboration Branch.

Senator WONG—This is presumably not the only program you administer?

Ms Baly—No, it is one of a number.

Senator WONG—How many staff are involved in administering this program?

Ms Baly—It has varied during the year, but it is averaging at about three.

Senator WONG—Are you able to tell me the cost of administering the program?

Ms Baly—I do not have the staff costs. I will have to take that on notice.

Senator WONG—Perhaps I will roll up the Clayton Utz request. On notice, if you could tell me, first, the total cost on legal advice since you last provided me that figure, and to which law firms those moneys were paid.

Ms Baly—It was Clayton Utz.

Senator WONG—They are the sole provider?

Ms Baly—We had some advice from the Australian Government Solicitor at the beginning of 2005. I think we have given you that information previously.

Senator WONG—Yes, you have. Basically, it is only Clayton Utz that is covered by my question, Mr Walters. Secondly, have you had any other expenses in relation to consultants or other third parties regarding administration of HEWRRs?

Ms Baly—I do not believe so.

Senator WONG—Could you check that for me?

Mr Walters—We should say that there has been some involvement by the employment and workplace relations department.

Ms Baly—Yes, but we have not paid.

Mr Walters—We have not paid, but of course the government has incurred some cost through that.

Senator WONG—In terms of advising as to the compliance of particular certified agreements?

Mr Walters—In terms of advising on the submissions under the HEWRRs.

Senator WONG—I am interested in why the decision was made to go to both DEWR and Clayton Utz for advice on this issue.

Mr Walters—The policy has been developed in association with that department and, therefore, they have formed part of the assessment committee. It is not as if we went for external advice. They had been part of the committee, which I have chaired, which has provided advice to the minister on the issue.

Senator WONG—Going back to the Clayton Utz advice, there was the set of advice that you described, Mr Walters, in relation to all the submissions; is that right?

Mr Walters—Yes.

Senator WONG—That would not have included Ballarat at that point?

Mr Walters—That is correct, because they did not put in a submission.

Senator WONG—On the last occasion you advised me, I think on a question on notice, that Clayton Utz also advised on the form and content of the AWAs for Ballarat; is that right?

Ms Baly—Yes, I believe they did.

Senator WONG—Yes. Can you tell me the cost of that? Also, did they provide any specific advice in relation to either university for collective or individual agreements?

Ms Baly—I will check whether we can answer that or not. I am not sure that we would be able to give you individual costings of specific aspects of their work.

Mr Walters—We cannot.

Senator WONG—If you cannot do that, can you give me an all-up costing?

Ms Baly—It will be an all-up cost.

Senator WONG—Did they provide specific advice in relation to agreements for other universities?

Ms Baly—Their draft agreements?

Senator WONG—Yes.

Ms Baly—Yes, they did.

Senator WONG—Which universities?

Ms Baly—I would have to go and check which ones. There were quite a number.

Senator WONG—But this is different to the advice on the submissions you were talking about, Mr Walters; is that right?

Ms Baly—Yes. It was a different stage of the process and the nature of the advice was different as well.

Senator WONG—I would like to be able to look at them separately if I could.

Ms Baly—In terms of which universities they looked at or in terms of the cost?

Senator WONG—You cannot disaggregate cost.

Ms Baly—We cannot disaggregate cost.

Senator WONG—I would be happy if you are able to tell me in respect of which universities Clayton Utz were asked to advise on specific draft agreements.

Ms Baly—Yes, I think we can do that.

Senator WONG—How many staff are employed at the Carrick Institute?

Ms Baly—I cannot tell you precisely, but it is around 10.

Senator WONG—Where are they located?

Ms Baly—They are located in Sydney.

Senator WONG—Where in Sydney?

Ms Baly—Near to the University of Technology Sydney in Haymarket.

Senator WONG—Does the Commonwealth rent or lease the property?

Ms Baly—They rent. There is a lease.

Senator WONG—I am not sure their annual report set this out, but can you give me the cost of the lease?

Ms Baly—I am not sure that I can give you that, but I can take it on notice.

Senator WONG—What are the programs the institute is currently administering or running to support teaching and learning?

Ms Baly—It has five priority areas. It has a grants scheme. Under the grants scheme there is a priority projects program, a competitive grant—

Senator WONG—Yes, that is—

Ms Baly—You have that in the annual report?

Senator WONG—I have the annual report. Are you able to tell me how much in relation to each of those five programs has been spent to date and what the budget allocation is?

Ms Baly—No, I cannot tell you what we have spent to date. I can only give you the budget allocations.

Senator WONG—Do you want to just give me those?

Ms Baly—The grants scheme—and there are three components of that—is \$28 million over three years. For the discipline based activities it is \$11.5 million over three years. For the resource identification network it is \$7 million over three years. For the fellowship scheme it is \$7.5 million, and for the Carrick Awards for University Teaching it is \$11.5 million.

Senator WONG—Over three years?

Ms Baly—Yes, they are all over three years.

Senator WONG—Is that commencing 2006-07 or 2005-06?

Ms Baly—The first full year of operation is 2006.

Senator WONG—So these figures you gave me are from 1 July 2006?

Ms Baly—These are 2006 figures, commencing in 2006. So 2006, 2007 and 2008 are the three years.

Senator WONG—On notice can you tell me whether anything has been spent in relation to those five areas to date?

Ms Baly—I am sure it has, but they have not yet been required to provide their financial statements.

Senator WONG—You grant DEST grants funding to Carrick on certain conditions of grant; is that right?

Ms Baly—That is right.

Senator WONG—Where are they?

Ms Baly—I do not know that they are public.

Senator WONG—I am asking for them, Ms Baly, so if you will provide me with the terms and conditions.

Ms Baly—I will take that on notice.

Senator WONG—Is Mr Johnstone here or is he still involved?

Ms Baly—Professor Johnstone is the chief executive of the Carrick. He is not here.

Mr Walters—I might just say there is a bit more detail in the PBS, at page 253.

Senator WONG—Thank you. I thought we requested that Carrick institute appear.

Ms Baly—I do not believe they were specifically invited to appear, because it was listed under higher education.

Ms Paul—I was not aware of a request to appear.

Senator WONG—I did have some questions but, if he is not here, it is a bit hard to ask him questions. It may be we did not make that clear, Ms Paul.

Ms Paul—I certainly was not aware of that.

Senator WONG—I turn to the Learning and Teaching Performance Fund. I understand DEST commissioned a review of that fund in April last year; is that right?

Mr Walters—There is currently a review of the fund as it was administered last year in order to determine how it would be administered this year.

Senator WONG—That was by Access?

Ms Baly—No, that was a review that was completed in early 2005.

Senator WONG—I thought I said April 2005.

Ms Baly—I am sorry, I misheard the date.

Senator WONG—There is a subsequent review, is there?

Mr Walters—We are currently engaged in a review because the minister wants to consider whether any changes should be considered for the administration of the fund this year. We have invited submissions and we have conducted some consultations on the subject.

Senator WONG—Were any changes to the administration of the fund or the methodology applied made subsequent to the Access review?

Ms Baly—Yes, there were changes made to the assessment methodology that was used as a result of the Access Economics report.

Senator WONG—I realise I am not quoting in context but the conclusion of the review is that there are numerous areas in which the DEST methodology is unsatisfactory.

Ms Baly—It could be more robust, with some changes to be made, yes. Those changes were made.

Senator WONG—Did you modify some indicators of performance?

Ms Baly—It was the way the raw data was treated before it went into the model—the adjustment factors for things like gender, age and type of admission to university, and all of those sorts of things.

Ms Paul—These were taken into account before the application the first time.

Ms Baly—Yes, that is right.

Ms Paul—It was not the result of a first round. This was actually part of the process of coming to the methodology for the first round. The review Mr Walters is talking about is following the first round.

Senator WONG—Who is conducting that review?

Mr Walters—That is being conducted by the department but with the assistance of an advisory group.

Senator WONG—Who is the advisory group?

Mr Walters—Ms Baly might have the names.

Ms Baly—It has 13 members. Do you want me to read them all out?

Senator WONG—Thank you.

Ms Baly—They are Professor Robert Coombs from the University of Western Sydney, Professor Joan Cooper from Flinders University, Mr Ian Crettenden from the Australian Bureau of Statistics, Professor Jane den Hollander from Curtin University, Professor Margaret Gardner from RMIT, Fran Hinton from Teaching Australia, Professor Bill Hogarth from the University of Newcastle, Dr Linda Hort from ANU, Professor Richard James from the University of Melbourne, Professor Richard Johnstone from the Carrick Institute for Learning and Teaching in Higher Education, Professor Daryl LeGrew from the University of Tasmania, Lin Martin from Deakin University, and Dr Lawrence Stedman from the Queensland University of Technology.

Senator WONG—Professor Johnstone is not a member of the advisory panel?

Ms Baly—Professor Johnstone is a member of the advisory group, yes.

Senator WONG—Sorry, I missed that. Are you aware of some criticisms that Professor Johnstone made of the allocation mechanism, describing it as a ‘blunt mechanism for assessing performance’?

Ms Baly—Yes, I am aware of his comments.

Senator WONG—Is DEST taking any actions through this review process?

Ms Baly—We are looking at all the comments that have been made about the methodology last year in the review this year.

Senator WONG—Were complaints received from the higher education sector about the operation of the fund?

Ms Baly—There were criticisms of the fund last year, yes.

Ms Paul—It is worth noting that the sector, particularly through the Australian Vice-Chancellors Committee, was significantly involved in the development of the methodology for the first round as well. It was not just through Access Economics. We are keen to improve it if we can, and that is why we are going through this process.

Senator WONG—Can I just ask very briefly questions about the two-stage process.

Ms Baly—There was a two-stage process last year.

Senator WONG—Has there been feedback from universities indicating a preference for a different process?

Ms Baly—Yes. Through the consultation process that we have just recently conducted there is a mix of views about whether we should have the two-stage process this year or not.

Senator WONG—Do universities want funding allocated for stage 1?

Ms Baly—Some do and some do not.

Senator WONG—Are there problems associated with a funding allocation at stage 1?

Ms Baly—It would depend on what the nature of stage 1 was.

Senator WONG—That is true. How much information—

Ms Baly—There have been no decisions taken about whether there are going to be two stages this year or, indeed, what stage 1 might look like for this year.

Senator WONG—Is the advisory group and is the review considering the data collection method that was used in stage 2?

Ms Baly—Yes, it is. Sorry, not so much the data collection method; that is mostly survey data. But the way that data is treated in the allocation model, yes.

Senator WONG—Is the department considering publishing a league table of universities’ teaching and learning performance?

Ms Baly—There has been no decision taken about that.

Mr Walters—The department did not publish one last year. One was put together and published in the newspapers, but it was not published by the department.

Senator WONG—It was not yours. Very briefly, can I deal with workplace productivity funding. What is the workplace productivity program?

Mr Walters—Again, I will ask Ms Baly to answer that, but it is one of the Backing Australia's Future programs. It only commences this year, and we are in the middle of assessing the first round of applications for it. It is basically what it says—it is a fund intended to enable universities to explore and implement different ways of improving workplace productivity.

Senator WONG—When you say 'this year', this calendar year or this financial year?

Mr Walters—This calendar year.

Ms Baly—Calendar year.

Senator WONG—Ms Baly, what are the objectives of the program?

Ms Baly—The key priority for this year is around review and reform of the efficiency of universities, particularly in relation to financial and operational management. That is the key priority. Other priorities include review or reform of human resource practices, management and professional development to improve productivity and performance, systems development to improve flexible working arrangements. I am summarising this, I am not reading it out in full. This is on the web. This is in the administrative information, which is available on the web.

Senator WONG—When were the applications for universities opened?

Ms Baly—I cannot see that for the moment, but they closed just after Easter.

Senator WONG—How many universities have applied?

Ms Baly—All universities have applied. In fact, we have 84 applications, because some universities have more than one.

Senator WONG—Who is the assessing body?

Ms Baly—They are being assessed within the department.

Senator WONG—By your group?

Ms Baly—By people in my group, yes.

Senator WONG—Can you provide us with the assessment criteria?

Ms Baly—Yes. This is on the web as well, I believe.

Ms Paul—I think the guidelines are on the Internet.

Ms Baly—They are on the Internet, yes. I am just trying to find the assessment criteria. They are actually quite detailed.

Senator WONG—That is fine.

Ms Baly—It is probably better if I do not read them all out.

Senator WONG—No, you do not need to read them all out. They are available on the web. I have not looked at them but I can do so. So all of the criteria are publicly available?

Ms Baly—Yes.

Senator WONG—Who is the final decision maker?

Ms Baly—The minister.

Senator WONG—So advice goes to the minister?

Ms Baly—The assessments will go to the minister.

Senator WONG—Is it expected universities will undertake projects with outside consultants?

Ms Baly—Some have certainly applied. In their applications they have sought funding to get outside consultants, yes.

Senator WONG—What is the nature of the consultancies?

Ms Baly—I have not read all of the proposals in detail. We are still going through the assessment process.

Senator WONG—Ms Baly, I am operating off a very low knowledge base of the program. I am just trying to get a sense of it.

Ms Baly—As I understand it, most of the applications that have been reviewed to date are around the first priority that I read out, which was about financial and operational management, and some of those include getting an outside firm to come in to review the financial arrangements within the university.

Senator WONG—Did the department engage any consultants or third parties to develop this program?

Ms Baly—No.

Senator WONG—No involvement whatsoever?

Ms Baly—No, not that I am aware of.

Senator WONG—What accountability or conflict of interest protections are in place in relation to this program?

Ms Paul—Where would the conflict lie, sorry?

Senator WONG—In terms of applications for funding, I am just asking what probity mechanisms, if any, there are?

Ms Baly—The program is open only to universities in table A of the act. The funding arrangements will be the same as all of the other funding arrangements for universities, so I am not sure that I understand the question.

Senator WONG—I am asking whether there are any measures to determine if any conflicts of interest arise in terms of any applications for funding by universities, including consultancies they may be proposing.

Ms Baly—That would be taken into account in the assessment process.

Senator WONG—By whom, and are there criteria by which the department assesses potential conflicts of interest in these matters?

Mr Walters—In terms of the internal applications from universities of this sort, you are really asking whether a university has processes in place to ensure that, where it places a consultancy contract, there are no internal conflicts of interest.

Senator WONG—No, I am not asking that.

Mr Walters—Are you asking whether we have a conflict of interest in assessing them?

Senator WONG—I am saying you have a program where people are applying for funding. I am asking as a matter of administration: do you have mechanisms to deal with any potential conflicts of interest that may arise in whatever form, whether it is at a departmental level, whether it is as a result of the parties who are applying or the parties with whom they are intending to contract, as one of the ways in which they are structuring their proposal for funding?

Mr Walters—In departmental terms, we take the advice of the legal adviser of the department, and we normally have a representative of the legal branch of the department who forms part of the assessment process and ensures that we take account of any conflict of interest. However, in terms of the way in which universities structure their own applications, if they are intending to employ outside parties we look to the universities to exercise their own rules in terms of how they allocate contracts and how they handle conflict of interest issues.

Senator WONG—So the department would not look, for example, at who the universities were intending to utilise as a consultant in the context of an application and consider whether there is any conflict of interest in terms of that body applying for Commonwealth funding?

Mr Walters—If you take the instance, for example, that—

Senator WONG—It was a fairly clear question, Mr Walters.

Mr Walters—I am just trying to interpret it. If you are saying are they going to let a consultancy to a company where perhaps the partner is the vice-chancellor's brother, we do not know.

Senator WONG—No, I did not say that. You make assumptions about my questions and perhaps it is my fault because of how I phrase them.

Ms Paul—I think where we are struggling here is that there are two levels of potential conflict.

Senator WONG—I am sorry I interrupted you, Ms Paul. You are assuming that the only conflict would either be at the departmental level or as between the university and the contractor?

Ms Paul—Yes.

Senator WONG—I am saying: what if there is a person the university intends to contract with who perhaps might have a conflict of interest or there may be probity issues associated with that body getting Commonwealth funding, hypothetically? I am asking: do you have mechanisms in place that might deal with that or is that not a matter to which you have turned your mind?

Ms Paul—I see. So you are saying that there could be a third party, a consultant to the university, in this proposal?

Senator WONG—Named in the application, right.

Ms Paul—Named in the application, and that consultant has some other conflict of interest with the Commonwealth outside this program?

Senator WONG—Correct. Do you have mechanisms to deal with that?

Ms Paul—My expectation would be that that would be picked up through our probity advice, because the conflict would be with us in some way, not with the university. So with our legal advice and our use of probity in our assessment processes we should pick that up in our normal method of operating when we are doing a competitive assessment.

Senator WONG—If you ask for the information. In the application form are you asking universities to ensure that any consultancies or contractors they identify as being part of their application have any interest or relationship with the Commonwealth?

Ms Paul—I am not sure about that.

Ms Baly—I would have to take that on notice as well. I am not sure, either.

Senator WONG—Finally, Ms Baly, are there any restrictions on what this funding can be used for? For example, can it be used to restructure student services that may be affected by the VSU legislation?

Ms Baly—It has to be consistent with the priorities that I referred to earlier, and one of those priorities is about financial arrangements and operational management, and that also includes any issues arising out of the introduction of VSU. The key priority for this year is about financial and operational management and the review and reform thereof, and that includes issues relating to the introduction of VSU.

Senator WONG—Can I go back to the conflict of interest issue again, Ms Paul. What about a circumstance where you have applications before you where a consultant is providing services to more than one university? Do you enter into consideration as to the appropriateness of that?

Ms Paul—We are talking hypothetically, obviously—and maybe Ms Baly might want to add or even correct what I am saying—but I imagine that, on a practical basis, if we saw from multiple applications the use of the same firm, we may well want to consider what the implications of that would be, particularly if we thought that each university did not know, for example, if we thought that, or at least we might be interested in asking the question. So, yes, I think that would be of interest to us. This is purely hypothetical, so it would depend on the scale, the purpose, et cetera.

Senator WONG—It is hypothetical in the sense we do not know if a conflict of interest occurs, but it is not hypothetical because you have a live assessment process, and I am trying to determine what your probity procedures are.

Ms Paul—We have said that we have not yet analysed all of those assessments. I have not personally read them all, so I am having to talk hypothetically. But that would be the sort of thing that, if a pattern like that emerged, would be of interest to us, yes.

Senator WONG—When you said, Ms Paul, that the general probity requirements or probity approach of the department would apply, what did you mean? What are the probity mechanisms? How does it work?

Ms Paul—Usually when we have some sort of competitive funding consideration, as Mr Walters said, we use the services of either our own internal legal area or an external area to offer probity advice. They fulfil the normal probity function that a probity lawyer would fulfil for any competitive situation.

Senator WONG—What triggers that? What triggers the request for advice; is that at the discretion of the relevant group?

Ms Paul—We would trigger it, yes.

Senator WONG—Is it at the discretion of the relevant manager or officer? Do you have guidelines associated with that?

Ms Paul—We would have a general expectation according to the level of the competitive process and so on. For example, if it is a major tender—we have just finished a major tender in the New Apprenticeships area—clearly, you would have very intensive probity advice. It depends on the scale and nature of the tender, but it is our common practice.

Senator WONG—What does a ‘general expectation’ mean, Ms Paul?

Ms Paul—That we have an interest in probity, in a competitive process.

Senator WONG—I understand that. I am trying to determine if there are guidelines that officers are issued with, such as, ‘These are the factors where, if you have a number of them, it might trigger that you should seek advice,’ and that sort of thing.

Ms Paul—Would you like some more details from the chief lawyer?

Senator WONG—That would be good.

Mr Kriz—I can give you a general idea of how we handle it. Whether we will appoint probity advisors, whether they are internal people or external people, is a risk management decision within the department. The issues that we look at are issues of the amount of money that is involved; whether it is a competitive procurement exercise, a request for tender exercise; where the issue might be taken to courts later on; whether it is a funding exercise; how sensitive it is, if you like, politically and so on. Depending on those issues, we look at whether, even though we might be quite able to do it in-house, for issues of perception it would be better to spread the risk and get an external advisor involved in it. If we do it in-house, often people from my area working generally with me in relation to the big matters provide advice directly to the secretary and the minister, if the minister is involved, without being in a line control of the part of the department that is undertaking the particular tender or funding exercise. We might have the internal audit people involved in auditing the process that the departmental assessors undertake, with a view to ensuring three things, generally: firstly, that the rules we put in place are fair; secondly, that they are fairly applied to the various applicants; and, thirdly, that the information that the applicants provide is dealt with in a proper way in terms of maintaining their confidentiality. Fairness splits into two issues: firstly, that the assessments are done against the published criteria and nothing else; and, secondly, that, when that sort of assessment is done, people are treated equally so that, if we

make some sort of adjustment for one particular applicant, every other applicant gets the same go. That is the general approach.

Senator WONG—You might want the opportunity to take it on notice, Ms Paul. I am interested in whether there is documentation or a view about how that might apply to this program.

Ms Paul—It would be in our risk management framework. We would apply risk factor considerations to each program that we undertake.

Senator WONG—Can I ask, Ms Baly: what are the maximum and minimum funding amounts?

Ms Baly—For each successful applicant?

Senator WONG—Yes.

Ms Baly—I do not think that we have set any.

Senator WONG—You have not set any? They have applied for what? How do they know how to cost their applications?

Ms Baly—They know how much money is available and they have costed their applications according to what they think they will need to do that. It is a competitive process.

Senator WONG—Do any of the applications relate to student services?

Ms Baly—I have not looked at all of them, but there is at least one that does. There are probably more, but I have not gone through them all.

Senator WONG—As I understood it, in an earlier answer you said that this fund is open to student services that have been affected by VSU?

Ms Baly—It is open to universities. The funding will go to universities.

Senator WONG—How do you deal specifically with an application by a university that relates to student services affected by VSU?

Ms Paul—The applications have to meet the objectives, which Ms Baly has spelt out. We thought, particularly against that first one, which was around financing, that there might be proposals that come forward there.

Senator WONG—The minister is the final decision maker. At which stage in the process is the minister's office involved?

Ms Baly—They will be involved when we have completed our initial assessment of each of the applications.

Senator WONG—Initial assessment?

Ms Baly—Completed the assessment. We have not even been through each application once yet.

Senator WONG—I am not being critical. When you said 'initial assessment' I thought it implied that there would be a subsequent assessment by the department. I was just trying to clarify that.

Ms Baly—No, we will do a thorough assessment. That was a poor choice of words; I did not mean to imply that.

Senator WONG—You do an assessment and then advice goes to the minister and the minister makes the final decision?

Ms Baly—That is right, yes.

[12.17 pm]

CHAIR—We will now go on to the Vocational Education and Training Group. Senator Bernardi has some questions.

Senator BERNARDI—Ms Paul, can you confirm the status of the New Apprenticeship scheme within vocational training, and in particular provide an update on the pattern of apprenticeships and the general trend in providing a skilled work force through the scheme over the past few years?

Ms Paul—The numbers and so on—yes, we can give that to you.

Mr Davidson—In terms of the number of new apprentices in training, we have seen over the last decade about a 141 per cent increase, from a figure of about 161,500 in 1996 to 389,000 at the end of December 2005. That is a 141 per cent increase in the number of apprentices. On top of that, for us an encouraging figure has been that 43 per cent of all new apprentices in training are in the trades and related worker occupations, even though those occupations only seem to take up around 12 per cent of the workforce. In terms of the actual training effort, we are starting to see quite a shift of the training effort into the traditional trades sector as opposed to the other areas of training.

Ms Paul—Which, of course, is where the skills shortages lie.

Senator BERNARDI—Do you have any specific industries in which the bulk of these apprenticeships have been placed?

Mr Davidson—Not to hand, but the traditional trades are concentrated in certain sectors: the metals sector, the manufacturing sector, the automotive engineering sector and the building and construction sector. There has been an ongoing issue in relation to commercial cookery over a number of years. In the tourism and hospitality area, cooking in particular is one of the significant industry sectors that we are seeing growth in. The other feature is that women are now accounting for 41 per cent of all new apprenticeship commencements over the 12 months to the end of December last year. We are also seeing a substantial increase in the number of young people—people we count as aged 19 years or less—commencing an apprenticeship, which has jumped over the same decade from about 51,000 to 108,000. We have had more than a 100 per cent increase in the number of young people who are moving to an apprenticeship.

Senator Vanstone—I have an interest in this—you do not need to worry about why I have an interest in it, but I have. Senator Wong probably knows why I have an interest in it. It is because Mr Beazley keeps saying that this government has wrecked apprenticeship training and seeks therefore to say that that is why we are bringing in skilled workers from overseas. Whether Senator Bernardi is interested or not, I would be particularly interested in whether you have figures that go further back than 1996.

Mr Davidson—I might have some. I can only go back as far as 1995, but we could actually find figures well before 1995.

Senator Vanstone—The last time I saw apprenticeship numbers, funding commencements and all of that—and I think this was when Mr Beazley was in charge of training—

Senator WONG—How many new apprentices are there at Hungry Jack's?

Senator Vanstone—How many what?

Senator WONG—How many new apprentices are working in food?

Ms Paul—Mr Davidson was just talking about the actual increase in the traditional trades areas. Some 43 per cent, I think he said, are now in the traditional trades, which is quite a significant increase.

Senator Vanstone—I saw Mr Beazley make a promise: 'I will train Australians first.' I thought, 'Gee, that's not what you did when you were last in office.' Putting him in charge of training is, in fact, like giving Mark Latham the control of an anger management course. It is just patently ridiculous.

Senator WONG—You are obviously bored, Minister, and you want to politicise the estimates a bit.

Senator Vanstone—I think the figures should come out. I am glad that Senator Bernardi has raised this issue.

CHAIR—Thank you, Minister. I think, Mr Davidson, you said that you may have some 1995 figures.

Mr Davidson—I go back to the number of students by states and territories over the period 1995 to 2004. This is out of a publication by the National Council for Vocational Education and Research in reports on students in courses.

Senator Vanstone—Can you tell us whether they show a dramatic cut in expenditure and commencements?

Senator WONG—I am sure that you can get this information, Minister.

Senator Vanstone—But I am so glad he is here; he has enlivened my interest. I was busy getting on with other work and, all of a sudden, I am fresh as a daisy and awake.

Senator WONG—Yes, you got bored, so you need a bit of colour and movement.

Senator Vanstone—I probably do. Do they show a decline in apprenticeships and funding?

Mr Davidson—The pattern since 1995 was to head towards a peak in 2000. Then it dropped off only marginally beyond that, and the figures for 2005 returned to approaching the peak again, which we reached in 2000.

Ms Paul—Is that the 141 per cent increase?

Mr Davidson—We are back up to a little more than 1.6 million students in vocational education and training in 2005 on the preliminary data, because the way the NCVER collects the data—

Senator WONG—Compared to what?

Mr Davidson—Compared to 1995—1,268,900.

Senator Vanstone—We have 1.7 million students in training. It appears Mr Beazley is a bit late.

Senator WONG—How many people have not been able to attend TAFE during the period of your government, Minister? Do you want to turn this into a political argument?

Senator Vanstone—I am very happy to—very, very happy. In fact, I was looking at *Hansards* only last night and Mr Beazley's comments when he was in government. His clear understanding was that TAFE training is, in fact, the responsibility of the states. If you would like to drag the states through this argument—

Senator WONG—We can talk about the Commonwealth contribution to TAFE—

Senator Vanstone—and their complete failure in this area—

Senator WONG—It is 270,000 people. We can talk about the Commonwealth contribution to that.

Senator Vanstone—I would be very happy to do it. I am sure Ms Paul has miles of information around this. But you know, Senator Wong, I know and the rest of Australia knows that trade training is a state responsibility.

Senator WONG—The Commonwealth is starving the states of the appropriate level of funding in TAFE.

Senator Vanstone—If we want to go on about the states being deprived of money, we can get into the GST revenues and see how they have never been as flush with funds as they are now from the GST. If we want to get on to how much money they have got that they could be putting into trade training—heavens above—I think we could start looking at the money they get from stamp duty on the inflated housing prices in New South Wales and Victoria, and how they are not giving enough money back to low-income people. We can definitely go into the states, Senator Wong, if that is what you would like to do.

Senator WONG—You can keep going out there—

Senator Vanstone—I would be delighted.

Senator WONG—selling your training record, because people understand what it is, Senator.

Senator Vanstone—We certainly will be out there selling our training record. What was that increase you told me about—141 per cent? I am sorry I only heard that today.

CHAIR—Yes, I agree with you, Minister. Just before Senator Bernardi goes on with one more question before lunch—certainly the fact that the Victorian budget was so awash with money—

Senator WONG—Is this a Senate estimates? You people can actually do this in the chamber.

CHAIR—I am just responding to the minister, Senator Wong.

Senator Vanstone—We have had this experience before, haven't we? Senate estimates are not, for the record, an opportunity for opposition people to come in and ask questions at the expense of everyone else.

Senator WONG—You are not asking questions—I would not mind if you were asking questions.

Senator Vanstone—Members of parliament are entitled to ask questions; ministers are not prevented from saying, 'That's interesting; what about that?' All of this evidence and all of these people, Senator Wong, are not here just for you. Shock, horror!

Senator WONG—They are not here just to hear you give a political diatribe about the Leader of the Opposition.

CHAIR—Senator Bernardi has one more question before lunch. I will allow him to ask that question.

Senator WONG—You just do not like it when you are not the centre of attention, do you, Minister?

Senator BERNARDI—I actually have two questions, or one question in two parts. Firstly, can I confirm that the 141 per cent increase in New Apprenticeships is commencements of new apprenticeships?

Mr Davidson—That is actual people in training.

Senator BERNARDI—In training?

Mr Davidson—If you are looking at commencements, I think the figure is a 220 per cent increase.

Senator BERNARDI—What incentives are we providing to businesses to retain apprentices through the course of their training?

Mr Davidson—There is a full range of incentives, many of which were around incentives to employers to hire new apprentices. In last year's budget, though, there were a significant number of new initiatives that were reflected in the increase of about \$1.3 billion.

Ms Paul—That represents a doubling of expenditure by the Commonwealth in skills in last year's budget.

Senator BERNARDI—A doubling of expenditure?

Ms Paul—Yes.

Mr Davidson—Last year, there was an additional \$1.375 billion over a four-year period for a range of measures. They included the Australian Technical Colleges, which was just short of \$350 million over the period to 2008-09; Tools for your Trade, which was about \$120 million over the same period; the Commonwealth trade learning scholarships—we have had, I think, in excess of 23,000 Commonwealth trade learning scholarships taken up in the current year, which is over \$106 million in last year's budget. There was the initiative around extending Youth Allowance, increasing the residential support for young apprentices living away from home. There were some additional initiatives that were worth slightly over \$50 million for extra places in the New Apprentices Access Program, which is particularly

targeted at equity groups and trying to get equity groups involved in New Apprenticeships. A strong focus has also been given to school based new apprenticeships, and \$25 million last year, over four years, was given to group training to try and increase the number of school based new apprentices using group training. We also had some initiatives around pre-vocational, where you are trying to focus an awful lot of the training effort at the front end, which makes the young person or the apprentice much more marketable in terms of attractiveness to employers. That was another \$20 million last year.

This year we have had another \$181.6 million for a range of initiatives. That covers additional money for New Apprenticeships centres. They are a key agency for us in terms of delivery of new apprenticeships. They do the sign-ups and make the link between employers and the state training authorities and the individual apprentices—that was \$106 million this year. In addition, we saw an extension of the incentive arrangements to pick up entry-level occupations which are apprenticeships but where the qualification is either a diploma or an advanced diploma. This was a key initiative because it picks up people who are training in the community services, health, child care—those sorts of areas. Previously they were not eligible for incentives, so that incentive is now available for employers of those people.

We have got \$53 million this year which focuses on the various arrangements that have derived out of the COAG initiatives. That includes recognition of prior learning, so that would mean we will be able to attract more mature age people into apprenticeships. We are looking at the ability, jointly with the states and territories, to do some regional skills work and we have continued the disability coordination officers, which we saw as important as well.

There was a specific initiative around the Australian Lifesaver Training Academy, which focuses on security and courses in safety. That was another \$10 million over the next four years. There has been quite a growth in the funds that have been available to the department over the last two years. I think all my officers have been working very hard to make sure that these initiatives are up quickly and functioning effectively.

CHAIR—Thank you very much.

Proceedings suspended from 12.35 pm to 1.36 pm

CHAIR—The committee will resume. Further to Senator Bernardi's questions about apprenticeships and vocational education, I would like to ask about the progress of the Australian technical colleges. I know we are to have 24—is that correct? Or will there be 12? Or does that come at the end?

Ms Paul—At the moment that is at the end of the program. The reason for that is that it has moved from the schools group to this area, but there is a crossover because they are schools. Probably the correct way to handle them is to do it at the end.

CHAIR—That is fine. I will ask about it then.

Ms Paul—With a crossover into schools.

CHAIR—Thank you for that. Over to you, Senator Wong.

Senator WONG—In terms of the latest figures on apprenticeships, the most recent NCVET figures show a decline as compared with last year and also 2004 in the number of Australians in a new apprenticeship.

Mr Davidson—Which are the last figures that you have?

Senator WONG—I have 389,000.

Ms White—The figures were released by the NCVET yesterday. The numbers in training have declined.

Senator WONG—Is that the second year in a row that they have declined?

Ms White—Yes, I believe that is correct. There was a peak in September 2003.

Senator WONG—They are the figures as at the year ending last year?

Ms White—I believe that was at 31 December 2005.

Senator WONG—I am not sure if this is where this might be dealt with. I want to look at the take-up of youth allowance by new apprentices.

Ms White—We probably should have done that last night with Strategic Analysis and Evaluation Group.

Senator WONG—Is there no-one here who could assist me with that?

Ms White—There is not at the moment, no.

Senator WONG—I might have to put that on notice. Can I go to the issue I raised in cross-portfolio, which was Minister Hardgrave's budget update? I provided you with a copy yesterday. When did the department first become aware of this document?

Mr Davidson—I first became aware last night when you provided the document.

Senator WONG—Was the department involved in the production of any material for inclusion in this document?

Mr Davidson—No specifically for this document.

Senator WONG—Does the document draw on materials that the department has produced?

Mr Davidson—Yes. It draws on the budget information. Some of the material in the document is drawn from the budget information document that was published by the Australian government and that the department provided.

Senator WONG—Was anyone in the department involved in any way in the production of this document?

Ms Paul—No.

Mr Davidson—No.

Senator WONG—There have been no departmental resources utilised in the production of the document?

Ms Paul—No.

Mr Davidson—No.

Senator WONG—Are you aware of where the document was compiled?

Ms Paul—I believe it was compiled in the minister's office.

Senator WONG—Are you aware of that?

Ms Paul—Not directly.

Senator WONG—Are you aware of where it was printed?

Ms Paul—No.

Senator WONG—Did the department have any involvement in the distribution of this document?

Ms Paul—No.

Senator WONG—Was the department requested to provide any lists associated with the distribution of this document?

Mr Davidson—No.

Ms Paul—No.

Senator WONG—Was the department asked to provide any advice to the minister's office about the document in any way whatsoever?

Ms Paul—No.

Senator WONG—I have some questions in relation to the Skilling Australia's Workforce Act. That act contains a provision that requires a copy of the agreement between the states, territories and the Commonwealth; is that right?

Ms Paul—That is correct.

Senator WONG—That is a precondition of funding flowing under the bill?

Mr McAuslan—Yes, that is my understanding.

Senator WONG—Has the agreement been signed?

Mr McAuslan—Yes.

Senator WONG—When was the agreement signed?

Mr Robertson—States and territories progressively signed up to the agreement over the period roughly from the beginning of September to the middle of October 2005.

Senator WONG—All states and territories have signed it?

Mr Robertson—That is correct.

Senator WONG—Has the agreement been tabled in the parliament?

Mr Robertson—No, it is currently with the office of the Senate ready to be tabled.

Senator WONG—Was there a time limit in the legislation by which the agreement had to be tabled post signature?

Mr Robertson—That is correct. There is a time limit in the act.

Senator WONG—What is the time limit?

Mr Robertson—I do not have those specific—

Senator WONG—Is it 15 days?

Mr Robertson—That is correct.

Senator WONG—Is it 15 actual days or 15 sitting days?

Mr Robertson—I would have to check that out in the act.

Senator WONG—Either way, even if it is sitting days, we are well beyond that number of days, correct?

Mr Robertson—Correct.

Senator WONG—What is the reason for not tabling the document within the statutory time frame?

Mr Robertson—One of the parts of the agreement also has attached to it bilateral agreements and what we call VET plans. Whilst they do not have to be tabled, they do form part of the agreement. We felt that it would be best to make certain that those bilateral agreements were put in place, and that process has only just been completed. That is how we have been able to kick off that process.

Senator WONG—I want to talk about the bilateral agreement shortly. As you have correctly identified, the statutory requirement table relates to the multilateral agreement and not to the specific bilateral agreements, does it not?

Mr Robertson—I would have to check that out, but that is my recollection.

Mr Davidson—I believe our interpretation is that the agreement is not in place until all elements of the agreement are place, so that is the multilateral, the bilateral and the VET plans. The department's view is that the agreement is not fully completed until all elements are completed.

Senator WONG—Did you take legal advice about that? My recollection of it was that it referred to the agreement. I understood that to be the multilateral agreement. Given that you have not complied with it on the basis that Mr Davidson has indicated, was legal advice taken within the department?

Mr Robertson—I know that we sought informal advice. I would need to check whether we sought that formally.

Senator WONG—The difficulty I am facing is that it makes it obviously a little more difficult for this committee to scrutinise and consider funding arrangements if we are not able to consider the agreement which was supposed to have been tabled.

Ms Paul—I am pleased to say that it is now with the office of the Senate. It is our understanding that it was useful to have all of the elements of the agreement together, including the bilaterals, which of course have only just been signed. But it will be there.

Ms Andruska—The agreement has been publicly available on the internet, but I acknowledge the comment that you have made.

Senator WONG—Was the decision to hold off tabling until the bilaterals were signed subject to discussion with the minister's office?

Mr Davidson—No.

Senator WONG—Is that purely a department decision?

Mr Davidson—As far as I am aware. Certainly, I did not discuss it with the minister's office and I do not believe Mr Robertson or Ms Andruska did.

Senator WONG—Is it the Senate or the House of Representatives that you are tabling it in? Is it the Senate?

Mr Robertson—I should have mentioned that it was with the tabling office.

Senator WONG—When was the agreement given to the tabling office?

Mr Robertson—I believe it was in the last couple of days. We have had to go through the process of looking at the agreement and having the VET plans in place, and it is now with the Table Office.

Senator WONG—In the last couple of days?

Mr Robertson—Yes.

Senator WONG—When were the bilateral agreements signed?

Mr McAuslan—They were signed progressively from February to April.

Senator WONG—When was the last one signed in April?

Mr McAuslan—From memory, 20 April.

Senator WONG—What has been the delay? Even if we accept the proposition—which I do not necessarily—that you wanted to await the bilaterals being signed, what has been the delay?

Mr Davidson—I thought I explained this. We were interpreting it as the three components. There are three components that must be in place under the legislation before we can pay funds. The multilateral agreement, then the bilateral agreement and then an agreed VET plan have to be in place before any money can be paid to any state under the legislation.

Senator WONG—You say the multilateral agreement has been publicly available?

Ms Paul—Since November, I am advised.

Senator WONG—What about the bilaterals? Have they been available?

Mr Davidson—I do not believe so.

Ms Paul—I do not think our intention was to publicise them. That would be a matter between the two governments.

Senator WONG—You are going to table them, are you not?

Ms Paul—No. It is the agreement that gets tabled. It is just that the legal requirement to pay relies on the three elements.

Senator WONG—I am not sure that you can have it both ways. On the one hand, you say, 'We did not want to table it until we had the bilaterals in place, so the totality of the information would be there,' but the bilaterals are not tabled.

Ms Paul—That would be a matter between the ministers.

Senator WONG—That may well be the case.

Mr Davidson—It has always been our intention that all elements of the agreement would be publicly available. Of course, we would need to make sure that state jurisdictions were happy for both their VET plans and the bilaterals that they have signed to be available, but certainly our intention would be that all elements of the agreement are available.

Senator WONG—Is the multilateral the only tabled document, which you have had since November?

Ms Paul—It has been on the internet since November.

Senator WONG—Have you had it since November?

Ms Paul—We may have had it from before then. I will have to check.

Senator WONG—I am sorry, I thought the signing was—

Ms Andruska—It was signed by all parties by November.

Senator WONG—Yes. On what date in November was it put on your website?

Mr Robertson—I will have to take that on notice.

Senator WONG—Let us go back to the bilaterals. You said it is your intention that all aspects of the multilateral, bilateral and VET plans be made public. What is the process for bilateral and VET plans being made public, given, as I understand from Ms Paul's evidence, they are not to be tabled?

Mr Davidson—Our view would be that they would be generally available either through the publication on our website or on request.

Ms Paul—I imagine it is just a case of checking with each jurisdiction and then putting it on the web.

Senator WONG—We have done the dates of the bilaterals. February was the finalisation of the last one?

Mr Davidson—No, the bilaterals were in April. I think 20 April was the last one that was signed.

Mr McAuslan—It was around 20 April, but I can get you the exact date if you would like.

Senator WONG—Thank you. What about VET plans?

Mr McAuslan—VET plans were referred by the ministerial council to the minister on 18 April and on 28 April the minister responded to his ministerial colleagues in the states and territories, indicating that the VET plans had been approved.

Senator WONG—Can you provide to the committee the three sets of documents?

Ms Paul—Multilateral, bilateral and the VET plans. We are happy to do so. I probably should check with the jurisdiction on the bilateral and the VET plans.

Senator WONG—The multilateral is the one that is referred to in the act as the Skilling Australia's Workforce agreement, is it?

Ms Paul—Yes.

Senator WONG—That is the one that section 45 requires presentation to the parliament on?

Ms Paul—Yes.

Senator WONG—I ask you to consider if the process of awaiting all other aspects which are not referred to in the legislation is in fact what was contemplated by parliament.

Ms Paul—I understand.

Senator WONG—The Institute for Trade Skills Excellence—we had a bit of a discussion about this on the last occasion, from memory. Has the institute's constitution been finalised?

Ms Cross—No.

Senator WONG—It still has not?

Ms Cross—I think it is fairly close to finalisation. You would be aware that the membership of the institute's board has been announced and that board will take the draft constitution and finalise it. That announcement was only made on 26 May, so I assume it will be a fairly short process from here.

Senator WONG—Has the company been registered with ASIC?

Ms Cross—No. They will have to finalise the constitution and then register the company with ASIC.

Senator WONG—I presume they have reserved a name or something.

Mr Davidson—I understand that the Australian Chamber of Commerce and Industry has registered the name.

Senator WONG—ACCI has registered the name?

Mr Davidson—That is my understanding.

Senator WONG—Why was the decision made that ACCI was the appropriate body to register the name?

Mr Davidson—I do not know. You would have to ask that organisation about that decision.

Senator WONG—When was that decision made?

Mr Davidson—I do not know.

Senator WONG—Was it before or after the board was announced?

Mr Davidson—I understand it was before, but I only became aware in a discussion early this week that they had registered the name.

Senator WONG—Have any contracts as yet been entered into or drafted between DEST and the company?

Ms Cross—We have done some preliminary drafting so that when the company is established we will be ready with a contract, but it would be fair to say that it is far from final. We have been talking to our legal area about the sorts of provisions that we will need to include.

Senator WONG—Is it \$22.9 million that has been budgeted for this?

Ms Cross—That is right, over the four years.

Senator WONG—How much of that actually goes to the institute? Will all of it go?

Ms Cross—I think there is a small amount for departmental costs, but the vast bulk goes to the institute.

Senator WONG—Are we talking about \$0.9 million of it? I am just trying to get a bit of a sense of the vast bulk.

Ms Cross—It would probably be in the order of \$100,000 or \$200,000. It is a very small component.

Senator WONG—Has the board held its first meeting?

Ms Cross—No.

Senator WONG—Will you be attending?

Ms Cross—I have not been invited.

Senator WONG—Not you, personally, but the department?

Ms Cross—I do not believe so, unless they ask us to attend part of the meeting to get information on the election commitment or other details.

Senator WONG—Apart from departmental time, obviously, to date have any payments been given to any parties involved in the institute?

Ms Cross—We have made a payment to Rod McDonald, the consultant that we engaged. Other than that, I am not aware of any payments being made.

Senator WONG—Is it intended that the institute will, for example, establish a website and make information on its operations publicly available?

Ms Cross—That is a decision for the institute to take, but if part of their remit is to raise the profile of trade training, I suspect they will have some form of public website. Whether it goes into the details of their operation, I could not guess.

Senator WONG—I think you and I had a discussion about the preferred provider status on the last occasion. Has the department come to a view or developed some sort of framework as to what the preferred provider status will in fact mean?

Ms Cross—No. The department is looking at the quality arrangements in vocational and technical education and we have said that we would like to ensure that the institute does not duplicate or replicate those quality assurance arrangements. Yes, we are looking at quality arrangements but they are not specific to the institute.

Senator WONG—Sorry?

Ms Cross—We are looking at quality arrangements more broadly—that is, how we accredit and register training providers. We hope that the institute would not duplicate the quality assurance arrangements, but we are not specifically looking at how the institute would designate preferred provider status. We hope that it would link into the quality assurance arrangements that apply to the sector.

Senator WONG—In terms of you drafting or consideration of a proposed draft contract, are some of the issues we have raised ones that the department intends to put into the contract, as a term of funding? For example, will DEST require a website or the public availability of information as to the institute's operations?

MrMcAuslan—At the moment our view is that there will be an initial contract that we enter into with the institute that will require them to go through a number of the establishment processes. For example, they would be required to establish all of their industry reference groups. They would be required to develop a business plan and a budget; establish their own structures; appoint a CEO, possibly an interim CEO; develop and implement a promotional and marketing plan; and establish selection criteria and assessment procedures for the preferred supplier status. All of those elements will be reflected in an initial contract that we imagine will run for about six months and then—depending on their business plan, budget and their marketing plan—those will become the foundation elements of the subsequent contract.

Senator WONG—What issues will the subsequent contract deal with?

Ms Cross—It will provide the ongoing funding to the organisation to carry out the functions.

Senator WONG—I am aware of what it delivers in terms of funding.

Ms Cross—It will include provisions around ensuring that it appropriately manages conflicts of interest and some of the other issues that we have raised. It will be part of both of the contracts with them, but particularly the ongoing contract.

Senator WONG—I know you talked about publicity, but did you answer my question about—

Ms Cross—Will they be required to put details of their operation on the website?

Senator WONG—Or at least make publicly available the details of their operations?

Ms Cross—I believe the constitution will be available when the company is established. Beyond that, I do not know if we normally require those sorts of things to be made public when it is not a government owned company.

Senator WONG—Except that you are paying them.

Ms McLaren—I anticipate that the information about what the institute will be making available online will be part of their promotional and marketing plan, which will be part of the requirements of that first contract. If we are not happy with what they are proposing, that is a discussion we will have with the institute.

Senator WONG—Are you able to update me any further, since we were last here, about what the main role of the institute will be?

Ms Cross—The role is still as described in the election commitment. Do you want me to run through the three main elements of their activity?

Senator WONG—I am familiar with them. I am just wondering if there has been any more clarity, development or detail in terms of the constitution and your contract, which might flesh out those fairly broad statements.

Ms Cross—I think the constitution is more to operational and procedural issues than fleshing out the content of how they will carry out those activities. We will expect the company to specify that in their business plan. As Ms McLaren said, the business plan will need to be developed within the first six months as part of seeking the ongoing funding.

Senator WONG—Are you aware of any suggestion that the institute will provide a framework whereby recognition of training may be certified?

Ms McLaren—No.

Ms Cross—I believe there was discussion early on that, if you were a preferred provider, when you issue a qualification to a student they might get an additional certificate saying that it had come from a preferred provider. That is not certifying the training but it is certainly providing recognition of the provider that has delivered it.

Senator WONG—Who will manage the preferred provider recognition, the institute? Or will they delegate that?

Ms Cross—The institute could choose to delegate that. I believe on one occasion we said they might choose to delegate it to an independent party. We would expect that is fairly core to the role of the institute, so we would expect they would take a big role in determining the providers that employers consider are delivering quality trades training.

Ms McLaren—My understanding, from the preliminary discussions that the members had with Professor McDonald, is that they were envisaging that the industry reference groups would have a key role in the assessment process for each individual industry. That has not been fleshed out.

Senator WONG—Sorry, can you say that last bit again?

Ms McLaren—The industry reference groups would have a key role in the assessment of providers. Remember that the institute's vision for this is that the providers would voluntarily submit for an assessment and that the eight industry reference groups would be the body that made the assessment for each industry group.

Senator WONG—In terms of determining who would be the preferred providers?

Ms McLaren—That is right. They would make a recommendation to the board. I think that is the process that they were talking about as a theoretical process.

Senator WONG—I just have to say I am a little bit troubled by your assertion of something along these lines: 'It is not a Commonwealth company, so why do we have to impose certain restrictions and terms for provision of information, et cetera.' It seems to me, particularly in this portfolio, the government is quite happy to have quite intrusive mechanisms into universities, schools, states, as a condition of funding.

Ms Paul—I think we are talking about two different things. I can see an interface—potentially one is the reporting to us. The monitoring and reporting will be of keen interest to us in the context of how the contract is monitored and the arrangements that we agree in the contract for the monitoring of the institute. In addition to that, I think he was also talking about what sort of publicity might be made available—

Senator WONG—Not publicity, ensuring information is publicly available.

Ms Paul—How transparent the operations would be?

Senator WONG—Yes.

Ms Paul—That is a good point that you make. I think it is something we should take up in the negotiation of the contract in terms of what is appropriate for a body such as this to make transparent by way of its operations, because there will be a keen interest in the sector in its operations. That point is well made. It is not something that we have entered into in our discussion of that interim contract.

Senator WONG—The government is quite happy to require universities to engage in certain arrangements when it comes to governments. The employment conditions under which staff are employed is a precondition to funding.

Ms Paul—That is right. That is more on the reporting end of what we were talking about. In the first part of this conversation—

Senator WONG—It is a threshold entitlement issue for funding.

Ms Paul—Yes.

Senator WONG—It is not just reporting.

Ms Paul—No, but the action by the universities is reporting. I am just drawing a distinction that the first part of the discussion was about making transparent the operations. I am quite happy to take that on board.

Senator WONG—The chairs of the eight industry reference groups have been publicly announced recently.

Ms McLaren—Yes.

Senator WONG—Are you able to tell me, other than the chairs, who the members of those groups are?

Ms McLaren—I do not think that that has been decided yet.

Senator WONG—Who decides that?

Ms McLaren—The members.

Senator WONG—Will the members of those groups be publicly disclosed?

Ms Cross—Yes.

Senator WONG—As a condition of funding?

Ms McLaren—The intention of the people who have been having the discussions—the assumption has always been that those names would be made publicly available, but we can also make it a requirement of the contract.

Senator WONG—When is the membership of these groups to be finalised?

Ms McLaren—That will be an agenda item for the first board meeting, I assume.

Ms Cross—In terms of that initial establishment contract, one of the elements, as Ms McLaren referred to, would be that they establish the institute, including the membership of

the industry reference groups and appointing a CEO. All of those establishment steps will be built into that first-six month contract.

Senator WONG—Who has decided that? The shareholders decided on the chairs?

Ms Cross—That is correct.

Senator WONG—Did the shareholders also decide on the structure, that is, which industries would have a reference group?

Ms Cross—As to the industries that are included as reference groups, a number of them were announced in the election commitment and then, following discussions with the shareholders, the final decision was taken on the eight that are included.

Senator WONG—Was DEST asked to provide advice in relation to the expansion?

Ms Cross—We were involved in discussions with the shareholders, and we were comfortable with the proposed reference groups that were put forward.

Senator WONG—Are you aware of consideration or future plans to expand these groups beyond the traditional trades?

Ms Cross—I am not aware of any plans to expand.

Senator WONG—Are you aware of this issue being discussed amongst the shareholders and has that been raised with you by them?

Ms Cross—I have heard discussions about it. We have pointed to the election commitment and the announcement of the industry reference groups.

Senator WONG—Has the department indicated preference to stop at the current level and structure of the industry groups to shareholders?

Ms Cross—Certainly we would like to get the institute established with these eight reference groups before we look any wider.

Senator WONG—It has been raised with you by shareholders the possibility of additional reference groups?

Ms Cross—It has been raised, and states and territories when it was announced asked us whether it would be limited to the eight or go more broadly. Certainly, what we have indicated is that these are the eight reference groups, and I am not aware of any plans to expand beyond that.

Senator WONG—Has the suggestion for additional industry reference groups come from a particular shareholder or shareholders?

Ms Cross—There have been general discussions about whether it is limited forever to the eight that have been announced. During the negotiation stage there were other industry reference groups that were put forward that did not go forward, that were not continued with, so I am aware of some individual industry areas, but also general comments.

Senator WONG—What are the individual industry areas that are being suggested?

Ms Cross—The one that I am aware of was Aerospace.

Senator WONG—Is there a particular shareholder that is suggesting that one?

Ms Cross—It was raised by the Australian Industry Group, only in the context of seeing whether there was a possibility to include it.

Senator WONG—Has ACCI suggested any additional industry groups?

Ms Cross—No. The ones added since the election commitment are mineral resources, hospitality and personal services and rural. I believe some of those suggestions were put forward by ACCI, but they were also agreed to by all shareholders.

Senator WONG—There is no requirement, is there, that the industry groups draw on different sectors of the training environment? Is there any requirement in terms of funding, conditions of funding, contractual requirement or policy as to membership of the reference groups?

Ms Cross—There is nothing at this stage.

Senator WONG—It could simply be a particular employer, representatives or training provider representatives only?

Ms Cross—I do not believe that they are considering training provider representatives. I believe that the institute with its shareholders is looking at this as being an employer voice in the training system so I would imagine it would be from employers and employer groups.

Senator WONG—‘Employer groups’ meaning ACCI and its various state constituencies?

Ms Cross—State chambers and associations like the Housing Industry Association.

Senator WONG—It is the case, is it not, that a number of those state chambers of commerce—and I think we raised this on the last occasion—do own and operate training providers?

Ms Cross—I believe some of them operate as group training organisations and training providers, yes.

Senator WONG—For example, are you familiar with the structure with the Chamber of Commerce and Industry in Western Australia?

Ms Cross—That was the one that I was thinking of. I am not aware of any others, but I certainly believe that the Western Australian Chamber—

Senator WONG—Which owns and operates Apprenticeships Western Australia, which is Western Australia’s largest employer of apprentices; is that right?

Ms Cross—As a group training organisation.

Senator WONG—Yes, as a GTO.

Ms Cross—I do not know about its size, but I am aware that it operates.

Senator WONG—It is fairly significant. You would agree with that?

Mr Davidson—Certainly.

Senator WONG—It is very significant, one might say, from that reaction. The Master Builders Association, the HIA—they are members of the building and construction group or will be?

Ms Cross—I do not know whether they have any involvement in training activities.

Senator WONG—You are not aware whether they have any involvement in training?

Ms Cross—In providing training as training organisations. I am going back to your previous question on notice where you asked us for any affiliations that were registered training organisations. I would assume all the employers represented are involved in training and committed to training, particularly apprenticeships.

Senator WONG—It is not a question of whether they are committed, in the context of conflict of interest, which is obviously where I am going. The question is its commercial interest in being a registered training provider.

Ms Cross—As I said, I do not know whether HIA has any commercial interest in any training organisation.

Senator WONG—You have not placed as any requirement or any bar to membership of these industry reference groups the fact that a person might be a member of a body that is a training provider?

Ms Cross—We are not at that level of detail yet. It is fair to say that we have not included any requirements. We will be relying, in a large part, as I have said before, on the normal arrangements for managing potential conflict of interest and looking in part to the Corporations Act, which includes provisions about how conflicts of interest are declared and/or managed.

Senator WONG—I have to say—and I do not know your job—that I would have thought that you might want to become aware of the organisations that are going to sit on the industry reference groups that do have a commercial interest.

Ms Cross—With the industry reference group's membership not yet being known, as I said, we are not at that level of detail.

Senator WONG—Is it an open issue as to whether an organisation which also delivers training, by training providers, can be members of the industry reference group?

Ms Paul—We said last time, did we not, that we are very interested in the potential for conflict of interest issues and that we will be looking at that closely in both the interim and the final agreement?

Senator WONG—Ms Paul has really reiterated your saying that you want it dealt with but, to some extent, the onus is on the company to deal with it?

Ms Paul—The onus on the company to deal with conflict of interest?

Senator WONG—Correct.

Ms Paul—Our interest, in the first instance, in the contractual negotiations will be looking at the mechanism for dealing with conflict of interest, and we would need to satisfy ourselves that the mechanism is sufficient. Depending on how this starts to unfold, we may well decide that we have an interest in knowing the precise details of involvement and so on. But that is not a matter that we can finalise now until we are starting to get more of a feeling for what that agreement will look like.

Senator WONG—What would be the sorts of things that you would require to satisfy yourself that conflict of interest was being properly managed?

Ms Paul—I imagine that it would be both a system and some specifics. We would be looking for a very robust conflict of interest management system as exists in other areas.

Senator WONG—That word ‘robust’ came up earlier today, did it not?

Ms Paul—I guess so.

Senator WONG—In the same context, anyway. It is one of those good public servant words.

Ms Paul—I am sorry about that. It is not as bad as ‘synergy’.

Senator WONG—DEWR keeps telling me that they are in continuous discussion.

Ms Paul—Continuous discussions.

Senator WONG—I imagine Dr Boxall just sitting there talking the whole time. Anyway, you were talking about a robust system.

Ms Paul—We have many models. Even in this portfolio I can think of the CRC model, for example, and so on. Not that there are similarities, but there are many models and we would be looking for something that is robust—not to resile from that word. But that is all a bit in the future. We have to see what is being proposed and look at the entirety of the proposal, which is our negotiation.

Mr Davidson—I think the nominees of the shareholders are significant people and I expect that they will approach this task with the appropriate amount of diligence. It is in all of our interests that the assessment that is made by the institute once it is operating is a transparent assessment that can be justified. If this is going to be the basis of some recognition of excellence by a particular provider, the institute will need to be in a position to make that transparent, defensible and appropriate.

Ms Paul—That is a good point. The institute will have the same reputational interest as we have in an administrative and governance interest in having a good process for dealing with conflict of interest.

Senator WONG—I am not trying to besmirch or suggest that they are not significant people, but that is not the safeguard from a procedural or probity or policy sense that one would think the provision of funds—

Ms Paul—The safeguard will be throughout the agreement and our management of the agreement.

Senator WONG—What is the time frame on the first contract?

Ms Cross—That would depend on the company being established as a legal entity. We would certainly hope that we would be entering into contract negotiations with them during June. We are hoping that the board will meet quite soon so we can begin entering contract negotiations, so that once it is established in perhaps early or mid-July we can enter into a contract with them. We are dependent on the institute’s own timing.

Senator WONG—Presumably you will be able to give me a copy of it with whatever bits removed that you do not like by the November estimates?

Ms Cross—The constitution?

Senator WONG—The contract?

Ms Cross—Do we normally hand over contracts?

Ms Paul—We will take it on notice.

Senator WONG—You can take it on notice. There might be commercial-in-confidence bits that you might want to claim.

Ms Paul—That is right.

Senator WONG—Would this describe the sort of robust system of management of conflict of interest that you have described:

It's only a conflict of interest if you don't declare and make it obvious to others that you may have an interest in something. The polite and useful procedure is to retire from the discussion.

Ms Paul—I do not think that I could speculate in this instance. We have not got to this point yet. Unless my colleagues want to add something.

Senator WONG—I am asking: is that a description of a robust system of management of conflict of interest from the department's perspective?

Ms Cross—Certainly there is an element within most conflict of interest arrangements where there is an expectation that people will declare if a conflict arises and either absent themselves from discussions or, having declared that potential conflict, have that taken into account. That is normally an element of arrangements for addressing potential conflicts of interest.

Ms Paul—The elements that you have described normally form the fundamental core of a conflict of interest procedure. That is your absolutely fundamental principle and, depending on the circumstances and the particular programs being administered, you might add mechanisms around that.

Senator WONG—Do you agree with the notion that a conflict of interest only arises where someone does not declare? What I put to you, and I would assume from what Mr Kriz said this morning and what you have said, is that a conflict of interest can continue to exist even if declaration is made and there might be different ways in which one might deal with that after declaration; would you agree with that?

Ms Paul—Can you please repeat the first part?

Senator WONG—Do you agree with the view that a conflict of interest only arises if you do not declare your interest?

Ms Paul—It depends on the circumstance. Not necessarily. We are talking hypothetically, but normally you would think of a conflict of interest as being something which can impact on the effective operation of whatever.

Senator WONG—A conflict of interest can exist even if one declares. How you then manage it might be a different issue; would people agree with that?

Ms Cross—Certainly, once you have declared it, people have to consider how to manage it. As I said, that might include absenting yourself from decision making or other mechanisms. The declaration is clearly the first step.

Ms Paul—We are probably splitting hairs in terms of the point at which one declares.

Senator WONG—I am sure that you are aware where I got that quote. Is that the instruction to the department from the minister as to how it should approach conflict of interest management with the institute?

Ms Cross—We have had no instructions from the minister in how to manage the conflict of interest with the institute. But as with all of our other programs, we will ensure that there are appropriate mechanisms in place.

Senator WONG—Are you going to get any legal advice about that?

Ms Cross—Everything that we do will be cleared by our legal branch and our chief legal officers.

Mr Kriz—If you wish, I can give you an idea of what we do with conflict of interests as a general rule in the department?

Senator WONG—What I would be interested in is whether or not the approach that the department takes is going to be required of the institute?

Ms Cross—We have contracts with Industry Skills Councils and we require the boards of those Industry Skills Councils to manage conflict of interest as well because, again, they have employer and employee association representatives on their board. A number of them have protocols in place. They maintain a register of interests and they have procedures at the beginning of each meeting for declaration of any potential conflict that could come up. We have a number of contracts in place with other organisations where we actively manage this.

Senator WONG—For the Industry Skills Councils, when you say that you require it, is it a general provision that the council must have in place appropriate procedures and protocols to manage conflict of interest?

Ms Cross—In the contract within the governance section I believe it is actually specifically referred to.

Senator WONG—As a general requirement, and then they then work out how to implement that in detail?

Ms Cross—They then demonstrate to us what they have put in place as part of the contract to meet that contractual requirement.

Senator WONG—There is a process by which you determine if what they put in place is sufficient?

Ms Cross—We do not specify exactly what they do, but we specify that they have to demonstrate that they have managed conflict of interest appropriately.

Senator WONG—There is a process whereby you check what they have put to you in terms of demonstrating and determining whether it does sufficiently demonstrate appropriate management of conflict of interest?

Ms Cross—That is correct.

Senator WONG—Industry Skills Councils do not give preferred provider status, do they?

Ms Cross—No.

Senator WONG—We agreed before that there is a potential commercial interest or commercial benefit to a provider that gains preferred provider status? Do we agree with that or not?

Ms Cross—We do. I was going to add that Industry Skills Councils do award contracts to organisations to develop materials for training packages and a range of other things and it is completely feasible that some members of the board may have an interest in companies that may choose to tender for those activities, so they also have a real issue that needs to be properly managed.

Senator WONG—Subsequent to Mr Hardgrave's comments from which I read, has the institute or have the shareholders indicated to the department that it will adopt the minister's recommendation that any conflicted party will retire from discussions?

Ms Cross—I have not had any comments from any of the institute members or industry reference group chairs on the article that you are referring to.

Ms Paul—The board has not met yet, as we said, so they have not been able to discuss this issue yet.

Senator WONG—This is probably a bit of a legal question: will the conduct of the institute be able to be scrutinised by the Auditor-General?

Ms McLaren—We will have to take that on notice

Senator WONG—Is the Ombudsman applicable too?

Ms Cross—We will have to take that on notice as well.

Ms Paul—You would have to imagine that, given that the funding is being made under the FMA Act, auditing at least of our administration of the contract is possible, but we should check for you.

Senator WONG—I turn now to New Apprenticeships centres. There is an additional \$106.7 million over four years for NACs. Is this extra funding intended to be utilised for the establishment of new centres?

Ms White—You may be aware that we have recently run a tender process to select new organisations and continuing organisations to deliver services from 1 July 2006. The extra \$106 million over four years is to assist in paying for those contractual arrangements that will start 1 July 2006. There are two new organisations that have been selected through the tender process.

Senator WONG—Are the tenders finalised?

Ms White—The tender has been finalised.

Senator WONG—I just want to know if there are going to be more centres or not?

Ms White—The number of organisations will be 30. I think that is slightly fewer than we currently have, but they will service the same regions throughout Australia.

Senator WONG—What do you currently have?

Ms White—I do not have that figure with me. I think there are 34 organisations at the moment.

Senator WONG—So there will be four fewer?

Ms White—I will correct that. We have eight organisations that were unsuccessful in the tender, but we have two new organisations. So it will be six fewer.

Senator WONG—So there will be six fewer centres; is that how it works?

Ms White—No, it does not. Organisations may operate across more than one region. There are 22 regions. Some organisations may have 12 regions and others might have just one.

Senator WONG—You have finalised the tender, so you must be able to tell me how many locations?

Ms White—There will be around 313 sites.

Senator WONG—Sites?

Ms White—New Apprenticeships centres.

Senator WONG—How many are there currently?

Ms Andruska—There are fewer sites as such from the current contract. A number of the current sites were information-only stands, and there is a different model of servicing that is going to be applied through this contract. Just while Ms White is getting the figures—

Ms White—I do have the figures, but I might take it on notice.

Senator WONG—Take your time. I will go to something else while you are looking.

Ms White—Thank you.

Senator WONG—Welcome back, Minister.

Senator Vanstone—Thank you, Senator Wong.

Senator WONG—Mr Davidson, now that Senator Vanstone is here I want to confirm something about some of those historical figures that you identified. For 1996-97 and 1997-98, I want to confirm what the actual Commonwealth training expenditure for those years was?

Mr Davidson—I do not have those figures to hand for each of the years.

Senator WONG—I have a figure of \$909 million for 1997 and \$904 million for 1998.

Mr Davidson—I do not have those figures to hand.

Senator WONG—You do not recall a reduction in Commonwealth funding for training over the period 1997 to 1998?

Mr Davidson—I do not have those figures to hand. I was not employed by the Commonwealth at that time.

Senator WONG—Presumably you do not have the figure for 1992 of an additional \$720 million over three years for the vocational education and training system?

Mr Davidson—Not with me.

Senator WONG—It is the case that the Commonwealth abolished real growth funding from their grants in 1996 and 1997?

Mr Davidson—I think there is some wording that talks about growth funding, and I think that element of the agreement has lapsed. But there has been a substantial increase in funds available from the Commonwealth through the agreement.

Senator WONG—I was talking about 1996-97. Certainly post 2000 money was put back into the system. I am talking about the effect of the abolition of real growth funding under the Howard government and the growth through efficiencies policy introduced in 1998, which resulted in a loss of growth funding estimated at around \$377 million, up until 2000.

Mr Davidson—I believe that there was a period in which funding was maintained in real terms.

Senator WONG—How are we going?

Ms White—Yes. There are currently 330 full-time sites and 170 part-time sites. As Ms Andruska said, the actual servicing arrangements have changed slightly and there will be 313 physical sites in the new contract, and there is a delivery mechanism of field officers.

Senator WONG—You used to have 370 and 140?

Ms White—We had 330 full-time sites and 170 part-time sites, which were information sites only.

Senator WONG—Now you have 313?

Ms White—We have 313 sites.

Senator WONG—On notice, are you able to provide me with the list of the 330 and 170 and then the list of the 313?

Ms White—Yes, I would be able to do that.

Senator WONG—And their locations, presumably?

Ms White—Yes, that would be the locations.

Senator WONG—I assume so, not just the name. Will the total of \$106.7 million over four years buy any additional programs?

Ms Paul—Yes, it does buy additional services.

Senator WONG—Could somebody explain that to me?

Ms White—The \$106.7 million is in addition to the previous estimates to fund New Apprenticeships centres. Under the next contract, they will be servicing not only the current nearly 400,000 new apprentices in training but an estimated additional 850,000 new apprentices over the next three years.

Senator WONG—How many?

Ms White—An additional 850,000 new apprentices over the next three years.

Ms Paul—We are also requiring some changes in terms of the service offering. For example, we are looking at more face-to-face contact and so on through the New Apprenticeships centres. Our requirements on them are also reflected in that increase in funding.

Senator WONG—It is possible because I was not entirely clear about exactly what services were provided under the old funding arrangements that I am having a bit of difficulty understanding what is the difference in services.

Ms White—The services have been strengthened over the next contract round, and we have gone to a two-tiered fee structure. The tier 1 clients will be existing workers and new apprentices doing certificate II New Apprenticeships. The tier 2 structure—and there is a separate fee for that tender by organisations—will be for certificate III and IV New Apprenticeships and all new workers. Under that particular part in tier 2 there is a requirement for New Apprenticeships centres to provide enhanced services to what they currently provide. At the moment New Apprenticeships centres are required to conduct a sign-up process, which is sitting with an employer and a new apprentice and explaining their obligations under the training contract, getting that documentation signed up, and then there is a further contact at the six-month point. Under the new contracts from 1 July 2006, that sign-up process is still a very important part. There is a six-month contact, a 12 month-contact and a 24-month contact. Previous contacts needed to be by phone only. There are now requirements for physical visits to employers and new apprentices at either the six- or 12-month point and to actually have an intervention point at that stage.

Senator WONG—I am glad you have raised this, because I did want to understand how the contracts were structured. Are they outcome based only, or is there a mixture of outcome plus base funding? You mentioned six- and 12-month contacts.

Ms White—The New Apprenticeships centres are paid on milestones per new apprentice. There is a payment at the sign-up stage of the new apprenticeship. For both tier 1 and tier 2 that is 50 per cent of their tendered fee. For tier 2 there is another payment at the six-month point of 20 per cent of their fee and a payment on completion of the new apprenticeship of 30 per cent. If a new apprentice who is an Indigenous Australian or a person with a disability has a successful completion, there is a 25 per cent bonus payment. For the tier 2 clients, which are the certificate III and IV new workers—so this includes our trades and so on—there is a 50 per cent fee on commencement of the new apprentice, a six-month fee, which would either be 20 per cent or five per cent depending on whether a visit was done at that point or a phone hook-up was made.

Senator WONG—Presumably, you get 20 per cent for a visit?

Ms White—That is correct.

Senator WONG—And five per cent for phoning?

Ms White—That is correct. At the 12-month point there is another fee, which is either 20 per cent or five per cent depending on whether you visit or phone. There is not a fee attached to the 24-month point visit, but the completion fee for these is 25 per cent, which would not be paid unless the 24-month contact had been made. That can be either by phone or visit.

Senator WONG—The final payment is contingent not only on completion but also on a 24-month visit/contact?

Ms White—A 24-month contact. Like the tier 1s, there is a bonus fee of 25 per cent for Indigenous and disabled completions.

Senator WONG—What did you call it? You said it was milestone or outcome based? Is there any component of the funding which is a performance target as a whole for a particular centre?

Ms White—Our New Apprenticeships centres have a raft of KPIs. They might not have a numbered target, but they have to get proportions of Indigenous, for instance, and people with disabilities. In this next contract round we also have a requirement that three different business plans be submitted, against which they have to report activities and outcomes. We can take sanctions if the requirements are not met. There will be a plan that involves marketing and getting out and about and talking to schools and things like that. There will be a plan around key client groups—Indigenous, people with a disability, mature-age and school based New Apprenticeships. There is also a plan around occupations that are experiencing strong skill needs.

Senator WONG—That is very detailed. Thank you. Could I trouble you to perhaps give me on notice the milestone or outcome payments structure that you have just structured and the KPIs?

Ms White—Yes, that is not a problem.

Senator WONG—Could you also let me know whether any funding component is contingent upon the achievement of the KPIs?

Ms White—There are sanctions if the KPIs are not met. We can withhold fees.

Senator WONG—Yes, I figured that. But I am just trying to work out how this works. What proportion of their funding is predicated on these milestones?

Ms White—The funding, as I said, is per new apprentice and where they move through. It is more the case that we would withhold fees if they had not met KPIs in terms of the servicing arrangements.

Senator WONG—How would that actually work? What happens if I run a New Apprentice centre with 100 apprentices and do not meet some of my KPIs? What happens if, say, have achieved the six-month, 12-month or 24-month KPIs for a tier 2 person? Is that where you penalise me, on that milestone—

Ms White—Where the penalties—

Senator WONG—Let me finish the question.

Ms White—Sorry.

Senator WONG—because you might not understand what I am asking about. I do not know the area particularly well. Is that where I would be penalised for the failure to meet the KPIs, in terms of the milestone fee or the outcome fee, for six, 12 or 24 months?

Ms White—No. Where the sanctions would apply would be in March each year when they are required to submit their outcomes against their business plans, and we would take the sanctions at that point. The fees for the six-month and 12-month contracts and so on happen as they occur throughout the contract for each new apprentice. They are claimed through our TYIMS System. There is an automatic fee for service process of verifications there.

Senator WONG—I think we heard evidence earlier about a decline in New Apprentices again this year. What are the most recent figures?

Ms White—The numbers in training have dropped over the last year or so, yes.

Senator WONG—What are the numbers of apprentices that this appropriation is predicated on?

Ms White—The appropriation is based on the estimates of the department against each region. As I said, it is around 850,000 over the next three-year contract. The \$106 million is for four years, but our next contract is for three years. So there is an out-year there.

Senator WONG—So your assumption is 850,000 over three years?

Ms White—Yes.

Senator WONG—What were the NCVET 2005 figures that we were discussing?

Ms White—There are 389,000 in training at the moment. The New Apprenticeship centres of course have to continue to service those clients over the next three years as well.

Senator WONG—So the 850,000 is predicted commencements?

Ms White—They are predicted new commencements over the next three years.

Senator WONG—How have you assumed they are broken up—Just a third each year?

Ms White—I am not sure. That would have been done through our estimates modelling process.

Senator WONG—So you cannot tell me that at all?

Ms White—No, I do not know. We would have to take it on notice.

Ms Andruska—We have a model that has been agreed with the Department of Finance. It is something that has been quite robustly tested. In fact, even the figures that have come forward out of the tender process were well estimated and met the outcome.

Ms White—The figures, rather than the contract value, are what determine the business levels—the people who tender a business level to us and also tender the fee. The contract values are based on those parameters.

Senator WONG—The new contract commences next month?

Ms White—On 1 July 2006.

Senator WONG—Under the new contract, given what you have told me about the different services, there will be a requirement for additional work to be conducted by the NACs?

Ms White—That is correct.

Senator WONG—Was there a rollover of existing contracts or did everyone have to reapply?

Ms White—There was no rollover. This is a new tender testing the market.

Senator WONG—When was the tender finalised?

Ms White—The minister made the announcement on 12 April.

Ms Paul—The delegate made the decision earlier than that, I presume.

Senator WONG—So the extra \$106.7 million that is in the current budget appropriation did not form part of that tender process?

Ms White—No, it did not. The estimates were put up before finalisation of the tender.

Senator WONG—Presumably, they have contracted on the basis of a certain fee structure and certain estimates. You now have additional money. What is that going to be used for?

Ms Paul—No, we had to run them both in parallel. Our estimates model picked up an anticipation of the impact of the potential results of the tender in terms of pricing and so on and the new business we were acquiring. Interestingly, as Ms Andruska has just pointed out, the two matched up pretty well.

Senator WONG—Perhaps I am being a bit obtuse here. You go out to tender to procure certain services and you have now been given an extra \$106.7 million for that service. Does that mean the NACs will get this additional money?

Ms Paul—Yes.

Mr Davidson—There are two components, I think, which we anticipated would relate to increased costs. The first is the one that Ms White has been describing, which is increased contact. We were keen to make sure that the NACs had closer contact with individual apprentices and employers. The second is that, in the previous contract, there was no indexation provision at all. We anticipated that tenderers would actually seek to address the issue of lack of indexation in the previous period and seek to increase it.

Senator WONG—Yes, but you did not know at the time that you put this out to tender that you would get the \$106 million?

Mr Davidson—No.

Senator WONG—That is my point: are you going to have to vary the new contracts to take account of this additional money?

Mr Davidson—No, there is some flexibility around an increased movement in numbers, but essentially the modelling that we have done gave us a figure within the same kind of range we had anticipated with the Department of Finance.

Senator WONG—So, when the tender was constructed, you made certain assumptions about what you get through the budget appropriations process?

Ms Paul—What we sought through the budget appropriations process was based on some assumptions about what we might receive in the tender process.

Senator WONG—So there will be no contract variation required?

Ms Paul—No.

Senator WONG—Will any additional work be required of the NACs resulting from the \$106 million?

Ms Paul—No, it is the other way around. The \$106 million funds the changes that we put in the RFT.

Senator WONG—Before you knew you had the \$106 million?

Ms Paul—It was clearly something that would have to be funded through budget, because it was a tender.

Senator WONG—But you had already gone out to tender, so what if you did not get the \$106 million?

Ms Andruska—Over the period of the contract we had been requiring NACs to do additional work. More specifically, when we went out for the RFT we specified the additional contact and work that we wanted them to do. As Ms Paul said, there had been no increases from the beginning of the current contract. We were talking to the Department of Finance as we were working through that process. We worked with our model through the process as well. If we had not been successful in getting additional funding, we would have had to reduce the level of business.

Senator WONG—That is how you would have dealt with it?

Ms Andruska—Yes.

Senator WONG—How would you do that? What do you mean ‘reduce the level of business’?

Ms Paul—We would have had to change our requirements, presumably.

Ms Andruska—Or our business allocation that we would have assigned each of the successful tenderers would have been less than what it has been assessed.

Ms Paul—But the process was well synchronised, so that was not—

Senator WONG—Finance just did not want to disrupt the assumptions underneath your tender process?

Ms Paul—The model we use is a jointly agreed model.

Senator WONG—It is what?

Ms Paul—An agreed model with the department of finance.

Senator WONG—Has the department had any unsuccessful tenderers raising complaints or grievances?

Ms White—All unsuccessful tenderers have been provided individual feedback. Certainly in those feedback sessions a number of them raised their disappointment with being unsuccessful. No official grievances have been lodged with the department.

Mr Davidson—We have received correspondence from, I recollect, two NACs that have raised their disappointment with the outcome.

Ms Paul—I have certainly received a couple of letters expressing disappointment.

Senator WONG—Ms White, I think you gave me earlier the number of organisations. It is now 28?

Ms White—No, there are 30 organisations.

Senator WONG—And previously there were 34?

Ms White—I think there were 36—and six fewer now.

Senator WONG—So two new ones—eight lost contracts?

Ms White—That is correct. Eight current New Apprenticeships centres have not been awarded contracts.

Senator WONG—Are you aware of how many employees of those that have lost contracts have or are to be made redundant?

Ms White—No, I am not aware of that.

Senator WONG—Presumably you had KPIs in relation to the 2003 to 2006 contract period?

Ms White—That is correct.

Senator WONG—Did you have an assessment against those?

Ms White—The KPIs are assessed continuously throughout the contract. We do six-monthly monitoring of the current New Apprenticeship centres. That will continue in the next round.

Senator WONG—Are your KPIs ranked? For example, is X more important in order of importance?

Ms White—I am not sure. Certainly there is a score that comes out after we assess our KPIs. There are different sorts of KPIs. Some are around administrative processes and some are around participation of the equity groups and so on.

Senator WONG—How often are those scores done?

Ms White—They are done six monthly.

Senator WONG—Is this a relative ranking of the organisations?

Ms White—We would do that internally, but the organisations are given their own score. There is a benchmarked score as well that we expect them to achieve.

Senator WONG—What information can you give me, on notice, about the relative ranking of NACs under the last contract?

Ms White—I would have to take that on notice. But certainly we would have the scores for every New Apprenticeships centre in the department.

Senator WONG—Why do we do it this way? I will take some advice on how it is formulated, given your evidence about how you take the data, which is every six months over the entirety of the contract. There is not a final one, is there?

Ms White—No, it is done regularly

Senator WONG—But it is not a, ‘This was your contract or KPI score for the 2003 to 2006 year’?

Ms White—No, that is not how it is done.

Senator WONG—What arrangements is DEST putting in place or requiring of providers to manage the transition of apprentices and employers from the old NACs to the new providers?

Ms White—Both the non-continuing New Apprenticeships centres, continuing New Apprenticeships centres and also the new organisations have been sent detailed instructions about the transition arrangements. DEST has been contacting employers and asking them to choose New Apprenticeship centres for the next contract round. We are also writing to all employers who may be now with a non-continuing New Apprenticeships centre and advising them who their new organisation will be from 1 July. I believe those letters go out in around a week's time.

Mr Davidson—In addition, there is a meeting with the NAC Association tomorrow to work through any transition issues that they see, and that association includes some of the losing NACs as well as some of the NACs that are continuing. We are hoping to be able to work with them on a broad basis to be aware of any issues they see.

Senator WONG—Will continuity of provision of service be ensured?

Ms Paul—That is why the instructions are so detailed in terms of the nitty-gritty issues of file transfer and so on.

Senator WONG—Presumably you will monitor that?

Ms White—Yes, that is correct.

Senator WONG—Are there any new NAC contractors who have no prior experience in delivering apprenticeship services?

Ms White—One of the new organisations has not had a previous contract.

Senator WONG—Despite that, they won a contract?

Ms White—That is correct. Certainly, the RFT required organisations to either have done it before or have delivered similar services. The organisation that has not delivered New Apprenticeships services before is a large Job Network provider and would be delivering similar services to what we deliver under this contract.

Senator WONG—I am glad you mentioned the Job Network. You are aware that Job Network, obviously, has a range of outcome fees associated with various things that can happen?

Ms White—Yes.

Senator WONG—That is, the outcomes for employment or training. What mechanisms are in place where you have an organisation that might be the subject of both a Job Network contract and an NAC contract to ensure there is not double-dipping in respect of Commonwealth funding? For example, if I am a Job Network member, I get an outcome payment of varying levels depending on the degree of disadvantage to the job seeker for placing them in training. I presume that if I place them into an apprenticeship I also get an outcome payment from you; is that right?

Ms White—We have a number of current New Apprenticeships centres that are also Job Network providers. Organisations have to be completely separate and they have to have a

conflict of interest management plan. One of the aims, of course, is for disadvantaged clients to be placed in New Apprenticeships.

Senator WONG—Sorry, what was that?

Ms White—An aim of our program is for disadvantaged clients to be placed into New Apprenticeships. As to the fees in the Job Network, as I understand them—and we would have to check—there is not an additional fee for placing a person in a new apprenticeship, as far as I am aware. I would have to check that.

Senator WONG—Given that you have at least one, which you mentioned today, person or organisation that is delivering both services, have you considered any potential for double-dipping and ensured that that will not occur or cannot occur in terms of program delivery?

Ms White—They are completely different services. What the Job Network does is place a person in a new apprenticeship or in any sort of employment. What the New Apprenticeships centre does is sign up the new apprentice to the contract of training, explain the rights and obligations to the employer, monitor the person and do those visits and so on while they are in the new apprenticeship itself.

Ms Paul—I think Ms White has answered it in essence by saying that there is a requirement for the two to be separated and to have a conflict of interest plan—going to your point.

Senator WONG—What is the conflict of interest requirement and what is the requirement as to separation? Is it simply two corporate structures with an identical owner? Would that satisfy the separation?

Ms White—Each organisation has to have a conflict of interest plan, which is part of their contract.

Senator WONG—No, this was not what I meant; I was going to get on to that. You talked about separation of the functions. Is legal separation sufficient even in reality? Where you have two corporate entities wholly owned by the same person or people, is that sufficient separation?

Ms White—They have to be separate. The staff cannot work on Job Network and be in the New Apprenticeships centre, for instance. They have to have different phone lines and so on. But they are essentially two different services.

Senator WONG—You just set out a number of conditions, guidelines or protocols, whatever word you would like to use. Are they set out somewhere?

Ms White—I understand that the organisations put to us their conflict of interest plan and we approve that.

Ms Paul—And it is part of the contract.

Ms White—Yes, it is part of the contract.

Mr Davidson—We would be delighted if the Job Network providers increased the number of people they placed into apprenticeships. That would be an excellent outcome for us. We would be very pleased to get that result.

Senator WONG—I am not arguing against that at all. I am simply asking whether, in circumstances where related or the same organisation provides both services, there are (a) sufficient provisions to ensure no conflict of interest and (b) mechanisms to ensure the Commonwealth is getting value for its money—that is, there is not a double-dipping essentially for the same kind of service being provided by this provider in two different contexts and getting two different sets of outcomes.

Mr Davidson—As Ms White commented before, at the present time there is no outcome payment for a Job Network provider for placement in an apprenticeship.

Senator WONG—Is your evidence that there is no overlap at all in terms of the outcome fees?

Mr Davidson—No, my evidence is that we will provide you with the information that you request. But fundamentally, as Ms White has indicated, the Job Network provider is doing a job placement service, and that is what they are contracted to do. The NAC is undertaking a process of signing up a person to an apprenticeship, monitoring the progress of that apprenticeship and hopefully ensuring that the completions of those apprenticeships continue to rise.

Senator WONG—In relation to separation, Ms White, is that a protocol or a principle position by the department or is this simply something that was suggested by this organisation as a way around it? Can you see what I am saying? I am not clear as to whether you say, ‘You have to manage their conflict of interest and we’ll consider how you propose to do that’ or whether you have a set of standards or principles against which you would judge what is put to you.

Ms White—I will have to take that on notice and get back to you with those protocols. Certainly, there are many current New Apprenticeships centres that are also Job Network providers. The new organisation coming in is a Job Network provider, but many of the other ones are as well. I will get back to you with those. I will take on notice those protocols for how we approve it as part of the contract.

Mr Davidson—In the tender document we were actively seeking people who were engaged in job placement activities. Just to clarify my point, there is an outcome payment for placement in a job, which would include an apprenticeship, but there is no payment for sign-up of apprenticeships.

Senator WONG—While you are at the table, Ms White, I think it was you I was asking questions of on the last occasion regarding the Training and Youth Internet Management System, TYIMS?

Ms White—That is right.

Senator WONG—I think you indicated to me that TYIMS would be able to separately identify apprentices contracted under a particular visa category—is that right?

Ms White—That is correct.

Senator WONG—I want to confirm the number of apprentices under the trade skills training visa category?

Ms White—There are nil.

Senator WONG—You do not record companies; you just record apprentices—is that right?

Ms White—If a new apprentice had started under those arrangements, we would have the details of the employer in TYIMS.

Senator WONG—So you have none at the moment?

Ms White—That is correct.

Senator WONG—Will the system be able to identify location, if and when there are some?

Ms White—Yes, it would be able to.

Senator WONG—Has DEST been asked to provide any advice to the department of immigration regarding the companies that are proposing to sponsor an apprentice under this visa category?

Ms White—No, it has not.

Senator WONG—So DIMA has not approached you? I should be fair to you. DIMA has indicated—and I am sure Senator Vanstone will tell me if I am wrong—that three companies have been approved as sponsors and a further 19 are currently being assessed as to whether they meet the sponsorship requirement. In relation to the three that have been approved, did DIMA approach DEST for any information in relation to the three companies that have received approval—

Ms White—No.

Senator WONG—as to their training record?

Ms White—No.

Senator WONG—In relation to the 19 pending approvals, I assume no such contact—

Ms White—No such contact with DIMA.

Senator WONG—Under your TYIMS system, is the type of employment contract recorded?

Ms White—The information that is on the contract of training is recorded in TYIMS. There is a question on the contract of training with regard to the employment arrangements. I am not sure how detailed our TYIMS system would break that down, but there would be information in there.

Senator WONG—In future, if I ask you the location and the nature of their employment arrangements—that is, what is legal basis or award agreement contract—would you be able to tell me?

Ms White—Yes, it would probably be as simple as, I think, something like federal award, state award or other.

Senator WONG—You are not doing individual contracts?

Ms White—It is what is on the state and territory contracts of training that is in our TYIMS system.

Senator WONG—Turning to page 116 of the PBS, I want to compare the forward estimate for ‘Support for New Apprenticeships’ as between the two PBSs. There has been a slight downward revision, from \$631,617 in the 2005-06 forward estimate for the forthcoming financial year and the budget estimate in the current PBS. I want to know what the basis of the downward revision is?

Ms White—I am sorry, where are we looking? Page 116?

Senator WONG—For 2006-07, which has \$615,350.

Ms White—‘Support for New Apprenticeships’, \$615,350?

Senator WONG—Yes. I am comparing it with page 127, for the same period of 2005-06—

Ms White—In the last portfolio budget statements?

Senator WONG—Correct.

Ms White—Mr McAuslan is pointing to the figure of \$587,141

Senator WONG—Yes, but I am comparing the 2006-07 figures. There is a forward estimate after the bold in 2005-06, which says \$631,617. On page 127, where you were, it said \$587,141. On the next page, the forward estimate, which was then estimated for 2006-07, was 631,617.

Ms White—We cannot find it; I am sorry.

Senator WONG—Let us start from the beginning. Go to the PBS 2005-06.

Ms White—Sorry, I do not have that document with me.

Senator WONG—That is all right. Page 127, the forward estimate for 2006-07 of \$631,617—

Ms White—Yes, I can see that figure. Mr Storen has brought that book over.

Senator WONG—You are indispensable, Mr Storen; you should not go away. And then the 2006-07—

Ms White—The \$615?

Senator WONG—Yes, What is the \$16.7 million difference?

Ms White—I would think that the difference would be to do with our estimating the forward estimates.

Senator WONG—Yes.

Ms White—Ms Andruska said we have an estimates model that has a number of factors in it that pull out figures for us to estimate our expenditure in forward years.

Mr McAuslan—There are also the two savings measures that impact on these numbers as well.

Senator WONG—That is the rural and regional skill shortages incentive and the—

Ms White—That is correct.

Senator WONG—To what extent is the downward revision due to any factors other than the program cuts to which I have just referred?

Mr Davidson—I suspect that it is actually to do with the changing categories of payments that go out through incentives as against the new items in the budget, which is classified under different headings.

Ms McKinnon—The model that has been agreed by DOFA works on historic data to inform the forecasts. There are a fair few variables in the incentives structure that relate to whether or not an apprentice has a prior qualification that would make them ineligible for an incentive, what level of qualification they are doing, as well as what area or industry they are doing it in, and the skill shortage also affects the money paid out from the incentive. I guess the point is that the model is fairly complex and based on historic data and data afforded from the TYIMS, which has in itself a time-lag. All those factors go into a black box and that allows us to forward estimate how much we think we will spend on support for new apprentices. That is quite apart from the savings measures.

Mr Storen—If I could add a little bit: what you are looking at there is a \$16 million reduction. If you look at the impact of the two measures that you mentioned, that is a \$7 million reduction. There is a residual of \$9 million, which would have been adjusted for reasons Ms McKinnon has mentioned, in that there is an estimates model that looks at actual incentive payments over a period and projects the trends. It has been reduced downwards by \$9 million.

Senator WONG—What does that indicate, leaving aside the program cuts to incentives? Sorry, we have discussed the incentive program cuts. What are the parameters that have altered between the two budget rounds that have led to the \$9 million reduction? Fewer and fewer apprentices or—

Mr Storen—Fewer incentive claims being made or lower level incentive claims being paid. That is probably a reflection of the overall reduction over the last 12 months in the NCVET apprenticeship data, which you were talking about. What you would be seeing there is that impacting on the incentive payments going out.

Ms McKinnon—Another example is the skills areas that are identified. There was a change to that, I think in April of this year, when some occupations came off and some were added.

Ms Paul—We would probably have to take it on notice. If you want the absolute accurate breakdown, we would probably have to take it on notice—interrogate the model.

Senator WONG—It is just the \$9 million and whether the \$7 million was attributable to those others.

Ms Paul—We will go away and have a look at it. If we find there are more factors than we have named here, we will take it on notice.

Senator WONG—In relation to the two programs that we have been discussing that were cut, can you tell me how many apprentices receive support under each of these programs each year?

Ms McKinnon—In terms of the rural and regional skills shortage initiative and the qualifications affected, I do not have the numbers of apprentices for each of those. But the agriculture and horticulture qualifications removed from that incentive were about 10 per cent of that total payment of incentives across industry across the qualifications. In terms of women in non-traditional trades, I would have to also take that on notice to get exact numbers across the incentive.

Senator WONG—Are you able to enlighten me as to the decision to cut these programs or was that simply a decision in government?

Ms Paul—It was a decision in government. The policy basis is that the evaluation of the women's incentive found that it had not had an impact in terms of increasing the numbers. The effect of the government decision on the rural incentive is to target the incentive to the occupations in skills shortage rather than more broadly.

Senator WONG—Which still reduces the number of people who will receive it?

Ms Paul—That is right, because fewer occupations are covered.

Senator WONG—I understand you are going to take this on notice, but do I understand from Mr Storen's and Ms McKinnon's answers that the assumption is that there are slightly fewer apprentices or people not completing or not staying as long in the apprenticeship?

Ms McKinnon—If you look across the category of incentives and the eligibility criteria for incentives, for example—

Senator WONG—Sorry, I was actually going back to the downward revision of the support for New Apprentices.

Ms McKinnon—If you go back to that, there is a commencement incentive, for example, for mature apprentices. We can use historic labour market data and the trends in New Apprentices and try to estimate the total amount of incentives, but that is made up of a lot of different eligibility criteria that are difficult to model. We may in fact have the same number of apprentices—hypothetically—but none of them mature age. So not one of them would attract the extra incentive for that.

Senator WONG—You are talking 'we may' and I am asking what the assumptions are underpinning the revision.

Ms McKinnon—I would have to take that on notice to find that.

Ms Paul—We have named several effects. Rather than taking it on notice twice, we will roll it all up.

Senator WONG—That is fine.

Mr Davidson—Both of the incentives that have changed are additional payments on top of the standard incentive arrangements.

Senator WONG—Yes, I was aware of that. I presumed that is for policy reasons.

Mr Davidson—As they change, they will actually go to the bottom line.

Senator WONG—We have already established that some component of the revision is applicable to that, but not all of it. That was what the question has been about.

Ms Paul—Yes, \$7 million versus \$9 million.

Senator WONG—You indicated, Ms Paul, the evaluation of the women in traditional trades indicated or suggested that it was not effective or had not boosted numbers. Was that an internal evaluation?

Ms Paul—I believe it was.

Ms White—It was.

Senator WONG—Did you flip it around and see whether it might have declined if we did not have the incentive?

Ms Paul—That is hard to do.

Senator WONG—Qualitative analysis.

Ms Paul—Very qualitative. The analysis showed that it had been quite steady through that whole time.

Ms White—Certainly it showed that the proportion of females in trade occupations, for example, has remained around 15 per cent for the last seven years despite that incentive being in place.

Senator WONG—I guess whether or not it had an effect would be shown over the next few years.

Ms Paul—There is a range of factors, too. For example, one of the new budget initiatives is to offer incentives for the first time to higher level qualifications.

Senator WONG—I am about to ask you about that. Go ahead.

Ms Paul—To some extent you may be seeing a transferring of women. One of the areas covered by that new measure is child care. You might be seeing, for example, a change in women's work from the lower level areas covered by this previous historical incentive to the high demand, higher level qualifications such as a diploma in child care and so on.

Mr Davidson—To highlight that point, the take-up of the existing incentive, or the one that is ceasing, was largely in the meat processing and poultry industries. There was a high churn factor in terms of the low-level employment of women. What we are seeing with the new incentive package is actually a focus on higher-level qualifications in occupations that are not attractive to women.

Senator WONG—The New Apprenticeships incentives program application to diploma or advanced diploma qualifications—is that what you are talking about?

Ms Paul—Yes.

Senator WONG—Ms Paul, I hope you work out how to paginate the landscape documents before the next estimates.

Ms Paul—Yes, I agree.

Senator WONG—The total spend on that initiative over the four years is—

Ms McKinnon—\$10.6 million.

Senator WONG—Can you explain how these incentive payments will be structured?

Ms White—They will be restructured like our other incentives, with a commencement incentive and a completion incentive.

Senator WONG—In the same sort of detail as you have indicated in relation to previous answers—is it going to be identical?

Ms White—This is to do with incentives rather than the New Apprenticeships servicing. It is a \$1,500 incentive on commencement and a \$2,500 incentive on successful completion, the same level of incentives that we have for our certificates III and IV New Apprenticeships.

Senator WONG—Who is paid those? Who gets that?

Ms White—The employer receives that.

Senator WONG—Only the employer?

Ms White—That is correct.

Senator WONG—What qualifications will be eligible for the incentives?

Ms White—There are around 10 qualifications at the diploma and advanced diploma level. There are several in children's services. The Diploma of Children's Services, the Diploma of Community Services: Children's Services, the Advanced Diploma of Children's Services, the Advanced Diploma of Community Services: Children's Services, the Diploma of Dental Technology, the Advanced Diploma of Dental Prosthetics, the Diploma of Out of School Hours Care, the Diploma of Laboratory Technology, the Advanced Diploma of Laboratory Operations and the Diploma of Engineering.

Senator WONG—Is there any intention to add to the range of qualifications eligible for the incentives?

Ms Paul—That would be a matter for government.

Senator WONG—There is a comparatively high proportion of departmental output component to this measure, particularly in the forthcoming financial year. Can you explain to me why the department requires \$382,000—I do not know what it is over the full estimates period; I cannot add that up quickly enough—to implement this program?

Ms White—I do not have the exact breakdown in front of me, but I understand there certainly are IT changes required to our TYIMS. Given it is a new incentive there will be a requirement of course for additional monitoring, which is done by our state and territory officers. There is some additional staffing there as well. We would also need funding to market this new initiative. This is the first time we have had incentives for diplomas and advanced diplomas in this program.

Senator WONG—On notice, could you give me a breakdown into categories of the departmental output component?

Ms White—Yes.

Senator WONG—How much for marketing, how much for capital expenditure, et cetera?

Ms White—Yes, we could do that.

Senator WONG—Also on notice, of the qualifications that you just outlined to me, could you give me information on how many people commenced these qualifications over the last 12 months?

Ms White—Yes, we can do that.

Ms Paul—You can see from the run of numbers over the four years—and it is front loaded—that there must be a significant systems component, which I would expect of course. That was why it is—

Senator WONG—This would be in setting it up?

Ms Paul—Yes.

Senator STEPHENS—When are people going to be eligible for those new incentives?

Ms White—There will be commencements from 1 July 2006.

Senator STEPHENS—Is there any capacity for people who have enrolled at the beginning of the year to access those incentives?

Ms White—No, there will not be.

Senator WONG—Finally on this, basic information technology enabling skills—

Ms Cross—BITES.

Senator WONG—BITES for all the workers—is that right? Is there somebody in the Public Service, Minister, who comes up with these acronyms?

Senator Vanstone—In 1996, when we won government, the blue books that were given to me for the then aircraft carrier department—Employment, Training, Education and Youth Affairs—started with 20 pages of acronyms that I should learn before I could read the rest of the blue books.

Senator WONG—One could talk about *Yes, Minister* and things like that now, but Ms Paul and her colleagues might be a bit offended.

Senator Vanstone—Have you heard the story about Malcolm Fraser in the hospital, and Doug Anthony and Sir Geoffrey Yeend went to visit him? He said, ‘No, don’t come in. I’m busy.’ ‘Busy? What will you be doing?’ ‘I will be watching *Yes, Minister*.’ ‘That is all right, we will watch it and then we will talk to you.’ So they went along to the hospital, so the story goes, and all three were laughing away at various bits until Anthony and Fraser got very uncomfortable because Yeend started laughing at other bits.

Senator WONG—You could try that as a culture-changing mechanism within your department, Minister, to see which bits they laugh at?

Senator Vanstone—I have thought about sitting down with a few people and watching it to see if they laughed at other bits.

Senator WONG—BITES for older workers—this is a program that has been cut or has finished?

Ms Paul—It finished. The commitment was for four years. It was an election commitment. It is a discontinuing program.

Senator WONG—The election commitment in the 2001 election?

Ms Paul—Yes.

Senator WONG—That program did not operate in any form prior to that?

Ms Paul—No.

Senator WONG—How many people benefited from it each year over the term of the program? You might want to take that on notice?

Ms Priddle—Yes, we will take it on notice.

Senator STEPHENS—We are moving now to the industry skills councils. Has the government undertaken a review of the industry skills councils this year?

Ms Cross—The government has partly undertaken an evaluation of the 10 industry skills councils.

Senator STEPHENS—Can you give us a time frame for when that will be finalised?

Ms Cross—We are hoping to finalise the evaluation report in mid-June.

Senator STEPHENS—The end of the calendar year?

Ms Cross—This financial year.

Senator STEPHENS—Can you explain to me the funding arrangements for the skills councils?

Ms Cross—The industry skills councils, when originally established, were established by the Australian National Training Authority. They are funded out of national program funding. That funding and the responsibility for the ISCs transferred to DEST on 1 July last year.

Senator STEPHENS—How long is the funding allocation?

Ms Cross—They have 12-month financial year contracts with DEST.

Senator STEPHENS—Only 12 months, rolling 12-month contracts?

Ms Cross—That is right. That is one of the issues that will be looked at as part of the evaluation—whether that is an efficient way of operating.

Senator STEPHENS—I did hear that you were having a conversation with Senator Wong about the relationship that might occur with the industry reference groups. Is there any sense that the industry reference groups could take over the roles of the industry skills councils?

Ms Cross—Certainly, the role of the Industry Skills Council is not within the scope of the Institute for Trade Skills Excellence. They have quite separate roles.

Senator STEPHENS—Other than the 12-month funding arrangements, does DEST have other concerns with the way in which the skills councils have been operating?

Ms Cross—I would not go so strongly as to say we have concerns. Certainly, we took over the contracts for the ISCs on 1 July. As part of our normal program management, we are always looking for ways to improve the efficiency with which we manage industry skills councils. A number of them have commented to us on the reporting requirements under the contracts, which they feel are quite onerous. Without saying that that is a concern as such, we

will certainly be looking at whether the reporting arrangements are appropriate. Beyond that, it is really a review just to look at how they have gone since they have been set up. When the funding agreement between the Commonwealth and the states was signed, we did indicate that we would give ISCs 12 months to establish their operations and we would then review them against the key performance indicators. This was foreshadowed some time ago.

Ms Paul—We need to correct a number that we gave to Senator Wong before. I might ask Ms White to correct that number. It is not a major number, but we need to correct it for the record.

Ms White—Sorry, Senator. I realised that the figure I have given you of 850,000 New Apprentices in the next three-year contract round—now I have looked at my figures—is actually 806,650. I would like to correct that on the record.

Senator WONG—Is it over the forward estimates?

Ms White—That is over the three-year period from 1 July 2006 to 30 June 2009.

Senator WONG—Yes, I understand that. I was wondering: is the prediction a third each year or is there an increase?

Ms White—We will take that on notice. It was the total figure that I incorrectly provided.

Senator STEPHENS—Can we talk about Tools for your Trade, please. During the last estimates there was some discussion with Senator Crossin, and she suggested that the list of eligible trades be expanded. This happened in March, did it not; there was an extension?

Ms White—That is correct.

Senator STEPHENS—I am sorry, I do not have the list of the additional trades that were added. Would you mind just running through them?

Ms White—There were 16 additional trades: pressure welder, vehicle body maker, lift mechanic, carpenter, joiner, roof slater and tiler, wall and floor tiler, stone mason, floor finisher, gas fitter, drainer, roof plumber, mechanical services and airconditioning, plumber, baker, boatbuilder and repairer, and a flat glass tradesperson, which I believe is a glazier.

Senator STEPHENS—Did I hear you say ‘boatbuilding’?

Ms White—There is a boatbuilder and repairer.

Ms Paul—That was the one that Senator Crossin was very interested in.

Senator STEPHENS—Yes, that is right. She will be pleased.

Ms Paul—Yes, she will.

Senator STEPHENS—The eligibility for the toolkit is based on the occupations that appear on DIMA’s Migration Occupation in Demand List; is that right?

Ms White—That is correct.

Senator STEPHENS—How do you identify regional trade shortages? Do you have a mechanism for doing that?

Ms White—This initiative is not targeted at regional trade shortages. It is a national skills shortage initiative.

Senator STEPHENS—While it is a national initiative, if there is a local trade shortage but not a national trade shortage an apprentice cannot access the toolkit allowance?

Ms White—If the apprentice is in one of the trades that is in national skill shortage according to our list, irrespective of where they live they would attract the toolkit.

Senator STEPHENS—That was an issue that was also discussed in the last estimates. Senator Vanstone actually agreed with Senator Crossin when she asked you to look at that.

Ms White—That is correct. Our answer at the time was that, once the initiative had been in place for 12 months and toolkits had been delivered for 12 months, the department would re-look at that. That will not happen until October 2006.

Senator STEPHENS—There was an addition of 16 trades in March. How many more apprentices are expected to be eligible for the toolkit?

Ms White—It is a little difficult for us to tell at this stage. The industry skills centres are still mapping what qualifications actually lead to those occupations for us. The occupational categories may have a number of qualifications sitting under them. Until that process is finished, we would not be able to estimate how many additional apprentices will be—

Senator STEPHENS—When do you hope for that process to be completed?

Ms White—We are hoping that will be done in the next couple of weeks. We only have a few of the industry skills councils still to hear back from, I understand.

Senator STEPHENS—If it is possible to take that on notice and provide it, that would be helpful.

Ms White—We could provide you with a full list of qualifications, yes.

Senator STEPHENS—Have you determined how much the program is expected to cost this year, if you have not figured out how many—

Ms White—No, we have not done that as yet. The people would not become eligible until after 28 June, because there is a three-month waiting period before you become eligible for the toolkit from commencement.

Senator STEPHENS—Where is this program, under which budget output?

Ms White—It is part of the workforce skills development line in the budget. It is in output 2.2.

Senator STEPHENS—I cannot see it; it has been a long day.

Ms White—In the portfolio budget statements, page 67, output 2.2, the third line down, New Apprenticeships workforce skills development. Tools for your Trade is one of the programs that is in that budget line.

Senator STEPHENS—I see. At this stage you have not extrapolated out the costs?

Ms White—That is correct.

Senator STEPHENS—When do you hope to be able to do that?

Ms White—We hope to do that within the next couple of weeks.

Senator STEPHENS—Could you provide that out to the forward estimates?

Ms White—I am happy to do so.

Senator STEPHENS—I wonder if you could also provide on notice the complete list of qualifications that make an apprentice eligible for the toolkit and how many apprentices have commenced that qualification in the past 12 months?

Ms White—Yes, we can do that for you.

Senator STEPHENS—Is the eligibility for the Commonwealth Trade Learning Scholarship also affected?

Ms White—They are the same qualifications for both those initiatives.

Senator STEPHENS—It would be the same apprentices that would be eligible?

Ms White—Essentially, yes. They will be for commencements from 28 March 2006 for the scholarships paid at the one-year point and the toolkit at the three-month point.

Senator STEPHENS—I just want to follow up a particular issue about the toolkits just for clarification. I have some correspondence that I received from a constituent. This constituent is a mature age apprentice studying for a trade certificate III in electrotechnology communications. He is in a class where several others have received the tool allowance and he is a mature age apprentice working for a government department, which he has been advised excludes him from the tool allowance. Would that be correct?

Ms White—No. That does not appear to be correct.

Senator STEPHENS—No. I apologise. He signed up before 1 July. He is not eligible for the scholarship grant because he is working for a government department. Would that be correct?

Ms White—Not that I am aware of.

Ms Paul—Perhaps you should refer that case to us.

Senator STEPHENS—I just wanted to get that straight in my head. There did not seem to be any information that I could find about the program.

Ms White—Certainly in terms of government departments, the employer incentive is not available to Commonwealth departments. For the personal benefits allowable to new apprentices, people in Commonwealth departments are eligible for those.

Senator STEPHENS—I will chase that up.

Ms Paul—I am presuming that the eligibility for the scholarship is on our website.

Ms White—Yes. It is on the New Apprenticeships website, but we would be happy to look into that for you for that particular case.

Senator STEPHENS—One of the measures is the Australian Lifesaver Training Academy and the government has allocated \$10 million over three years. This also comes under 2.2?

Ms Cross—Yes.

Senator STEPHENS—Is this funding going directly to Surf Life Saving Australia?

Ms Cross—Yes, it is.

Senator STEPHENS—Is Surf Life Saving Australia a registered training organisation?

Ms Cross—I believe it is. It is certainly able to offer accredited training, so either it would be a registered training organisation, or it would be in partnership with an organisation that was. I believe it is.

Senator STEPHENS—Can you provide us with the genesis of this project—how this one came to be?

Ms Cross—There was a proposal put forward by the Surf Life Saving Association and that was considered by the department and considered worthy of funding. It was then considered in the normal budget process and announced in the budget.

Senator STEPHENS—I can see that its purpose is to provide for a nationally consistent approach to surf rescue, public safety training and education programs. Is this going to be actually a new physical building? Is this going to be capital works? How much of it is for capital projects and how much of it is recurrent?

Ms Cross—It certainly involves establishing a national headquarters, regional headquarters and centres of excellence. Whether that is actually the purchase of buildings or the leasing of premises, I am not aware. I would presume that it would be leasing premises, rather than actually paying for capital.

Senator STEPHENS—Where would the national headquarters be?

Ms Cross—The national headquarters will be established in Sydney and regional headquarters in each state and the Northern Territory. The centres of excellence will be in New South Wales, Queensland, Victoria, South Australia and Western Australia.

Senator STEPHENS—Is it anticipated that the centres of excellence would be established in partnership with existing training organisations?

Ms Cross—There is already a lot of surf lifesaving training occurring and under this arrangement, by joining all of that to the academy, firstly, there will be additional training places and, secondly, there will be nationally consistent qualifications and accredited qualifications. There is already a lot of training occurring, and this will bring it all under a national umbrella and provide for additional training places.

Senator STEPHENS—When you say additional training places, what quantum do you think that would be?

Ms Cross—The proposal is for an extra 69,000 training places by 2009-10. Those training places are available to Surf Life Saving Australia members and also to the wider community.

Senator STEPHENS—When you say 69,000 training places, is that 69,000 EFT?

Ms Cross—I do not believe they are all equivalent full time. A number of them could be shorter programs. That is additional. That is in addition to the training that is already occurring. Just in terms of some extra information, those places will range from bronze medallions, through to lifeguard qualifications, through to a manager of local government/director of lifesaving, and they will be taken from the relevant national training package, which is the Public Safety Training Package.

Proceedings suspended from 3.45 pm to 3.59 pm

CHAIR—I would like to ask some questions about technical colleges—where each of the proposed colleges is up to in terms of negotiation, site and so on. I would particularly like to ask about the one in Warrnambool, Victoria, and the proposed one at Bairnsdale, Victoria. I would also like to know about the national scene as well.

Ms Johnston—Just to quickly recap nationally, there were 24 regions announced originally. Twenty-two have been announced as successful proponents and we are working with all of those to progress those. Twelve funding agreements have been signed and several more are very close to finalisation. Four have commenced operation and one is to commence on 1 August. If you would like me to go through every region—

CHAIR—Which of the four have commenced operation?

Ms Johnston—Port Macquarie, which is operating two campuses, one in Port Macquarie itself and one at Taree, has commenced operations. Eastern Melbourne is operating also over two locations. One is a government school and one is a Catholic school there. Gladstone is operating under interim arrangements, with students remaining at existing schools. It will be forming a school later on. It is a similar position with the Gold Coast. Those are the four that have actually commenced operations. Northern Tasmania will open on 1 August. It will have two campuses, at Launceston and Burnie. Those are the five that will commence in 2006. Commencing in 2007, we have agreements with North Queensland, formerly known as Townsville, North Brisbane, Adelaide South, Bendigo, Bairnsdale-Sale, the Gippsland—one that you referred to—Perth South and the Hunter. Geelong will be signed very shortly. We are negotiating on Adelaide North, Central Coast, Darwin, Illawarra, Sunshine, Warrnambool, Western Sydney, Whyalla, Port Augusta and Pilbara. A successful consortium to operate one in Pilbara was announced last night.

In terms of Bairnsdale-Sale, they have commenced establishing the school. They are on track to open in January 2007. They have got all of the requirements under the funding agreement to date in place. In terms of Warrnambool, it is a little further behind. We are negotiating with them for some interim funding to enable them to be established. They are confident of being able to start in 2007, because there is an existing school there that they will be working closely with.

CHAIR—I gather from the comparative speed with which some of those have been established they are tending to use existing sites and existing buildings or areas rather than a greenfield site; is that so?

Ms Johnston—Yes, with most of those, although Port Macquarie has refurbished a former factory in Taree, which is already operating. They have done that very quickly. In Port Macquarie itself, they have commenced building their site, but they are operating out of their existing premises. It was formerly the St Joseph's Vocational College. There is a variety of arrangements.

CHAIR—With respect to the establishment in each of those centres, you will probably need to explain to me how this works. Is there a policy to try and forecast the skill shortages that will be in each of those areas, or do they run a general curriculum to put people into apprenticeships and give them a trade qualification? How is that going to work?

Ms Johnston—The leadership of the college plays a very important role in identifying where the skill shortages are at that local level. They are able to offer a variety of qualifications across the broad industry areas, such as metals and engineering, building and construction and so on. But they select the specific areas based on what the vacancies would be in that area, the employers willing to take on school based new apprentices, and of course the interest shown by students in undertaking those.

CHAIR—Most of those centres will have existing secondary schools, of course, which would serve as a feeder to the technical colleges?

Ms Johnston—Absolutely. All of the colleges are establishing strong relationships with local schools to encourage students to consider these as another pathway as against the existing pathways.

CHAIR—What level of qualification will students end up with?

Ms Johnston—In most cases, the competencies would be normally equivalent to about the first year of a full-time apprenticeship. They will also of course have a senior secondary school certificate, assuming they complete the academic requirements and meet the state requirements for the higher school certificate—

CHAIR—So a formal full year 12 qualification?

Ms Johnston—They should have a formal year 12 qualification.

Senator WONG—You might have covered this. I do not know if you have. Why has the responsibility for the colleges been shifted to this group?

Ms Paul—The policy imperative for the initiative is about addressing Australia's skills shortages. The mechanism is a school. Therefore, it crosses over both areas of responsibility. It was to a point where the elements around schooling were now reasonably clear in a policy sense, and it made sense for the vocational and technical education area to take it on to ensure business involvement, which is a key part of it, is assured. It is a fine call; it could sit in either location. Of course, the links between the two areas must be well maintained.

Senator WONG—They are funded as schools essentially, are they not?

Ms Paul—That is right.

Senator WONG—Will the schools group continue to provide advice in relation to the operation and the funding of ATCs?

Ms Paul—Yes. There is a steering arrangement, is there not?

Ms Johnston—Yes, there is a steering committee chaired by the deputy secretary, Mr Davidson. The schools group is represented on that. In fact, we have continued to work with the schools people because the funding arrangements reflect schools funding arrangements.

Senator WONG—There are a number of schools type issues that the ATCs will have to deal with—curriculum balance standards, qualification of teaching, schools reporting et cetera?

Ms Johnston—Yes.

Senator WONG—How is it going to be ensured that this will occur?

Ms Johnston—Structurally within the department it is a case of keeping the strong links that we already have and ensuring that that is covered off through our steering committee, I would suggest.

Ms Paul—A couple of estimates ago I was asked why it was in the schools area, not in the vocational area.

Senator WONG—I have resiled from making a criticism of it. I was simply exploring the move—

Ms Paul—It certainly straddles both in an operational sense. In a policy sense, the policy is about meeting skills shortages.

Senator WONG—Will the colleges be required to meet the conditions and requirements of the Schools Assistance (Learning Together—Achievement Through Choice and Opportunity) Act, at least in relation to their general recurrent grants under that act?

Ms Johnston—Yes, they will be.

Senator WONG—Will this include the requirement to provide reports to parents and students as set out in the regulations to that act?

Ms Paul—Yes, those requirements are requirements in this quadrennium of funding from the Commonwealth to any school in Australia that is in receipt of it. These schools will be in receipt of funding under these arrangements so therefore they will face these requirements. It has just been brought to my attention that I was responding in the broad that, to the extent that these are schools receiving money under the quadrennial arrangements under the act, they will of course face the same requirements. Ms Weddell pointed out to me that you particularly mentioned the reporting requirements, which are actually specific to years 1 to 10, just to clarify that. Of course, these schools are for years 11 and 12.

Senator WONG—Do they only mandate the regulations in the act about reporting student achievements as A, B, C and D against specific learning standards in respect of years 1 to 10?

Ms Paul—Yes.

Senator WONG—Do schools report for years 11 and 12, in any event, against those standards?

Ms Paul—Do you want to do this under the ATCs or do you want to do this under—

Senator WONG—This is why I was asking—

Ms Weddell—The requirement for plain English reports which feature A to E is for years 1 to 10. Some schools in years 11 and 12 are adopting that style of report anyway, but it is certainly not part of the regulations.

Senator WONG—Therefore, as the ATCs are years 11 and 12, they will not be required to report against those.

Ms Paul—Correct.

Ms Weddell—Not against those.

Senator WONG—Will students' achievements at the colleges be subject to a reporting requirement?

Ms Paul—Not anything beyond what is required in the act, which in terms of plain English reporting is not required.

Senator WONG—Is anything required in the act?

Ms Weddell—In terms of years 11 and 12?

Senator WONG—Yes.

Ms Weddell—Not specifically in terms of using A to E as a feature of the report.

Senator WONG—What is required in respect of years 11 and 12?

Ms Weddell—In years 11 and 12, that would be in a sense really left to the schools. I do not think our regulations cover, in terms of A to E, years 11 and 12.

Senator WONG—Are there going to be reporting requirements for the colleges regarding students' achievements?

Ms Johnston—Yes. We have a separate set of requirements because of the funding available under the colleges arrangements. That will require reporting of such things as the number of students completing year 12, the number of students in school based new apprenticeships, employer satisfaction and student satisfaction.

Senator WONG—I am talking about particular students, though. Will the colleges be required to report on whether the students have met competency standards under the national training framework?

Ms Johnston—They will be undertaking those as part of their school based new apprenticeships. That will be monitored of course by the registered training organisation, which may or may not be the college.

Senator WONG—What I am asking is: are you going to require the colleges to report that to DEST?

Ms Johnston—No, I do not think we require any reporting on individual competencies, for example.

Senator WONG—Or on what proportion of the cohort has met competency standards?

Ms Johnston—The performance measure will be that they are continuing on in an apprenticeship when they finish school. It would be assumed that they have achieved competencies sufficient to continue on with the apprenticeship.

Senator WONG—Very broadly, what reporting will be required?

Ms Johnston—There is an annual report of, as I have mentioned, the number of students who have completed year 12, the number of students who are continuing on in their school based new apprenticeship after they complete year 12, an employer survey and a student satisfaction survey. I believe there is a fifth category, but I cannot remember. There were five.

Senator WONG—So you will supplement that on notice?

Ms Johnston—Yes.

Senator WONG—Can I follow up question on notice email 990-06. Are you able to provide answers to subparagraph (10) of the question now?

Ms Johnston—Around half of the funding agreements still remain to be finalised. Therefore, the release of any information on specific amounts that have been agreed would obviously influence the remaining contracts or the remaining funding agreements. So, no, we are not able to release that.

Senator WONG—Your minister has announced a \$20 million funding agreement for the Hunter region.

Ms Johnston—I do not recall whether he announced that specifically. Whether that is the specific ATC funding or a total amount of funding, I am not sure, because there is an estimate of the total amount of funding that is available.

Senator WONG—This states:

(10) Funding Agreements are still being negotiated with other proponents and release of this information would prejudice these negotiations.

Then it goes on to say why it is a good thing. I only have one copy. We can provide that.

Ms Johnston—I do have that. It is the headline, yes.

Senator WONG—Do you have that?

Ms Johnston—I have the media release.

Senator WONG—Yes. The minister has made public—

Ms Johnston—He has on this occasion, yes.

Senator WONG—Does that mean the minister's announcement—what was your phrase in here?—will prejudice other negotiations?

Ms Johnston—I am sorry? He does say in the first sentence 'signed off on a \$20 million funding agreement'.

Senator WONG—Yes.

Ms Johnston—I am not sure whether that is a reference, because I do not have the figure in front of me for the Hunter, for the specific ATC funding, or a total amount of funding available with other sources. We have been shy nonetheless of providing—while they will all be different—the total sum for each one of them. It may be the case that one, we will have to check, hopefully will not prejudice. If we were to give the entire range so far in the context of being in current negotiations, it could be prejudicial.

Senator WONG—It is a bit difficult to accept that, Ms Paul, in the circumstances. I understand that that is your position. The question on notice was not answered in relation to funding agreements that have already been signed.

Ms Paul—Yes

Senator WONG—This is Commonwealth money. Do you say we do not want to release it because it might prejudice negotiations? Your minister has come out and announced one of them. So either he has prejudiced negotiations in respect of the others or you can release it to us.

Ms Paul—I am drawing a distinction between one and many. I am a bit concerned that, if we were to make public the whole range so far, you would get quite a different picture from one. For example, you would get a range of possibilities. It could be misleading, because each one of them has different componentry and so on. It would still be my preference to wait.

Senator WONG—The *Northern Territory News*—Senator Crossin should be here—has reported \$17 million as the Darwin consortium amount.

Ms Johnston—We have not reached a stage of having any estimate of what the funding would be for the Darwin one. They have not submitted their business plan and their budget to us yet.

Senator WONG—In light of the fact the minister already announced very publicly last month the funding for one of the colleges, I ask again, in respect of which a funding agreement has been signed, for the moneys available under those contracts to be provided to the committee.

Ms Paul—I will say that I am happy to consider it, of course, but my initial view is that to give the full scope for the entire set of agreements already funded would offer a range of information which could be prejudicial. But I am happy to consider it.

Senator WONG—You are entitled to take it on notice, Ms Paul. But I want to make the point that you did not indicate in your answer to question subparagraph (10) whether this was the release of all or some. Is it the case, therefore, that the release of one by the minister has prejudiced subsequent negotiations?

Ms Paul—I do not know. I have not made an assessment of that.

Senator WONG—When did the department become aware of the minister's announcement?

Ms Johnston—When the media release was published, I imagine.

Senator WONG—So you were not aware of it prior to that time?

Ms Johnston—I do not believe so.

Senator WONG—Were you asked to provide advice as to the appropriateness of releasing that detail, given the position the department has previously taken on this issue—which has actually been fairly consistent, Ms Paul, I will acknowledge that?

Ms Paul—Yes. Did we give advice?

Ms Johnston—We normally advise exactly the same as we have advised you, that any announcement would prejudice the future negotiations.

Ms Paul—It sounds like we are entering the realm of advice, however.

Senator WONG—I was going to move on, Ms Paul. Thank you. I also want to explore a little your answer to subparagraph (11) of that question.

Ms Johnston—Is this about what the SES funding would be?

Senator WONG—Yes, the question was:

(11) For the Catholic and independent schools that have responsibility within the College, what will be the schools' SES scores and level of general recurrent funding (per capita and total). Please also estimate the level of state or territory recurrent funding.

Can I deal with the first aspect of that. I would have assumed—certainly from my previous discussions about how this operates—that the department in its negotiations and discussions with the various proponents would be able to give some assessment of the major sources of income for the colleges.

Ms Paul—That is not the issue being dealt with here, though. This is about how an SES score is arrived at. That is my understanding of it. The answer indicates to me that it would be the normal way that a new school is assessed for SES, but Mr Evans may be able to expand on that.

Mr Evans—A new non-government school would be assessed along the lines of the SES scores of the student population, which would include the students that are part of the technical college. Where it is an existing school, it might already have an SES score. In the case of a government school, it would be based on the level of secondary general recurrent funding that we provide as part of your general recurrent funding agreement.

Senator WONG—I understand that. In the context of your discussions and negotiations with the various proponents, I assume they must have a sense of the totality of what this is going to cost?

Ms Johnston—Yes.

Senator WONG—You must have some understanding for each of them?

Ms Johnston—What happens is that they complete, along with the business plan, a detailed budget which outlines all of their expected sources of funding. The department has been able to give advice to them on the likely funding available based on the SES score of similar nearby schools. It is an estimate.

Senator WONG—Yes, I appreciate that. In respect of those where a funding agreement has been reached, are you able to provide the information requested, which I accept is an estimate?

Ms Johnston—Yes, I think we could provide that.

Mr Evans—I believe we can do that.

Senator WONG—Does that include an estimate which I assume you verify or check off from state government funding?

Ms Johnston—It would include an estimate of the state government funding. I am not sure whether we check that. We would certainly know whether it was in a ballpark benchmark range, yes.

Senator WONG—I am interested in both sets. You may have a different view in respect of either set, but that is what I am asking you to take on notice.

Ms Johnston—These are provided to us as part of their proposed budget for the next four years.

Senator WONG—I have some questions on the individual colleges. Port Macquarie and Taree—does the college have a business plan?

Ms Johnston—Yes, all colleges have a business plan.

Senator WONG—Is this one available?

Ms Johnston—The business plans would not normally be made available. They form the schedule to the funding agreement between us and the college.

Senator WONG—Are you able to provide us with the funding agreement?

Ms Johnston—I would have to take that on notice. I am not sure.

Senator WONG—What you might want to consider, depending on the view you come to about the prejudicing of other negotiations, is whether we can have at least the bits that have that in it.

Ms Johnston—We may well be able to provide a summary or an analysis of some of the parts—

Ms Paul—In considering it, we would also seek agreement, presumably from the body itself. But I am happy to consider that, of course.

Senator WONG—Can I go back to the SES issue? I should have covered this. Those that were open presumably already had an SES score. Is this right?

Ms Johnston—Two are operating under interim arrangements; they are not actually registered schools as yet. The students are enrolled in existing schools. One is a government school in Victoria and the other one is part of the Catholic systemic.

Senator WONG—Let us just go through that. Which are the two that are under interim arrangements?

Ms Johnston—Gladstone and Gold Coast.

Senator WONG—What is the nature of the interim arrangement?

Ms Johnston—The interim arrangement is that, while they apply for and become a registered school, the students are enrolled at existing schools for their academic work, for their year 11 and 12 curriculum. The college works with them to provide the additional support for the school based New Apprenticeship component or pre-vocational training, whatever is relevant at the time.

Senator WONG—How do you determine the interim funding arrangements? Is that drawing on students from a number of schools?

Ms Johnston—Yes.

Senator WONG—So there would be a variety of SES levels?

Ms Johnston—Yes.

Senator WONG—How have you worked out the SES levels?

Ms Johnston—That goes to the school at which they are still enrolled.

Mr Evans—Basically, the school would be recognised by the Australian government if the student is at the school on census date, which is in August. Whatever the SES score is for that particular school, it would attract that level of general recurrent funding.

Senator WONG—Does Port Macquarie have an SES score?

Mr Evans—It is a Catholic system school. I can give you the SES score for that particular school. I do not have that on me at the moment.

Senator WONG—That is fine, you can provide that on notice. What about Eastern Melbourne?

Ms Johnston—That is a government school.

Mr Evans—We fund it at the secondary rate of Australian government general recurrent assistance.

Senator WONG—And Northern Tasmania?

Ms Johnston—That will be a new non-government school, which is completing registration.

Senator WONG—Do we have an SES score?

Ms Johnston—They will be able to estimate that at the moment. But until they actually enrol students—

Mr Evans—The SES score has to come from the basis of the student population.

Senator WONG—Do we have any SES scores available in relation to the tranche to be opened next year? Do you want me to go through them? They are Townsville, North Brisbane, Adelaide South, Bendigo, Bairnsdale, Illawarra, Perth South.

Ms Paul—I think the principle here would be that for those in that set based on existing there would be a score. For those which are greenfields or new—

Ms Johnston—There are no other existing non-government schools.

Ms Paul—Yes, that is true.

Senator WONG—So you can only give me the ones that we have been discussing to date that already—

Mr Evans—That is correct.

Senator WONG—And you will do that on notice?

Mr Evans—Yes.

Senator WONG—What about Gosford?

Ms Johnston—In terms of Gosford, we are only negotiating an agreement at this stage.

Senator WONG—Pilbara?

Ms Johnston—Pilbara has just been announced yesterday.

Senator WONG—Yes, I know. You mentioned that.

Ms Johnston—That will be, I understand, a non-government school.

Mr Davidson—Pilbara will be an independent school.

Senator WONG—Back to Port Macquarie, you mentioned in answer to a question earlier from Senator Troeth I think that there is an existing school there?

Ms Johnston—Yes.

Senator WONG—Is that St Joseph's?

Ms Johnston—St Joseph's Vocational College.

Senator WONG—Does that have a current SES score of 95?

Ms Johnston—Mr Evans said he will take that on notice.

Senator WONG—If it did, are we able to find that out? I have some other questions about it, but I am happy to go to some others and come back to this so as to give you some time

Mr Evans—We will be able to find that out over the course of the next hour.

Senator WONG—The next hour?

Mr Evans—I can give you an answer. We are actually looking to see if they would get that advice—

Senator WONG—Can they also check this: can they confirm that the school also receives state grants of around \$2,000, being the estimated rate for a former category 10 school? My understanding is that the appropriate reference for that is table 3.10 in the MCEETYA National Report on Schooling in Australia.

Ms Paul—That may take some time.

Senator WONG—I am happy to come back, but if we could at least confirm those two aspects. Can we go to Gladstone? How many students are currently enrolled?

Ms Johnston—Gladstone is a college operating under the interim arrangements I mentioned whereby it will have students of the ATC who stay enrolled at their home schools. It has not enrolled a large number of students. I believe it has 26 confirmed places for school based New Apprenticeships. It has 38 students lining up for those. When they are placed in those school based New Apprenticeships, which is expected to be this month, it will reach its target of 30 students.

Senator WONG—How many are currently enrolled?

Ms Johnston—There are only one or two I think at the moment.

Senator WONG—There are number of public schools and two private schools?

Ms Johnston—I believe so, yes. I am not sure which schools are actively involved. It has partnership arrangements with all of those schools.

Senator WONG—It has fees of \$500?

Ms Johnston—That sounds correct. I do not have that figure on this page.

Mr Evans—That is correct.

Ms Paul—In question?

Mr Evans—In question 990-06, paragraph(3)(a).

Senator WONG—I have found it. I am not sure how this works. What is the college, actually?

Ms Johnston—The college, in this case, is a body organising for those students their school based New Apprenticeships. It is managing their curriculum with the assistance of the schools and it is providing support to the students.

Senator WONG—Is it just an office?

Ms Johnston—Physically, they are operating, I believe, out of a skills centre in Gladstone.

Senator WONG—Sorry?

Ms Johnston—That is a training establishment there.

Senator WONG—But students do not actually get trained there?

Ms Johnston—I do not know where they are being trained at the moment. It is moving towards enrolling its student this month. It would not be needing to have a facility for a large number of students.

Senator WONG—No, it has only got one or two.

Ms Paul—It has 38 students who have expressed—

Senator WONG—No, one or two enrolled?

Ms Paul—No, 38 have enrolled their interest. It has got 26 school based New Apprenticeship offers from employers and at the moment one or two of those 38, or maybe that adds up to 40, are already in a school based New Apprenticeship. There are 38 enrolments of interest.

Ms Paul—Is that 38 or 36?

Ms Johnston—Those are students who are being interviewed and have shown interest in being involved.

Ms Paul—In a school based New Apprenticeship.

Senator STEPHENS—Ms Johnston, I was interested in your responses to Senator Wong about Port Macquarie. You confirmed that the school was planning to charge tuition fees of around \$1,500; is that right?

Ms Johnston—I believe Port Macquarie charges—and this was the fee that the school currently charges—\$1,250.

Mr Evans—\$1,251.

Senator STEPHENS—The Gladstone college is \$500. How are the fees set?

Ms Johnston—The fees are set by the school as in normal practice with a non-government school. A number of the colleges that are establishing, certainly under these interim arrangements, are aiming to charge low fees.

Mr Davidson—The policy is that there is no additional fee over and above the fee that is actually charged by the school.

Ms Paul—It is not currently charging fees at the moment. It is not a registered school.

Senator STEPHENS—By the existing school?

Ms Johnston—If it is an existing school, there is no additional fee for being in the ATC. That has been an agreement from the start. If it is a brand-new school, they have been able to set their fees, but they have always been compared with any other schools, similar schools, in the region, and no-one is proposing to charge a high fee.

Senator WONG—Can you tell me if it is one or two?

Ms Paul—Who are already in New Apprenticeships?

Senator WONG—Already currently, as at tonight, enrolled?

Ms Paul—I am not sure. We would have to check that, I think.

Senator WONG—I would have thought, Ms Paul—

Ms Paul—We may well have it.

Senator WONG—you would be able to have that.

Ms Paul—Yes, we may well have it.

Ms Johnston—There was one student enrolled very early on. We believe they are finalising the arrangements for a second student. Whether they are enrolled today or not I am not sure.

Senator WONG—Are you able to give me details of projected student enrolments for the first four years of the college's operations?

Ms Johnston—I do not have that for all of the four years. I do not have it for colleges where we have not yet finalised the funding agreement.

Senator WONG—Can I tell you how I am doing this. I am trying to do this in batches as to their status, ones already open, ones where funding agreements have been finalised, and then the negotiation ones. This is the set of questions in relation to—

Ms Johnston—This is the already opened ones?

Senator WONG—That is correct.

Ms Johnston—Did you want the actual proposed enrolments in each year for each of those? I would have to take that on notice.

Senator WONG—Can you give me the current enrolment at Port Macquarie?

Ms Johnston—Yes, I do have that. It is 222.

Senator WONG—As at what date?

Ms Johnston—31 March.

Senator WONG—Gladstone is one, possibly two?

Ms Johnston—Yes, one at 31 March.

Senator WONG—And Gold Coast?

Ms Johnston—It is 44.

Senator WONG—Again, as at?

Ms Johnston—31 March.

Senator WONG—Eastern Melbourne?

Ms Johnston—It is 14. They are the only ones that have enrolments currently.

Senator WONG—I thought Northern Tasmania had some.

Ms Johnston—Not until 1 August.

Senator WONG—So no enrolment as yet?

Ms Johnston—No.

Senator WONG—In relation to the four that you have just given me, are you able on notice or now to give me the projected enrolments over the forward estimates period?

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

Senator WONG—I am getting tired, Ms Paul. I cannot recall what you took on notice. In relation to these four, did I understand that the department took on notice first whether or not you could provide the total recurrent student expenditure for Commonwealth, state and private sources? Was that essentially where we got to?

Ms Johnston—I think you asked for the figures they have included in their budget. That is my understanding.

Mr Evans—We would not have private sources at this stage. That would be collected as part of our normal financial questionnaire that we collect. That is post the year of collection.

Senator WONG—So I can request that information in respect of the open ones and also separately in relation to those where funding agreements have been signed but are not yet operative?

Ms Johnston—That is correct.

Senator WONG—Is Gladstone one where there were a number of campuses, as it were, because it is actually coordinating a number of schools?

Ms Johnston—Yes.

Senator WONG—Are you able to give me the projected enrolment in respect of each of those schools when you take that on notice?

Ms Johnston—Not by the schools, because it will depend on the interest from the students. They would not be able to project at this stage that there will be 10 at that school and 11 at another.

Senator WONG—But at least in respect of the 26—

Ms Johnston—The 26 are vacancies for school based new apprenticeships. They have interviewed 30. My figure is now 34. They have done 34 interviews with students to match them to those vacancies. But I do not have the details of which schools those 34 students are attending. I would be able to provide you the schools that they are attending once they have signed up and are enrolled.

Senator WONG—Did their business plan talk about how many there would be at each school?

Ms Johnston—Not in the papers I have here with me. The business plan may have given projections by the campus. I simply have an estimate of the total numbers by trades.

Senator WONG—What are they?

Ms Johnston—In 2007 they are expecting to have a total of 65 students—35 in metals and engineering, five in automotive, 20 in building and construction and five in electrotechnology.

Senator WONG—So you have them for each year?

Ms Johnston—I do.

Senator WONG—You could provide the rest of those on notice?

Ms Johnston—For Gladstone?

Senator WONG—Actually, I would like them for—

Ms Johnston—For any one that we have a funding agreement signed?

Senator WONG—That is correct.

Ms Johnston—Yes.

Senator WONG—So Gladstone for 2007 is 35,520 and five in those categories that you described to me?

Ms Johnston—That is right.

Senator WONG—Can you give the same figures to me for eastern Melbourne?

Ms Paul—I wanted to make the point that these are the estimates as they stand. I guess this is clear, anyway, but these are the estimates as they stand now. Of course, that might change depending on the level of interest from students and where the employers are drawn from.

Senator WONG—I appreciate that. Are the figures you gave me estimates for 2007?

Ms Johnston—They were for 2007.

Senator WONG—Do you have them for 2006?

Ms Johnston—All 30 were in metals and engineering. I am sorry, I failed to mention that.

Senator WONG—What can you tell me about eastern Melbourne for 2006 and 2007?

Ms Johnston—Their enrolments are much lower than their projections—this is because of the late start—and they are still enrolling students during the year. They were projecting 30 automotive students, 15 commercial cookery, 15 cabinet making and 15 electrotechnology.

Senator WONG—For a total of?

Ms Johnston—Seventy-five.

Senator WONG—And actuals?

Ms Johnston—They have 14 students. I am not sure which area they are in. We have done eastern Melbourne, Gladstone, Gold Coast—

CHAIR—There seem to be some technical difficulties.

Proceedings suspended from 4.46 pm to 4.57 pm

CHAIR—The committee will now resume after that dramatic interlude.

Senator WONG—Where did we get up to, Mr Evans?

Mr Evans—At one stage you asked me about the SES score for St Joseph's College. I can confirm that its SES score is 95. It is funded on its SES score at 57.5 per cent of average government school recurrent costs. Its 2005 rate would have been \$1,085, and that would be its starting rate in 2006 for a secondary student.

Senator WONG—That is general recurrent grants?

Mr Evans—Correct.

Senator WONG—So an SES score of 95 gives St Joseph's a general recurrent grant of \$1,085 per student?

Mr Evans—That is correct.

Senator WONG—I thought it was more than that.

Mr Evans—I am pretty sure that it is a former category 10 school, so I will leave it at that. If it is not a category 10, I will come back and correct my advice.

Senator WONG—I would like to finish the line of questioning, if I could, that we were—

Mr Evans—That is fine; I just wanted to get back to you promptly on that. Sorry, the 1,085 figure that I gave you was the actual number of secondary students.

Senator WONG—I thought that was a little low.

Mr Evans—It is actually \$5,172.

Senator WONG—That is what I thought. We will come back to that issue. Where were we up to on the current enrolments for 2006 and the projected enrolments for 2007? Where did we get to, Ms Johnston?

Ms Johnston—I think we had perhaps moved on to the Gold Coast, because that is the one I have open.

Senator WONG—We certainly had Gladstone. We did that. So, Gold Coast?

Ms Johnston—The Gold Coast's projected student numbers for 2006 were 45, and it has 44 enrolments at the moment.

Senator WONG—It has 44 current enrolments?

Ms Johnston—Yes.

Senator WONG—And the projected enrolments for 2007?

Ms Johnston—It is 135.

Senator WONG—How are they going to manage that?

Ms Johnston—How are they going to manage?

Senator WONG—It is just that it is a reasonably significant increase from 44 to 135.

Ms Johnston—They have, I think, about fifteen schools in that area as partners. They are also negotiating with the state government to access students from the state system. Achieving

that number of students is a matter of finding the students. There are school based New Apprenticeship placements as well. That is their projection; they believe they can do that next year.

Ms Paul—What you are seeing here, in general terms, is the very earliest possible ramp-up in enrolments. The legislation only passed in October and we have only actually had three months of the school year. This is much faster than a normal school would come on stream; normally a school would take up to three years to come on stream. These are still very early days, and we would expect to see these enrolments increase in significant tranches.

Senator WONG—You gave me figures, did you not, for eastern Melbourne and Gladstone?

Ms Johnston—I think so, yes.

Senator WONG—Have we done Gold Coast and Port Macquarie, current and projected?

Ms Johnston—Port Macquarie is 222 now. Their projection is 245.

Senator WONG—For 2007?

Ms Johnston—For 2006. Because they are an existing school, they have enrolled the students that they have—

Senator WONG—What was the Gold Coast's projected for 2006?

Ms Johnston—Forty-five. Gladstone was 30.

Senator WONG—And northern Tasmania?

Ms Johnston—Fifty. But, as I say, they are only enrolling in the second half of the year.

Senator WONG—And you will take on notice the projected enrolments for the ones to be opened in 2007?

Ms Johnston—That is correct, yes.

Senator WONG—Have you got a funding agreement signed for Gosford?

Ms Johnston—No, not yet.

Senator WONG—What about Pilbara?

Ms Johnston—No, Pilbara was only announced yesterday as a consortium that we will be negotiating a funding agreement with.

Senator WONG—You have previously answered Senator Crossin's question EA8206, which was on the total amount of public money already paid for the ATCs. It asked you to provide what has been committed and spent to date. You gave us figures as at 3 March. Can you update those?

Ms Johnston—I believe I have those. I believe the commitment is \$18 million as at 30 May and the actual expenditure—

Senator WONG—No, that cannot be right.

Ms Johnston—I apologise. The agreement total for the 12 that had been signed when this was prepared is \$185 million, and the expenditure was \$18 million as at 30 May.

Senator WONG—When you say ‘committed’, is that the total amount?

Ms Johnston—That is the total amount. Their funding agreements are all signed through to the end of 2009. A funding agreement would generally be for four years of funding for both capital and operating costs.

Senator WONG—Would that figure represent the composite total of all monies under the funding agreements signed to date?

Ms Johnston—That represents all monies signed under the funding agreements to date, I believe.

Senator WONG—Anyone who can do averages would be able to work out roughly what the average is in terms of negotiations.

Ms Johnston—Yes.

Mr Evans—It is very difficult, because the timing of when they come on affects the timing of how much an individual college might actually be getting. That is why taking an average approach can be misleading in this area.

Ms Paul—The average is reasonably meaningless in this context, because some of them are existing schools and are just drawing on recurrent funding, while some are greenfield sites and will have a whole building built and so on.

Senator WONG—I was being a bit flippant.

Ms Paul—The average does not really give an indication of the cost to a consortium or to the government, depending on the type of school.

Senator WONG—Was the 222 figure for Port Macquarie?

Ms Paul—Yes.

Senator WONG—Were they all students that were already at St Joseph’s?

Ms Johnston—Yes; that was for St Joseph’s Vocational College. Moving from year 10 to 11, they probably were in the existing school. They are year 11 students, so they may well have been year 10 in that school or they may have moved from another school. I do not know the numbers.

Senator WONG—Could you perhaps confirm that on notice? What I want to know is if there were any students that were not existing students at St Joseph’s.

Mr Davidson—Who are now enrolled there.

Senator WONG—Yes.

Mr Davidson—So the question is: had other students come from other schools to there?

Senator WONG—That is correct.

Mr Davidson—All students would be existing students; they would all still be in secondary school.

Senator WONG—What are the fees for Eastern Melbourne per student per annum?

Ms Johnston—I think that was in the answer to questions on notice.

Mr Evans—It is \$500, in the answer to question E990-06, part 3.

Senator WONG—Do we have information about those not able to be answered on that front at the time this question was prepared?

Ms Johnston—We would have it for anywhere we have a funding agreement signed, yes.

Senator WONG—You do not have anything to add, basically?

Ms Johnston—We will have to take it on notice. We have had at least another five funding agreements signed since then.

Mr Evans—Since that answer was submitted.

Senator WONG—Do you have the fees here for those five colleges?

Ms Johnston—I have the fees. I need to go to the signed funding agreements.

Senator WONG—We could go through it this way—Townsville?

Ms Johnston—I do not have a specific fee for Townsville.

Senator WONG—You might want to take that on notice.

Ms Johnston—I do not have that now.

Mr Davidson—It is probably best if we take this on notice.

Senator WONG—Do you have any of them here? I am happy if you give me the ones you have and then take the rest on notice. I am just trying to work out whether you have any here.

Ms Johnston—The figures per annum are: Adelaide South, \$230; North Brisbane—I think that might already have been answered—no fees; Bendigo, \$200; Hunter, \$350; and \$250 for the Gippsland one.

Senator WONG—What is that called?

Ms Johnston—It was Bairnsdale, but they are called Gippsland now.

Senator WONG—And what was that amount?

Mr Evans—\$250.

Ms Johnston—Northern Tasmania I think you might already have.

Mr Evans—Yes.

Ms Johnston—Perth South is \$1,550, comprising \$100 for enrolment, \$200 for materials and a \$1,250 tuition fee. That is the signed—

Senator WONG—So Illawarra has not had a funding agreement?

Ms Johnston—No, not yet.

Senator WONG—Townsville is nil and North Brisbane is nil?

Ms Johnston—For Townsville I do not actually have a figure. It says that it is not higher than existing fees.

Senator WONG—What about Warrnambool?

Ms Johnston—It is not signed yet.

Senator WONG—Western Sydney?

Ms Johnston—It is not signed yet.

Senator WONG—Whyalla-Port Augusta?

Ms Johnston—No, it is not signed.

Senator WONG—Adelaide North?

Ms Johnston—Adelaide North, no.

Senator WONG—No, what? Is it not signed?

Ms Johnston—They are all the ones that are not signed.

Senator WONG—Darwin?

Ms Johnston—Yes. I have given you all the ones that are signed.

Senator WONG—I am just checking. And Geelong also—

Ms Johnston—It is not signed.

Senator WONG—You gave the disaggregation in Perth South in terms of tuition and other costs. Do I assume that for the rest of them you gave me a figure that is for tuition only?

Ms Johnston—I have not identified that. It is just an enrolment fee.

Senator WONG—Why is Perth so high?

Ms Johnston—It is still a relatively low fee for a non-government school. It is the way they have decided to approach it. Some schools believe that the charging of fees is actually a useful way of encouraging strong commitment to the school.

Senator WONG—Is there any change to paragraph 3 of your answer in terms of the fee levels, other than what you have just indicated? Have the fees been altered?

Ms Johnston—I do not know. I do not believe so. If there is a change we will let you know. We can check that.

Senator WONG—I am sure you will.

Ms Johnston—Those starting in 2006 may have variations in coming years—increases.

Senator WONG—Yes, I assumed that. Mr Evans, St Joseph's—this is Port Macquarie—received \$5,172 per student under their SES score and, you believe, around \$2,000 as a former category 10 school?

Mr Evans—That is right. I will come back to you if that proves to be incorrect, in relation to the state funding.

Senator WONG—In the *National report on schooling in Australia 2004* is there some information regarding the average cost of operating a year 11 and 12 college in terms of the per student number?

Mr Evans—There is an average government school recurrent cost for a secondary school student.

Senator WONG—I am looking at an extract from the MCEETYA *National report on schooling in Australia 2004*, table 3.6, which I think is downloaded from a website. It states:

Table 3.6 Recurrent per capita expenditure on government schools, by level of education, Australia, 2002–04 financial years (accrual basis) (\$) ...

The figure for secondary schools is \$11, 576. This might be something the schools group just needs to confirm.

Ms Paul—It may be.

Senator WONG—Is that right?

Mr Evans—I am not sure. I do not have the table in front of me, so I might need to take it on notice and come back to you.

Senator WONG—Maybe when you come back to me we will come back to this again.

Mr Evans—Yes.

Senator WONG—Are you able to do that in the course of the evening?

Mr Evans—I can see what we can do.

Senator WONG—I can give you what I have. It has scribble on it. As I said, it is an extract from the MCEETYA *National report on schooling in Australia 2004*, and it looks at the recurrent per capita expenditure on government schools by level of education for the 2002-04 financial year.

Mr Evans—I just tried to come up with a figure using the figures I gave you for St Joseph's college, recognising that \$5,172—

Senator WONG—I think this is part of my point. I am looking at what we understand at the moment, on the basis of what MCEETYA's figures were, of the average cost of operating years 11 and 12 on a per student basis.

Mr Evans—I am at a bit of a loss because I only have a secondary figure here. I do not know whether that is only from years 7 to 12. I do not have in front of me separate year 11 and 12 figures.

Senator WONG—This is for secondary students?

Mr Evans—I do not think I have seen a years 11 and 12 figure before. That is what I am getting at.

Senator WONG—No, it is the secondary student figure.

Mr Evans—When I have tried to calculate that figure, I have looked at the \$5,172 and tried to translate that back into—

Senator WONG—No, you are looking at grants. I am talking about costs.

Mr Evans—That is based on that.

Senator WONG—I am asking you—

Mr Evans—What the average government school recurrent cost is?

Senator WONG—what the recurrent per capita expenditure on government schools by level of education is. Do you want to look at this? I am happy for you to look at this, I think—

Mr Evans—Let me have a look at this.

Senator WONG—as long as no-one sends me an email saying, ‘No!’ We are just all going to sit here for a little moment and see if anyone sends me an email saying, ‘No!’

Ms Paul—It depends whether they know what your scribble is.

Senator WONG—We do not know whether the lightning strike has disabled our emails at this point.

Mr Evans—You might want to ask another question while we look at this.

Ms Paul—Mr Evans will try to find the answer for you.

Senator WONG—I am tempted to go on to the website to see if I can find this.

Mr Evans—The figure I have for 2005 is \$8,994 for a secondary student.

Senator WONG—What was that figure and where did you get it from?

Mr Evans—It is a MCEETYA figure of average government school recurrent costs.

Senator WONG—But that is a cash accounting figure, is it not?

Mr Evans—No, it is an accrual figure.

Senator WONG—The AGSRC calculation is accrual?

Mr Evans—The dollar amount is an accrual figure.

Senator WONG—What was the amount you said?

Mr Evans—\$8,994.

Senator WONG—And that would be the amount that St Joseph’s would receive?

Mr Evans—St Joseph’s receives 57.5 per cent of that amount, and that is the amount that is paid to a school with a score of 95. That gets you to the figure of the \$5,172 that I gave to you earlier.

Senator WONG—I apologise for this delay. I do not know if Senator Troeth wants to ask you a question while I am waiting for this response.

CHAIR—No.

Senator WONG—Maybe you could look at this MCEETYA extract. I do not have a copy. This is the Commonwealth’s figure, not the figure that MCEETYA has formulated.

Ms Paul—We base our funding on a proportion of the MCEETYA figure, according to the SES score. So the SES score—

Senator WONG—No, that is not quite right, though, because the \$8,994 is the 100 per cent figure and the MCEETYA figure is higher than that. Is that right?

Ms Paul—I think Mr Evans is wondering about the MCEETYA figure, so we need to just compare the two.

Mr Evans—I think I have got to the bottom of it. The figure in the MCEETYA report is, as you pointed out to me, an accrual figure, and that is \$11,576. In terms of the basis of our funding, as set out in the legislation, all of the figures in the schedules are on a cash basis. It is correct that St Joseph's is getting \$5,172, and the AGSRC figure that we base on in our legislation is the \$8,994 that I mentioned to you. But all the figures in the legislation are determined on cash basis.

Senator WONG—Which is what I think I said.

Mr Evans—I think we were both getting close to it but not quite overlapping.

Senator WONG—Can we just go back to MCEETYA. Do you understand these to indicate that this is the average cost on a per capita basis for a secondary student?

Mr Evans—That is correct.

Senator WONG—Which is just under \$12,000.

Mr Evans—On an accrual basis.

Senator WONG—The AGSRC is the basis for Commonwealth funding but not necessarily an indication of the real cost?

Ms Paul—The AGSRC is based on cost.

Senator WONG—Yes, it is based on cost.

Ms Paul—It is based on cost as collected by MCEETYA, so it is actually an historical basis.

Senator WONG—It is the basis of Commonwealth funding. There is a decision made at some point as to what you fund at. This is an indication of the average recurrent expenditure, correct, per capita?

Mr Evans—On an accrual basis. I will just give you a bit of history here. Back in—

Senator WONG—No, the history of schools funding is something I am not sure I—

Ms Paul—It is probably important in this context.

Senator WONG—If it is important to answer the question, Mr Evans.

Mr Evans—For the quadrennium 2001 to 2004, our legislation was on a cash basis. At some point during that quadrennium MCEETYA moved to record its annual primary and secondary recurrent cost figures on an accrual basis. The Australian government has continued to use cash for the purposes of its legislation and it actually moves the cash year on year by the actual movement that the states and MCEETYA do on their accrual. If the accruals move up 5.7 per cent year on year, then I adjust the cash on the same basis.

Senator WONG—Downwards or up?

Mr Evans—No, upwards. In that sense, if primary goes up by 4.7 per cent and secondary goes up by 5.7 per cent, then I use the same basis of movement year on year. This maintains a cash series that we use for our funding purposes.

Senator WONG—In terms of per capita or per student recurrent costs, do you dispute the MCEETYA figure?

Ms Paul—No.

Mr Evans—I do not dispute it as a MCEETYA figure recorded on an accrual basis.

Ms Paul—Indeed, what we are trying to say is we base our figures on the MCEETYA figures. It is just that we translate into cash. But we are all in agreement—all nine jurisdictions are in agreement—on the basis for the funding figure.

Senator WONG—If we take St Joseph's, which is now Port Macquarie, can you explain something to me. Just to confirm: we have \$5,172 per student, plus probably \$2,000, plus the fee income?

Mr Evans—That is probably right.

Senator WONG—That comes to about \$8,500 or a bit under? It was \$1,250 plus \$2,000 plus \$5,712.

Mr Evans—That would be about right.

Senator WONG—Can you explain to me how the ATC will operate if their per capital funding for the students is 60 per cent to 70 per cent of the MCEETYA figure? You are funding at just under \$8,500. I understand that you have said that this is an accrual figure. As at 2003-04 the recurrent per student expenditure is just under \$12,000, and the funding level per student at this college is \$8,500.

Mr Evans—As I said, that is a cash figure and I am comparing that to a cash figure that I mentioned to you of \$8,994, so it is pretty comparable.

Senator WONG—So they are actually being funded on a cash basis less—

Mr Evans—In an operating sense, if you talk to a school, it is cash that they are going to be more interested in. They are not going to be interested in inclusion of long service leave provision for public servants.

Senator WONG—But this is a reflection of the recurrent cost.

Mr Evans—Yes, and the cash that they are getting responds to the cost.

Senator WONG—Eight and a half compared to 11½?

Mr Evans—No, 8½ compared to just under nine.

Senator WONG—I thought we had agreed that this was the cost?

Mr Evans—It is an apples and oranges case. Basically, there are a whole lot of things that are on an accrual basis that are not necessarily going to—

Senator WONG—How do they pay their accrued liabilities?

Mr Evans—They can have different liabilities.

Senator WONG—They are going to have accrued liabilities. I accept what you are saying. This is an accrual figure.

Mr Evans—That is correct.

Senator WONG—This should combine the costing not just for the cash expenses on a student in any one year but a proportion of accrued liabilities for that year—correct?

Mr Evans—Yes.

Senator WONG—Going back to St Joseph's, or Port Macquarie, if you are funding them at 8½, how do they pay their accrued liabilities? How do they fund long service leave, superannuation, et cetera?

Mr Evans—I do not want this to bring on a flood of requests for additional funding, but the school has been operating for a number of years now.

Senator WONG—Yes?

Mr Evans—It has had a secure and known funding level from the Australian government, from parents and from state governments and appears to be able to operate.

Ms Paul—I am not sure that we could answer how a particular school accounts for its—

Senator WONG—I am just trying to compare on one that we know the fee income against this MCEETYA recurrent per capita expenditure figure. I am not an expert on school funding, but there is obviously a significant difference. I accept what you are saying. One is a cash figure and one is an accrued figure, and I am asking: how do they operate?

CHAIR—But have you not told us that each one is different because of the basis on which they are established?

Ms Paul—They are. I feel that we are having a debate that links a whole lot of different elements. It might be worth our trying to put down on paper what the basis of this is. I think we should probably take that on notice now and try to explain it clearly, because I do not think it will be easy to get there now.

Mr Evans—I think if you went to the principals of government schools and said, 'If you've got 1,000 students, do you get funding of 1,000 times that \$11,000 figure or is it likely that you are closer to the \$8,000 figure?' I think you would find there would not be too many principals saying that they are getting around about \$11,000 worth of recurrent funding.

Senator WONG—Perhaps you could take it on notice. This is what I would like to know: if you do not agree that the MCEETYA figure is an appropriate figure to utilise in relation to student recurrent costs at an ATC, do you have a firmer estimate of the per student recurrent cost?

Ms Paul—I think what we need to do for those—

Senator WONG—I would like that taken on notice. Go on.

Ms Paul—is to spell out, as I said before, the different funding bases and perhaps some background information, as Mr Evans was indicating there.

Senator WONG—Are you assuming that there will be income sources other than those identified in the discussion?

Ms Paul—I am not making a comment in that arena. I was referring not to that but rather to exploring the difference between the accrual and the cash basis.

Mr Evans—I would like to explore with you in a response some of the inclusions in the accrual basis of funding.

Senator WONG—Is there an assumption that the accrued liabilities in government schools are going to be met by state governments? You can take that into account when assessing the student recurrent costs.

Mr Evans—I will come back in the answer.

Senator WONG—I suppose from where I sit—and, as I said, I am not an expert in schools funding—I do not understand the viability of this particular ATC as an example, if you look at the disparity between the Commonwealth funding, plus state funding provided and the average recurrent cost.

Mr Evans—I will come back with a detailed answer and we might have an opportunity to talk at the next hearing.

Senator WONG—Is there an assumption in relation to Port Macquarie of any industry contributions?

Ms Johnston—In terms of actual cash?

Senator WONG—Yes.

Ms Johnston—I do not know.

Senator WONG—You do not know?

Ms Johnston—It would be included in their budget if there was.

Senator WONG—That is what you are going to get back to me on?

Ms Johnston—The requirement has been the industry contribution in terms of contribution in rate of governance, in terms of providing the student apprenticeships, and there may be others in terms of their assisting with providing training. There are some instances where they have indicated to us that they have industry that is willing to provide, for example, scholarships for students. There is a variety of industry support. Not much of it, I would think, would be cash quantified.

Ms Paul—What sets these apart is the extent of industry involvement and the local business involvement on the councils and so on. That is one of the key features.

Ms Johnston—Equipment is quite an important thing. Often industry has offered to provide some specific equipment related to training.

Senator WONG—You can get back to me about that?

Ms Johnston—I could get back to you.

Senator WONG—I am interested generally for the ones in respect of which you have that information.

Ms Johnston—It could be quite an extensive amount of information.

Senator WONG—I do not know how you have the information. I am interested in cash or income sources versus other incoming contribution, and I do not mind if the other incoming contribution is—

Ms Johnston—Just a general statement?

Senator WONG—Yes, this much and this much for each of the schools.

Ms Johnston—Yes.

Senator WONG—Perhaps you can explain this to me. For example, St Joseph's is Catholic systemic, is it not?

Mr Evans—That is correct.

Senator WONG—The Catholic system will therefore cover some of the accrued liabilities?

Mr Evans—It is a matter for the dioceses to determine the exact amount. The amount that I have talked about—that is, the \$5,172—is the amount that the school attracts to the Catholic system. Then the Catholic system determines exactly the final amount that goes to that particular school.

Senator WONG—I think I am making the point that, if your response to me is that the difference between the two figures, the MCEETYA figure and the figure you gave me, is cash versus accrual—

Mr Evans—No, it is more than that. This is the amount of money that is attracted to the dioceses. The amount of money that finally goes to the school could be a different amount.

Ms Paul—I do not think we have made an assumption as to which body may be taking on the liabilities.

Senator WONG—I was about to ask the question. That is what I am saying. In the circumstance where you say to me, 'We agree with the MCEETYA figure as an accrual figure, but this is our cash figure'—and I am saying there is a very substantial difference between those—is the assumption that some or many of those accrued liabilities will be picked up by other people and, in this case, the Catholic system?

Ms Paul—I do not think that we have necessarily made that assumption.

Mr Evans—No, we are not making that assumption.

Ms Paul—In considering the previous question on notice, we will consider it.

Senator WONG—Does AGSRC exclude Commonwealth funding?

Mr Evans—No.

Senator WONG—Just on Port Macquarie enrolments: are there two campuses?

Ms Johnston—Yes, there is a campus at Taree.

Senator WONG—Could you disaggregate those for me?

Ms Johnston—The projected student numbers are 25 at Taree. I do not know whether I have the actual student numbers at Taree. Actual enrolments?

Senator WONG—Yes.

Ms Johnston—Manning Valley Campus, otherwise known as Taree, has 24 students and Port Macquarie itself has 211.

Senator WONG—The 25 was the 2007 figure?

Ms Johnston—No, the 25 was actually their projection for this year.

Senator WONG—You will get me the projected enrolments in the general question on notice about all of these?

Ms Johnston—Yes.

Senator WONG—Can you tell me the number of staff employed at this college?

Ms Johnston—No, I cannot.

Senator WONG—You are not aware of that?

Ms Johnston—No.

Senator WONG—Was it a requirement of funding that all staff be offered AWAs?

Ms Johnston—All staff employed by the ATC must be offered AWAs.

Senator WONG—Is the department aware of what industrial arrangements exist at that college?

Ms Johnston—I am aware that they have come to an agreement on industrial arrangements in which the college employs staff outside the diocese arrangements. I do not have the details of it.

Senator WONG—Are you aware of whether or not it is a collective certified agreement?

Ms Johnston—No, I am not aware of that. That may well be the case, because staff may not accept that. They do not have to have AWAs, but they must be offered them.

Senator WONG—Has there been, similar to what there was with HEWRRs, some sort of vetting process about collective agreements in the ATCs?

Ms Paul—We had to ensure in the assessment of the request for proposal that the offer of an AWA was going to be part of the governance.

Senator WONG—Is it the same sort of process as has occurred under HEWRRs?

Ms Paul—No, it was not as extensive. Because these are new, it was part of the selection process rather than part of a particular funding program as with universities. That is quite different.

Senator WONG—There has not been as much investigation by the Commonwealth?

Ms Paul—Not in the same way, because it does not result in a particular funding level. It is actually part of the selection criteria.

Senator WONG—Are you aware of the comparison between conditions of employment of persons at this college and those of all other teachers within the Catholic system in New South Wales? Do you check that or consider that?

Ms Johnston—No.

Senator WONG—Who is the authority for the college?

Ms Johnston—The trustees are the Roman Catholic Church for the Diocese of Lismore.

Senator WONG—Is this a separate entity to the diocese itself? I am not sure about the legal structure.

Ms Johnston—It is an entity of the diocese, I should imagine. It is the normal way a school is.

Mr Davidson—The diocese has established a governing board.

Ms Johnston—The diocese has established a governing board for the college.

Senator WONG—Employees will be considered to be employees of the diocese?

Ms Paul—No, of the college.

Ms Johnston—There is a separate entity established in this case, separate from the diocese, to employ the staff.

Senator WONG—Were you aware of whether our staff had been advised, despite that separate company arrangement that you have discussed, that all employees would be considered for all purposes to be employees of the diocese?

Ms Johnston—I am not aware of that.

Senator WONG—Maybe you can get back to me on the AGSRC issue. Do the administrative guidelines in relation to this indicate that Australian government grants to government schools are removed to arrive at an adjusted total state government expenditure?

Mr Evans—I will need to come back to you on that one.

Senator WONG—You previously answered that St Joseph's Vocational College will deliver curriculum at this school. Is this the case in respect of both the so-called academic and vocational subjects?

Ms Johnston—I believe so.

Senator WONG—How will this be delivered at the Taree campus?

Ms Johnston—They will have staff at Taree.

Senator WONG—In respect of both streams, as it were?

Ms Johnston—That is my understanding. I do not have any details with me. I have actually been to the Taree campus and seen the delivery in the trades area.

Senator WONG—Who is the registered training organisation? Is it Priority One Employment and Training?

Ms Johnston—As I recall, that is the name of the registered training organisation.

Ms Paul—There are several local businesses involved on the board as well.

Senator WONG—Is it a private company?

Ms Johnston—I do not know that.

Senator WONG—Does it run any other programs?

Ms Paul—The board of the ATC?

Senator WONG—No, the RTO.

Ms Johnston—I do not know.

Ms Paul—I was talking about the school. There are several local businesses on the board of the school.

Senator WONG—No, I was on to the RTO.

Mr Davidson—The RTO, as an RTO, would have a scope practice that would be available on the National Training Information Service. It will outline the qualifications that it can offer and the areas in which it can deliver.

Senator WONG—For Gladstone you have given me some enrolment numbers and you are taking on notice the projected figures.

Mr Davidson—We will say more than projected figures; there are actual commitments for 28 school based new apprentices and so the school is in the process of filling those at the moment.

Senator WONG—Yes, you have given me that evidence on a few occasions. I was not going to ask for it again. I was just referring back to what had been taken on notice. Do you have any knowledge of the industrial arrangements in place at that college?

Ms Johnston—The college is not employing anyone other than the administrative staff at the moment because the students are enrolled at existing schools.

Senator WONG—The college will not employ any non-administrative, that is, teaching, staff?

Ms Johnston—Not until it is established as a school.

Senator WONG—Again, it is a condition of funding that staff are required to be offered AWAs?

Ms Johnston—That is correct.

Senator WONG—Do you have any knowledge or are you advised through the business plan or application process of their planned employment conditions at the school in any more detail other than the requirement that people will have to be offered AWAs?

Ms Johnston—No, we do not require any more detail other than that they are prepared to offer staff the AWAs.

Senator WONG—Who is the contracting party?

Ms Johnston—In the Gladstone case it is called the Australian Technical College Gladstone Region Ltd.

Ms Paul—Once again, the board's representation is of several local businesses as well as Commerce Queensland, and it looks like an RTO or a group training organisation.

Ms Johnston—It is a group training organisation in that case.

Ms Paul—Each of the chairs of the boards of these colleges is a local business person.

Senator WONG—Which schools will be delivering the non-vocational curriculum?

Ms Johnston—At Gladstone?

Senator WONG—Yes.

Ms Johnston—The school at which the student is enrolled.

Senator WONG—We do not know which those are as yet?

Ms Johnston—I do not know the specific schools. There are five state schools and two non-government schools that they have partnership arrangements with.

Senator WONG—In E990-06 you listed a number of schools. If there is any update to that, could you provide that?

Ms Johnston—Yes.

Senator WONG—The RTO list remains the same?

Ms Johnston—I am not aware of any change. I will let you know if there is.

Senator WONG—You have indicated here:

... (MoUs) with other accredited RTOs as required

I wanted to know whether any other RTOs had been approached or indicated their participation.

Ms Johnston—Certainly.

Senator WONG—You do not know that now?

Ms Johnston—I do not.

Senator WONG—Can you tell us which vocational programs will be offered at this college for 2007 to 2009?

Ms Johnston—I mentioned to you the broad industry areas—

Senator WONG—Yes, you did.

Ms Johnston—for Gladstone.

Senator WONG—Are those school based new apprenticeships?

Ms Johnston—Yes.

Senator WONG—Is that all of them?

Ms Johnston—Yes.

Senator WONG—How will this extend the current range of vocational programs offered by schools in the region?

Ms Paul—This will be an offering of a certificate III level school based new apprenticeship, which links directly into local businesses.

Senator WONG—Is there nothing similar on offer currently?

Ms Paul—Not in this way.

Senator WONG—What does that mean?

Ms Paul—Yes, there is, but the model here is a direct linkage between the school council and local businesses so that there is a pathway into local businesses for these school based new apprenticeships to help meet the local skills shortages.

Senator WONG—School based new apprenticeships would already be available.

Ms Paul—Yes, they are available in Queensland.

Senator WONG—Are they in the same trades or areas that you identified as being the ones planned for these enrolments?

Ms Johnston—I think so, although building and construction has always been one of the later ones to come on, so there may not be any students in building and construction there at the moment.

Senator WONG—Is there no model of a school that is explicitly linking its offering to meet local skills shortages existing anywhere?

Mr Davidson—The point I was going to make was that Queensland has the most active program of school based New Apprentices in the country. It has specific arrangements that have been in place for some time now. The largest number of school based new apprenticeships are currently available in Queensland. If you followed the awards of the Australian Vocational Student Prize, you would have seen that the students who won those prizes largely came from Queensland in these skills areas. We are hoping to build on that strong tradition of activity in that state.

Senator WONG—What did we just finish?

Mr Davidson—Gladstone.

Senator WONG—What about the Gold Coast?

Ms Johnston—We are going right around the country.

Senator WONG—Yes. You have given me the enrolment figures.

Ms Johnston—Yes.

Senator WONG—Is there any update to the information in E990?

Ms Johnston—I do not think so, because that would have been provided on the basis of their business plan. The only areas that the Gold Coast is operating in this year are building and construction and commercial cookery. That is where their student numbers are—32 in building and construction and 12 in commercial cookery.

Senator WONG—Is this the RTO?

Ms Johnston—This is the Australian Institute of Technology, which is one of the partners in the Gold Coast. When I say ‘one of the partners’, it was one of the partners in the original consortium that established the college.

Senator WONG—Ms Johnston, given what has been taken on notice—and if you would update E990 to include the other funding agreements which have been entered into—I think we can move now to getting some information about those regions for which there have been no announcements as yet. In relation to Dubbo, can you tell me how many proposals were received?

Ms Johnston—Two proposals were received in the initial round.

Senator WONG—Was one of them from the New South Wales department of education?

Ms Johnston—Yes, that is correct.

Senator WONG—And another was from a local industry grouping?

Ms Johnston—It was from an organisation called the Advanced Manufacturing Centre.

Senator WONG—Has the New South Wales department of education proposal been rejected?

Ms Johnston—They were advised that they did not meet the core requirement. They were offered the opportunity to address that and come back to us. They have not ever formally responded to that.

Senator WONG—What was the core requirement?

Ms Johnston—I believe it was the offering of AWAs to the staff of the college.

Senator WONG—Have any other proposals been received since the tenders closed?

Ms Johnston—No, not for Dubbo.

Senator WONG—Have the department brokered or obtained proposals from any other local groups?

Ms Johnston—We have had inquiries and talked to people about what they might do, but there has been nothing else.

Senator WONG—Are you in current negotiations with any parties about establishing a college in Dubbo?

Ms Johnston—We are actively investigating possibilities but not in any detailed negotiations.

Senator WONG—I presume that you are not in a position to indicate a date by which the college might begin operations?

Ms Johnston—No, I am not.

Senator WONG—It would be a very long way off. We do not even have a party, do we?

Ms Paul—Not necessarily. We are certainly involved in discussions. As I said before, the legislation was only passed in October and we have already got schools open, so they can move extremely quickly.

Senator WONG—Do you think you will have people registering there in 2007?

Ms Paul—I cannot say, but I was just responding to the comment that you made that it would be a long way off and I was saying ‘not necessarily’.

Senator WONG—When do you anticipate an announcement in relation to Dubbo to be made?

Mr Davidson—We do not anticipate announcements. We will just wait until we have a proposal that is satisfactory and, when we have something to announce, we will announce it or the minister will announce it.

Senator WONG—With Queanbeyan, again a preferred tenderer has not been announced to date?

Ms Johnston—That is correct.

Senator WONG—Were two proposals received in relation to Queanbeyan?

Ms Johnston—I believe so.

Senator WONG—One being from the New South Wales Department of Education and Training?

Ms Johnston—Yes.

Senator WONG—And another from a local industry group?

Ms Johnston—Yes.

Senator WONG—Who was that?

Ms Johnston—I do not recall the details of that.

Senator WONG—Is it the same situation as Dubbo, where the New South Wales department's proposal was rejected because it did not include the AWA offer?

Ms Johnston—Their proposals all had the same statement in relation to the AWAs.

Senator WONG—Have any other proposals been received since the tender closed?

Ms Johnston—No.

Senator WONG—Are any other negotiations being undertaken by DEST?

Ms Johnston—No, not by DEST.

Senator WONG—Does DEST have any concerns about the suitability of the region for an ATC?

Ms Paul—No. It is a region in which there are skills shortages in the relevant areas, as with all of the others.

Senator WONG—What about suitability of the industry base in the Queanbeyan area?

Ms Paul—Yes, there is an industry base in Queanbeyan.

Senator WONG—Does the department have any concerns about the suitability of the industry base in the area for the purposes of establishing an ATC?

Ms Paul—No.

Senator WONG—Has the department attempted working with ACT based employer groups in relation to this issue?

Mr Davidson—No, the department has not.

Senator WONG—When do you anticipate an announcement to be made in respect of Queanbeyan?

Mr Davidson—The answer will be the same as the last time I answered that question, which is that we do not anticipate when we will have a proposal that we can recommend to the minister and that the minister makes an appropriate announcement.

Senator WONG—You do not have a date on which you expect to begin operations?

Ms Paul—Not yet.

Senator WONG—Is Lismore-Ballina also a location in respect of which two proposals were received, one from the New South Wales department?

Ms Johnston—Yes, I think that is correct.

Senator WONG—Did that include Ballina High School and the Northern Institute of TAFE?

Ms Johnston—As a department?

Senator WONG—Departmental, yes. Was there another proposal received?

Ms Johnston—I believe so.

Senator WONG—Are you able to tell me from whom?

Ms Johnston—No, I am not.

Senator WONG—Does that mean you do not know?

Ms Johnston—I cannot recall at the moment the details of that. That was in the middle of last year.

Senator WONG—Please provide me with details of that and of the one previously. Have any other proposals been received since that time?

Ms Johnston—There is one other organisation that has submitted a brief submission indicating that it would be interested in being involved.

Senator WONG—Who is that?

Ms Johnston—Again, I do not think that it would be appropriate to name the names of people at this stage.

Senator WONG—But you gave me the names of people before.

Ms Johnston—The New South Wales department's proposal has been well known. There was one other organisation involved. I think I might have mentioned an organisation in Dubbo, but that was in the original proposals.

Senator WONG—So this is not the original but a subsequent proposal?

Ms Johnston—This is the subsequent one.

Senator WONG—Is it an industry group or an employer group?

Mr Davidson—Discussions are being held with the organisation at the moment. We are not at liberty to say.

Senator WONG—I am just trying to get some sense of what sort of organisation it is.

Mr Davidson—It is an organisation that is involved in education.

Senator WONG—That is a very narrow category to give to me, isn't it?

Mr Davidson—It is an accurate category.

Senator WONG—I am sure. Private, public, new company?

Mr Davidson—I do not know the details.

Senator WONG—Is it an existing organisation?

Mr Davidson—I believe it is an existing organisation.

Ms Johnston—I believe it is representing a group of organisations and they propose to set up a new college.

Senator WONG—When did they submit an interest?

Ms Johnston—Within the last month or six weeks, I would suggest.

Senator WONG—Is the proposal as to the New South Wales department, Ballina and the Northern Institute of TAFE just one proposal?

Ms Johnston—Yes.

Senator WONG—That also was rejected because it did not meet the core selection criteria and I presume, again, that it was because of the AWA issue.

Ms Johnston—Yes. There may have been other issues as well with each of these individually, but the core criterion was the AWA.

Ms Paul—But Ms Johnston was saying that there may have been other issues as well in our overall assessment of the proposal.

Senator WONG—To question E991-06 your answer was:

The proposal did not meet one of the core selection criteria as listed in the Request for Proposal.

Ms Paul—That is fine.

Senator WONG—Is the department aware of comments the minister made in April of this year suggesting that three colleges—at Dubbo, Queanbeyan and Lismore—could be scrapped within weeks unless he received a clear indication from the community of local support?

Ms Johnston—Yes.

Senator WONG—When did you become aware of those statements?

Mr Davidson—The day they were made.

Ms Johnston—Yes, when he made them.

Senator WONG—Were you asked for advice or were you asked to investigate or consider the level of local support in those communities?

Ms Paul—I am not sure.

Senator WONG—Have you gauged that level of support?

Ms Paul—I think how the level of support translates is if there is a proposal coming forward. As I say, in most of these cases we have been involved with discussions with local players.

Senator WONG—Again, in relation to Lismore-Ballina, you do not have any period in which you would anticipate an announcement being made?

Mr Davidson—No, we do not.

Ms Paul—The conclusion cannot be drawn, though, that these have been walked away from, because we are still in the process of talking with potential proponents and so on. There

has been no decision made by the minister or government on these areas. There has been no change in terms of the decision to proceed. We are still proceeding.

Senator WONG—There has been no decision subsequent to the minister's statements?

Ms Paul—That is correct.

Senator WONG—Has DEST identified any other regions around Australia suitable for a technical college? Have you undertaken that work?

Mr Davidson—We have not actively undertaken work to look for other regions. We would anticipate that most regions around Australia would be suitable for a technical college.

Ms Paul—Certainly, the minister has been approached by a number of regions in his travels that believe that they would benefit from such a college. There has been quite a high level of interest in the concept of an industry led school that links students straight into job opportunities in local skills shortage areas.

Senator WONG—Has there been a formal approach to the department from any particular region requesting a technical college?

Ms Johnston—Not that I am aware of. As Ms Paul said, the minister has certainly received a number of letters.

Senator WONG—Has advice been sought in relation to those requests?

Ms Johnston—Yes. Responses have been sought from the department.

Senator WONG—But has any action been taken in terms of feasibility considerations?

Ms Johnston—No, not at that level.

Senator WONG—I think I have finished with the technical colleges.

CHAIR—Thank you very much, ladies and gentlemen. In that case, we will move on to the schools group. Is that correct?

Senator WONG—Yes.

[6.08 pm]

CHAIR—We will move on to the schools group, which is outcome 1, Individuals achieve high quality foundation skills and learning outcomes from schools and other providers.

Senator Vanstone—I will cheer up Senator Wong, because I have been cheered up. I was woken up earlier today. I was awake, but I was further woken up.

Senator WONG—Were you bored, minister?

Senator Vanstone—No, I was not bored. I actually have quite an interesting job. I have seen a computer print-out of a noticeboard at a school called Crestwood High. I do not know where Crestwood High is, do you? Does anybody know where Crestwood High School is? It is a school of unknown state, but it is not mine, I do not think. In big letters it says, 'Thank you, Federal Government, for the Investing in Our Schools grant of \$150,000.' Isn't that sweet? Don't you reckon that is cute?

Senator WONG—I can always tell when you are bored, Minister. You have not been the centre of attention for a while, so you have to do something political.

Senator Vanstone—I will give you a different version, then. I like signs. There was a very good cartoon in the *New Yorker* once. You know the church signs that say, ‘Services on Sunday, 10 o’clock’ et cetera. A priest was pointing to it and it said, ‘Watch this space—from the people who have brought you Christmas’. I thought it was quite good. I am into signs; I think they are good.

CHAIR—That is very heart warming, Minister.

Senator Vanstone—I am just letting the senator know that I am interested in signs, and this one from Crestwood High School is very good.

Senator WONG—Ms Paul, thank you for responding to our request on the Excel format issue.

Ms Paul—You are welcome.

Senator WONG—We got it on Tuesday, but that is okay; we got it. It is password protected and I understand that is the way you dealt with your concerns about the integrity of the data.

Ms Paul—Yes.

Senator WONG—I hope that, if some of us who are less IT literate have some difficulties with it, there might be an arrangement through the committee where we could get some advice on that.

Ms Paul—Of course, you can approach us at any time.

Senator WONG—I do not think we can, actually; we have to go through the minister. There was one other issue. You responded to E1001 in PDF format, and I had asked you to update E599. I am sure somebody knows about this. Mr Burmester, you do.

Mr Burmester—The additional information that you asked for in 1001 has been provided there. Largely it was a small number of changes to new schools or schools that had ceased to operate to update 599, and in addition you had asked for one additional component. Of course, it has just gone out of my head. We provided that as a list. That might be of some assistance, if you were going to ask about the other 599 spreadsheet?

Senator WONG—All I actually wanted to check, and ask for it to be updated, is that there is no updated data for the key drivers of general recurrent funding, such as projections for enrolments, AGSRC levels, per capita rates, et cetera?

Ms Paul—No, there would not be an update. I think we answered that. We had a description and there would not be any updates since we answered.

Senator WONG—E997_06 is partially answered, but it did not separate primary, secondary and targeted indexes for the years 1996 to 2000. Is that not available or was there another reason you were not able to provide that?

Mr Evans—In those years we only used the single index.

Senator WONG—The targeted index since 2000 is a combined primary and secondary index. Are you able to tell me how that index varies from the primary and secondary figures? I presume it is a weighted average; is that how it works?

Mr Evans—It just reflects the year-on-year movement in costs in those particular programs. It is not broken up into primary and secondary.

Senator WONG—There is no weighted average?

Mr Evans—It is not weighted. It simply looks at the overall movement of cost increases in that area.

Senator WONG—But in 2004 it was actually higher than both primary and secondary. I do not quite understand how that works.

Mr Evans—They can be higher or lower, primary, secondary or targeted. There is no great science to this, but it does closely measure the actual movement.

Senator WONG—Perhaps the way to deal with this is for you to explain on notice to me how these indexes are calculated.

Mr Evans—Yes, I am happy to do that.

Senator WONG—That might be easier. I assumed there was some weighting or some contribution from primary and secondary to targeted, so I could not understand the 9.3 in 2004.

Mr Evans—What I can do as a starting point is give you an extract of the program guidelines that explains the basis of how the indexes are determined. I can draw that to your attention.

Senator WONG—Are you also able to explain why there is that variance between the targeted and primary and secondary indexes?

Mr Evans—Yes, we can give you some explanation, too.

Senator WONG—At (b) you said:

The data provided is not at a sufficient level of detail to provide drivers for the factors listed.

Mr Evans—We would probably be able to pick up some of them, like teacher salary increases and other salary increases.

Senator WONG—When I looked at that, I wondered if we could have a discussion about what you do have. If you can provide some of them, perhaps you can let me know which of these ones you could provide.

Mr Evans—The ones that we would have difficulty with would be the class size reductions. We can probably do teacher salary increases and other salary increases. We probably would have it for students with disabilities. We may not have—and we have been trying to pursue this with state governments over time—the answer to No. 5, which is an accurate aggregate expenditure on teacher professional development, although we are pursuing that through other courses. And as for No. 6, to the extent that we do become aware of technical adjustments like the one that we referred to for the basis of the 2002-03 leave loading, we do provide them, but they are not always self-evident.

Senator WONG—Your guidelines clarify that the collection you get is broken down into a subset of expense items—teacher expenses, other staff expenses, redundancies and other current operating expenses.

Mr Evans—Yes.

Senator WONG—You are just telling me what you have got? That is all I want.

Mr Evans—That is right.

Senator WONG—Can you just give me what you have got?

Mr Evans—Yes.

Senator WONG—I assume you have got whatever you say you have in paragraph 14 of the guidelines? That was the bit I just read out.

Mr Evans—Which paragraph is that?

Senator WONG—Page 207, paragraph 14.

Ms Paul—Where are you?

Senator WONG—I was referring to the department's administrative guidelines for 2005 to 2008, which refers to how you go about collating this data.

Mr Evans—Yes.

Senator WONG—The administrative guidelines also state that the AGSRC index is the percentage change in the per capita state government funding between two financial years; is that right?

Mr Evans—That is correct.

Senator WONG—What does that mean? Does that mean that the increase in Commonwealth general recurrent per capita grants is as a result of increases in state government spending on schools?

Mr Evans—Yes.

Senator WONG—Could you update E1000 on notice?

Mr Evans—I do not think that has changed.

Senator WONG—Is it still current?

Mr Evans—It is still current.

Senator WONG—They are the latest figures?

Mr Evans—That is correct.

Senator WONG—I will go to Budget Paper No. 1. The references I have here are to Budget Paper No. 1 for 2005-06 and 2007-08, but I assume the same figures would be in the relevant PBS. What I wanted to compare was the estimates for government and non-government schools for those two financial years.

Mr Evans—Do you have a page reference?

Senator WONG—I have a page reference for Budget Paper No. 1. Do you have the two budget papers?

Mr Evans—No. I have budget papers No. 2 and No. 3. I have Budget Paper No. 1 in front of me now.

Senator WONG—You would only have that for 2006-07. You would not have that for 2005-06, would you?

Mr Evans—No, I do not.

Senator WONG—I might come back to this after the dinner break and get the PBS, because I know you have got 2005-06 PBS.

Ms Paul—We do.

Mr Evans—Where you are getting to is the change in the estimate for the government sector between 2005 and the actual for 2005-06?

Senator WONG—I have questions in relation to both non-government and government. We have done this before in other areas. We have compared the 2005-06. You have the 2005-06 budget paper? That is good. I want to look at 2006 on page 6-9 and the same in 2005. In the 2006 budget reports, if you look at the expenditure on non-government schools, it is \$5,822?

Mr Evans—Yes.

Senator WONG—In 2005 it was reported at \$5,916.

Mr Evans—We had this discussion at the last hearing. There are two effects here, both for non-government and for government. The principal effect for that was the lower than anticipated level of annual supplementation that occurred in October 2005. When the 2005-06 budget paper was prepared at budget time last year, that was about six months in advance of when we had the final supplementation arrangements. For government and for non-government, the recurrent outlays dropped back because of the lower supplementation. You saw the figures in there, the answer that we talked about just a few minutes ago, on supplementation?

Senator WONG—Yes.

Mr Evans—There is another effect there, though, and it might be one that you are going to get to on the comparison of the portfolio budget statements. This was the shift in the overall funding from 2005-06 and 2006-07. Essentially, there was \$95.8 million underinvesting in our schools. That was rephased from 2005-06 into 2006-07.

Senator WONG—How much was that?

Mr Evans—\$95.8 million.

Senator WONG—From which period to which period?

Mr Evans—Out of 2005-06 into 2006-07.

Senator WONG—Is there a consequent rephasing from 2006-07 onwards as well?

Mr Evans—No, but there was a consequent rephasing out of calendar year 2008 into calendar year 2006, and that was included in an amendment that went through the parliament earlier this year. That was a figure of \$187 million that was rephased from 2008 into 2006.

Senator WONG—2008?

Mr Evans—2008.

Senator WONG—From?

Mr Evans—From 2008. In the legislation it was brought forward to 2006. I am sure that you have got some questions for us on Investing in Our Schools as the course goes on.

Senator WONG—You never know, I may not.

Mr Evans—Ms Dacey would be very pleased to know that.

Senator WONG—That is for government schools. What about non-government schools?

Mr Evans—No. I am saying there are two effects there.

Senator WONG—Can we do this sequentially? I am getting tired, so I cannot keep all the information at once. For government schools you have explained the effect of the Investing in Our Schools rephrasing.

Mr Evans—The rephrasing was one element. The second element was the supplementation for government schools and for non-government schools.

Senator WONG—For non-government schools, you are talking about a difference between \$5,916 and \$5,822. Is that right?

Mr Evans—That is right. In the large part that would be explained by changing the supplementation outcome.

Senator WONG—Can you give me a bit more detail on that? What does that mean?

Mr Evans—It was in the answer to the question that we talked about on supplementation.

Senator WONG—Are you asking me to remember which question?

Mr Evans—No, it is 997.

Senator WONG—What did you say there?

Mr Evans—If you look at the table that has 2005, you will see that for 2005 for primary the increase was 3.15 per cent and for secondary it was 4.64 per cent. The assumptions in the budget at May last year for 2005 were several percentage points higher than those two outcomes, so what we had effectively was that, from a budget estimate in May last year to the actual that occurred when the supplementation came down in October 2005, it eased back the actual level of outlays.

Senator WONG—Meaning less than you anticipated?

Mr Evans—Less than had been anticipated when that 2005-06 budget paper was prepared last year.

Senator WONG—The supplementation indexation?

Mr Evans—Correct.

Senator WONG—Why do we call it supplementation?

Ms Paul—It is based on actual costs.

Senator WONG—In relation to Investing in Our Schools, on notice, are you able to give me any more detail on the reconciliation and the funding flows from that program, the rephrasing of which is reflected in the difference between the two figures?

Ms Dacey—Yes, we will be able to do that.

Senator WONG—I would appreciate that. Are there any other programs affected or programs which have contributed to the difference between the two estimates for the forward estimates period as between 2005 and 2006 budget statements?

Mr Evans—Yes, there are.

Senator WONG—What are they?

Dr Mercer—There were two programs in which money was carried forward, which would have affected the estimates from 2005-06 into 2006-07. This is on page 31 of our portfolio budget statement, but I do not believe you have that.

Senator WONG—Yes, I do. In the previous outcomes we were comparing PBSs, rather than budget papers.

Dr Mercer—This is on page 31 of the PBS. One was the National School Drug Education Strategy, where \$250,000 was carried forward for resources.

Senator WONG—I can see where that is. So they have been moved into this year, but they are administered funds, correct?

Dr Mercer—They are administered funds, yes.

Senator WONG—Are these all administered funds that we are looking at in Budget Paper No. 1?

Mr Evans—Yes, they are.

Senator WONG—They would also be reflected in that?

Dr Mercer—Yes.

Senator WONG—Is there anything else? Would Investing in Our Schools plus these at page 31 plus the supplementation be the explanations for the difference?

Mr Evans—There were some other minor rephasings, tutorial vouchers and a bit of literacy money as well.

Senator WONG—I am happy for you to provide those on notice. You understand what I want.

Mr Evans—Yes. That is fine. It is easy to do it.

CHAIR—It is now 6.30, so we will have a dinner break.

Proceedings suspended from 6.30 pm to 6.32 pm

Senator WONG—Can I just go back to your response to me when I said to you that Commonwealth funding was not included in the AGSRC index?

Mr Evans—Sorry. I thought you had said in the AGSRC calculations. Commonwealth funding is not in the index series calculations but it is in the measurement of cash adjusted AGSRC that we talked about.

Senator WONG—I read out the sentence from page 207 of your Quadrennial Administrative Guidelines. Is that correct? It says:

The AGSRC index is also calculated using the collection—

and this is of various data—

Redundancy payments and Australian Government grants to government schools (including IESIP funding and joint programmes in proportion to government school enrolments) are removed to arrive at adjusted total State government expenditure.

Mr Evans—Correct. The reason for that is, if the Australian government's grants were in the movement in the index series, we would be actually indexing on our own growth. That is why we exclude Australian government payments in the calculation.

Senator WONG—Does the figure of \$8,994 that you quoted to me not include Commonwealth funding?

Mr Evans—That does include Commonwealth funding. It is the measurement of the index series that we use for supplementation that does not include Commonwealth funding.

Senator WONG—How much of the \$8,994 figure that you quoted at me is Commonwealth funding?

Mr Evans—Generally it is between 10 and 12 per cent.

Senator WONG—Ten and 12 per cent of that figure?

Mr Evans—Correct.

Senator WONG—I want to ask some questions about the Students with Disabilities pilot. Can you advise me of the terms of reference or parameters of the foreshadowed pilot?

Dr Mercer—The pilot is an investigation of how we may be able to achieve greater portability of funding for students with disabilities, particularly in the non-government sector. We anticipate it will have two phases. The first phase will be an investigation of what we can learn from a research study conducted in Australia and on the international research. The second phase would be where we would look to see if we could trial different models of funding that would assist us to gain greater portability of funding to assist parents to move their children between schools.

Senator WONG—Let us go first to the research study. That will be undertaken, or has it been?

Dr Mercer—No, that will be undertaken and we will be going out to tender for that shortly.

Senator WONG—What about the international part of it?

Dr Mercer—That will be part of the research study.

Senator WONG—What is the amount that is budgeted for the study?

Dr Mercer—The total funding available for both phases of the study is \$5.8 million. We have not yet separated out what the research element will be.

Senator WONG—As opposed to the trial model?

Dr Mercer—Yes.

Senator WONG—You cannot give me any indication of what proportion of the \$5.8 million will be spent on research.

Dr Mercer—No, we cannot at this stage.

Senator WONG—What is the time frame on that?

Dr Mercer—We will have two years of funding for this purpose. We would look for the research phase to be conducted this year.

Senator WONG—Are you going to open tender?

Dr Mercer—It will either be select or open tender.

Senator WONG—If select, what is the process with that?

Dr Mercer—Select is where we would go to a number of organisations that we believed had the capabilities, since this is quite specialised research.

Senator WONG—Has the decision been made as to whether it will go to open or select?

Dr Mercer—No. We have not made that decision yet.

Senator WONG—What is the time frame for the tender process, or has that not been determined?

Dr Mercer—We are working on the documentation for that right now. We would expect to go out within the next few weeks.

Senator WONG—Quite soon.

Dr Mercer—Yes.

Senator WONG—When is the trial model likely to be implemented post research?

Dr Mercer—We would expect that to be next year.

Senator WONG—When you are talking portability of funding, you are talking about things such as a voucher?

Dr Mercer—It certainly could be, yes.

Senator WONG—What involvement will there be with state governments?

Dr Mercer—We would expect to set up a reference group for the study, and we would expect to invite a representative of state and territory education authorities.

Senator WONG—You would go to tender first and then set up the reference group.

Dr Mercer—Yes.

Senator WONG—I understand the ministerial council has done some work on students with disabilities.

Dr Mercer—Yes.

Senator WONG—How will that interface with this pilot?

Dr Mercer—We would certainly expect to be able to draw on the findings of the work that the Schools Resourcing Taskforce has done in this area, which is still ongoing, as I understand it.

Senator WONG—What does ‘draw on’ mean?

Dr Mercer—We would certainly use the study in terms of whether it shed any light on this research, this study that we are going to do.

Senator WONG—Since the last estimates, has Dr Donnelly been awarded any contracts with the department?

Dr Mercer—No.

Senator WONG—Has he been awarded any contracts with the department since the beginning of this year?

Mr Simpson—There was one occasion where he was a member of the advisory group for the Australian Certificate of Education report that was written by ACER.

Dr Mercer—Yes.

Senator WONG—What was the remuneration deriving from that?

Mr Simpson—There was no remuneration attached to that.

Senator WONG—Who appointed the advisory group? Was that a ministerial decision?

Mr Simpson—No. It was decided by the department.

Dr Mercer—The previous minister.

Senator WONG—The previous minister?

Dr Mercer—Yes. The previous minister settled on the composition of the steering committee for the ACE project, with recommendations, of course, from the department.

Senator WONG—Was Mr Donnelly in the recommendations?

Ms Paul—We cannot give you that advice.

Senator WONG—You never know; you might get lucky! I want to turn now to the tutorial vouchers issue. I understand that there was a contract variation in relation to this program. I wonder if you can outline that to me.

Ms Weddell—Contract variation?

Dr Mercer—Would you be able to repeat that?

Senator WONG—Is there no variation to the funding agreements for the tutorial voucher initiative?

Dr Mercer—There have been some variations to funding agreements.

Ms Paul—That have been in the pilot which is now ceased, I presume.

Dr Mercer—That is correct.

Ms Paul—The pilot ceased last year.

Dr Mercer—Yes, the pilot ceased at the end of last year. As I understand there were some variations to contracts with a number of the brokers.

Senator WONG—That is right; I have just confirmed that. Are you in a position to answer some questions about variation of the contracts under the pilot initiative?

Ms Weddell—I will certainly try.

Senator WONG—Were you the officer responsible?

Ms Weddell—I am now.

Senator WONG—At the time?

Ms Weddell—At the very beginning I was and just latterly I am.

Senator WONG—I have some details in relation to an FOI request about the contract. First, I have some broader questions. You would confirm that DEST did various contracts with brokers for the pilot tutorial voucher initiative.

Ms Weddell—Yes.

Senator WONG—Were those contract variations requested by the brokers?

Ms Weddell—I am not entirely sure which contracts you might be talking about.

Senator WONG—Were any of the contract variations sought by the brokers?

Dr Mercer—I think we would have to take that on notice. There was quite a lot of discussion with a number of the brokers to ensure that they were able to conduct the pilot.

Senator WONG—Did NSDC Pty Ltd specifically request a variation to its contract in relation to Victoria and Queensland?

Dr Mercer—I believe we would have to take that on notice.

Senator WONG—All right—and if so, on what grounds?

Ms Weddell—We will include that.

Senator WONG—Can you confirm that the broker administration component payments in the contracts with NSDC Pty Ltd were varied?

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

Senator WONG—Is there nobody here who could give me—

Mr Burmester—On the specifics of variations, we would want to make sure that what we gave you was absolutely correct. I do not recall variations to amounts or payments but, due to the slow commencement of the program in some areas, what happened in general was that the company and ourselves wanted to extend the period over which the contracts were run, so at least some of the variations—and it might not be all of them—went to ensuring that we could extend the period over which a contract was exercised.

Senator WONG—Did the variations to NSDC go beyond the time frame of the contract and also extend to variation of the broker administration component payments?

Mr Burmester—We will have to go and check that.

Senator WONG—I would like to know what the variations were and why they were made. I would also like to know, and perhaps you can tell me, this: did DEST include a new broker administration payment in NSDC's Queensland contract of the amount of around \$52,000?

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

Senator WONG—Can you tell me whether that payment was made—if you could confirm that—to other brokers?

Ms Weddell—Again, I will take that on notice.

Senator WONG—Did DEST include a new broker promotion payment in NSDC's Victorian contract?

Dr Mercer—Again, we will check that about progressive learning, but in the case of a number of brokers we did provide additional support for them to promote the program.

Senator WONG—Why was that decision made?

Dr Mercer—That was made to assist them to ensure that parents became aware of the initiative, since in a number of states the parents had not been advised directly by the education authorities.

Senator WONG—Can you tell me how much money in total was made available for brokers, subsequent to the contract commencing, for promotion?

Dr Mercer—We would certainly be able to give you those promotion payments if they were specifically for promotion.

Senator WONG—You just indicated that there was additional funding for promotion.

Dr Mercer—Yes, for some brokers.

Senator WONG—Who were they and what were the amounts? What led to that?

Ms Paul—Largely what led to some of this, to my recollection of the pilot, was that in some states the state governments did not advise parents, or were very slow to advise parents, that their child might be eligible.

Senator WONG—Where did the money for the additional promotion payments come from?

Dr Mercer—It came from the program funds.

Senator WONG—Were there any additional allocations from government?

Dr Mercer—No, there was not.

Senator WONG—You had extra money there.

Dr Mercer—We had sufficient because of course, since the take-up varied across the states, there were obviously funds that were available to assist.

Senator WONG—Was the take-up lower than had been anticipated?

Ms Paul—The take-up was lower in those states where the states did not advise the parents where the child was eligible.

Dr Mercer—Yes.

Senator WONG—The take-up was lower than anticipated.

Ms Paul—It was lower than the other states and certainly lower than we had hoped.

Senator WONG—In terms of your budget estimate process, as I understood Dr Mercer's answer, you had funds available because, in part at least, the take-up rate was lower than had underpinned the budget estimate.

Ms Paul—Yes.

Senator WONG—Is that correct?

Ms Paul—Yes.

Senator WONG—So that is why you did not need to go back for more?

Ms Paul—Correct.

Mr Burmester—In the states such as New South Wales that contacted parents directly, it was up to 60 or 70 per cent, but in Western Australia and Queensland, from recollection, or Victoria where they did not inform parents directly, the take-up was only 30 per cent. Crucially the part of the pilot that worked was informing the parents of children who could be eligible for assistance to access that assistance.

Senator WONG—The take-up rate varied considerably. Your answer to a previous question of mine indicated: New South Wales, 70 per cent; SA, 57; Queensland, 18; and Victoria, 12. Is that about right?

Mr Burmester—That is right. The variable that caused that disparity was the information being provided directly to parents.

Senator WONG—Did DEST vary the payments under the contracts in any other ways? If so, please advise the reasons for the variations and the new amount payable. I presume you are taking that on notice. Can you also let me know the total amounts paid to NSDC in Victoria and Queensland?

Ms Weddell—Certainly.

Senator WONG—You do not have that?

Ms Weddell—Not the final.

Dr Mercer—We do not have the final, but we have the final of what has been paid and what is estimated, if that is useful to you. This was for Victoria?

Senator WONG—Victoria and Queensland. You need to do them separately, presumably.

Ms Weddell—Total actual tuition to Victoria to date is \$694,735 and to Queensland it is \$584,753.

Senator WONG—Your estimated total?

Dr Mercer—The estimated total will be for Victoria \$845,763 and for Queensland \$736,081.

Senator WONG—Was the only broker NSDC for those two states?

Ms Weddell—Yes. They were the state brokers for those respective states.

Senator WONG—Are you able to separate tuition from administration for those two sets of figures?

Ms Weddell—I think so, if I have got the right column here. For Victoria actual tuition was \$436,023 and administration to date, \$258,712; and for Queensland, \$371,621 to date and for administration, \$213,132.

Senator WONG—I would like copies of the original contract plus variations between DEST and NSDC, trading as Progressive Learning. I will clarify where we might have the disagreement. In the FOI request documents a number of items, consistent presumably with the FOI legislation, are blacked out as business affairs. Because this is an estimates committee, are you able to tell me the basis of that or if you are able to provide them?

Dr Mercer—Yes. This is in regard to a freedom of information request from Ms Macklin?

Senator WONG—Correct.

Dr Mercer—Yes, the shadow minister. The details of the information in the contract from brokers that were withheld related to standards and details of payments that are state or territory specific, and this decision was taken under the FOI Act because they may impact on Commonwealth-state relations or be prejudicial to commercial organisations' business affairs. This was because we are in ongoing deliberations with three states currently for contracts outside the pilot to ensure that the students will still receive tutoring. We are in ongoing contractual arrangements at the moment with Queensland, Victoria and Western Australia.

Senator WONG—Obviously, estimates committees are not restricted in terms of a request for information under the terms of the FOI Act, so I ask you to provide the contracts without those aspects deleted.

Dr Mercer—Yes.

Senator WONG—I assume that you are taking it on notice.

Ms Paul—We will take it on notice.

Senator WONG—If the issue is your timing of negotiations, what is the time frame for the conclusion of those?

Dr Mercer—It depends on the state. I think we are very close with Victoria. I will just ask Ms Weddell if she has got the latest.

Ms Weddell—Certainly, we are very close in Victoria and in Queensland. We are perhaps a little further away in WA, but fairly close.

Senator WONG—Are we talking weeks?

Dr Mercer—Certainly, for Victoria and, I would hope, Queensland, yes.

Senator WONG—Okay. Well, Victoria and Queensland are the only two states which are covered by these contracts, correct?

Ms Paul—Yes, so we may meet the timetable for the final questions on notice.

Senator WONG—Yes, with the questions on notice. You read my mind, Ms Paul; it was too obvious! Is the department currently undertaking an evaluation of funding arrangements for non-government schools?

Mr Evans—You would have seen some reports in the press. The minister indicated that there is to be a review of SES funding arrangements.

Senator WONG—All right. Tell me about that review.

Mr Evans—It will be an internal review.

Senator WONG—Has it commenced?

Mr Evans—There are aspects of it that have commenced, yes.

Senator WONG—What does that mean?

Mr Evans—We are looking at issues around the characteristics of non-government schools, some of the features that we would want to actually look at in the context of a review.

Senator WONG—What are those features?

Mr Evans—The SES arrangements at the end of 2008 will have been in operation for eight years. In that sense it is reasonable, as we move to the next quadrennium, 2009-12, to look at whether there are features that need to be tweaked.

Senator WONG—Sure. That is not really an answer to my question. That was not the question I asked. When you said, ‘We have commenced looking at some features,’ I asked: what are those features?

Mr Evans—Features include the amount of funding, the fact that we have to go through a complete geocoding exercise next year as new ABS data is made available, the timing of those calculations being made next year, issues about the number of schools on the SES score, issues around new schools starting, issues around some aspects that non-government school authorities have raised with the minister and the department.

Senator WONG—What is geocoding?

Mr Evans—Geocoding is how we actually determine an individual school’s score, based on the location of all the students at that school.

Senator WONG—This is the demographic analysis?

Mr Evans—Correct—where we use ABS district data to determine a school’s score.

Senator WONG—What are some of the aspects authorities have raised with the minister that you are taking into account?

Mr Evans—Some of the aspects are fairly anticipated. They would like the current supplementation arrangements to continue. There are issues around new schools, around whether there should be additional assistance for schools that are part of a system and around location of schools in new locations. There are a range of issues which it is reasonable that you would look at in the context of an SES review.

Senator WONG—When did this preliminary work commence?

Mr Evans—From within the department, probably in the last few months.

Senator WONG—This year or last year?

Mr Evans—This year.

Senator WONG—This year only? You say it is a review that will be conducted internally only?

Mr Evans—Conducted internally only, but I expect that there would be aspects of consultation with particular non-government authorities in the course of the review or at the outcome of the review?

Senator WONG—Who are the officers or sections responsible for conducting the review?

Mr Evans—They would be officers, in large part, within the schools group.

Senator WONG—That is a reasonably large group. Are you involved, Mr Evans?

Mr Burmester—As the deputy with responsibilities for the schools area within the department, I will be leading the review. It will include senior officers from most of the school areas, because it is happening at the same time, as Mr Evans has said, as we will be looking at the next quadrennium. We will be looking at it in the context of the quadrennium, which covers a whole range of aspects of school funding.

Senator WONG—Right. Will there be a reference group?

Mr Burmester—No, we will be consulting with the key players in the non-government sector but there will not be a reference group as such.

Senator WONG—Sure.

Mr Burmester—We will conduct consultations with them as we need to.

Senator WONG—Have those persons or organisations are identified?

Mr Burmester—Not as yet. We have not started that part of the review or mapped out the steps that we are going to take over the course of the year, but the players we will be contacting are fairly obvious; they are the key peak bodies in the non-government sector.

Senator WONG—What is the involvement of state governments or state authorities going to be?

Mr Burmester—This is a review of a Commonwealth funding under the SES model, which is a Commonwealth model.

Senator WONG—So no involvement from the states?

Mr Burmester—I do not see a major role for the state governments.

Senator WONG—Or any role?

Mr Burmester—We may consult. It has not been determined one way or the other.

Senator WONG—Okay.

Mr Burmester—But this is clearly focused on Commonwealth funding under the SES model. That is what the review is about.

Senator WONG—When was the decision made to undertake a review?

Mr Burmester—Mr Evans may have to help me here. I think it was announced by the previous minister at the beginning of the quadrennium.

Mr Evans—I think it may have been announced as early as 2004. It was foreshadowed that there would be a review taking place in the lead-up to the next quadrennium.

Senator WONG—But has there been a public announcement that it has actually commenced?

Ms Paul—Yes, by way of the minister's comments in the media recently.

Senator WONG—What is the time frame?

Mr Burmester—By the end of this calendar year we will need to have completed it.

Senator WONG—Why, when does the quadrennium commence?

Ms Paul—In 2009.

Senator WONG—Why does it have to be done this year?

Mr Burmester—Because decisions about any variation to the model would need to be known and determined by government before we started the geocoding, which becomes possible when the census data becomes available in 2007. Legislation and so on in the lead-up to the commencement of the quadrennium in 2009 would be introduced into the parliament in 2008. So we just sort of paced it out that we would need to get this work done by the end of this calendar year.

Senator WONG—Is the review considering the continuation of current categories of 'funding maintained' and 'funding guaranteed'?

Mr Burmester—Yes, they are the components of the SES model, if you like, so of course they will be looked at.

Senator WONG—In conducting the review, will schools' income from fees and other sources be taken into account?

Mr Burmester—They may well form some part of the analysis, but that is the difference between the SES model and the previous ERI model, in that the basis of analysis is the socioeconomic status of the parents of the student body in the school, not the internal resources of the school itself.

Senator WONG—I know. I understood that. But you are currently reviewing the SES funding model. I am asking: what is within the scope of the review and what is outside of it? Is there an a priori decision that examination of other income sources is not required for this evaluation, or not?

Mr Burmester—At this stage it is not anticipated that we would be looking at that.

Senator WONG—Thank you. Has the department received instructions or set out what matters are within the purview of the review?

Mr Burmester—They will be. We are working with the minister's office to finalise the scope of the study, but it is not yet finalised.

Senator WONG—What if there is a change in the time line next year, 2007-08, and so on—can you just take me through how that all works, the various steps?

Mr Evans—If there were a change, it would become evident once the legislation was introduced or once the government made a decision about how it proposed the arrangement would operate for 2009-12. It would become even more evident when the legislation was

introduced in the sense that it would set out the form of SES arrangements that are to operate for 2009-12.

Senator WONG—When is it anticipated that schools will become aware of their reviewed SES position?

Mr Evans—There are two stages. First, the schools would have to give us data of their student population next year for which we would do the geocoding work. I expect that we would have an obligation to go back to the schools to tell them what the results are for their school's score. It then depends on whether there are policy changes that are being either announced or contemplated by the government that are going to form a feature of the 2009-12 funding arrangements. It is a decision for government as to when to announce those changes.

Senator WONG—Sure. But, if there were changes, when would you expect the schools to be advised?

Mr Evans—I would expect it to be probably in early 2008.

Senator WONG—I may not have understood your answer, Mr Burmester. I am not quite sure if I have clarified this. I asked about the categories of 'funding maintained' and 'funding guaranteed'. They are within the purview of the review—that is, whether or not they would be maintained or continued.

Mr Burmester—Yes. They are mechanisms within the current policy framework, so, partly, the review would be looking at whether they are effective, easily administered and fair in application; therefore, they would form part of it. They are part of the framework, if you like, so we would not be excluding them.

Senator WONG—Yes, but is it part of the review to consider whether or not they should be maintained in their current form?

Mr Burmester—I guess that is the bottom line. There are, as we see them and the current policy encompasses them, three components: the SES score, guarantee and maintenance are the three ways schools are treated under the current framework. The review will be looking at whether that creates anomalies in their application and therefore the role that they have in any future model, but I do not see that it is a review of the components; it is a review of how they interact rather than the existence of those components.

Senator WONG—I am still not much clearer. Is it the understanding of the department that you look at those categories for the purposes of considering your SES review, or is the current arrangement of funding—guaranteed funding, maintained and SES—as a whole to be reviewed? Do you understand what I am saying?

Mr Burmester—No, I am not quite sure of the difference you had in mind.

Senator WONG—Perhaps I misunderstood your evidence. Will the 'funding maintained' and 'funding guaranteed' categories remain, or is that one of the questions the review will consider?

Mr Evans—The 'funding guaranteed' schools arise because of the last round of geocoding, so in essence they work their way out of the system. The issue I think we would need to look

at next year is in the context of another round of geocoding, as to what the arrangements are that apply to schools where their scores have gone up and whether or not—

Senator WONG—That is not what I was asking Mr Burmester about, though.

Mr Burmester—I think the answer is that we see them as three essential components of the current funding arrangements. There would be an expectation that those three mechanisms would continue into the future, because the review is about the interaction of those components and the efficacy of the policy outcomes you get from those three components rather than whether those three components exist or not.

Senator WONG—Right. So you might look at the efficacy of the current definitions and who falls into which categories?

Mr Burmester—Yes, and, as Mr Evans has said, with another round of geocoding happening on the basis of new census data, that will be an important part.

Senator WONG—So what you are saying is that the ‘funding maintained’ category will be maintained, regardless of the results of the review?

Ms Paul—That would be a matter for government.

Mr Evans—That is pre-empting the review.

Ms Paul—The way you put it, it would be a matter for government.

Senator WONG—Yes, it is a matter for government but I am also trying to work out the parameters of the review.

Ms Paul—Yes.

Senator WONG—There is a difference between saying, ‘Here are these three components—guaranteed, maintained, SES; please review that and consider how it works, but maintain those three categories.’

Ms Paul—It may be that our evidence sounds a bit complex at this point because the final scope of the study, as Mr Burmester said, is not settled. Therefore, government has not formed a view on whether something is staying or going and so on, or, indeed, the extent to which it is going to be examined. What Mr Burmester is trying to do is simply to spell out the parameters as we see them for the SES system. There is probably not much further we can go, because the scope has not been settled.

Senator WONG—What is your current understanding of the parameters of the review? Can we clarify that, because I do not understand.

Ms Paul—Mr Evans went to that, I think, by way of the operation: the efficacy, some of the timeliness and so on. These elements could be in the scope, but the scope is not yet settled.

Senator WONG—When do you consider, Mr Evans, you would be likely, subsequent to the review and prior to the triennium funding, obviously, to advise the schools of their reassessed SES scores and therefore what their funding levels will be?

Mr Evans—I said that that would be a matter for government, but I saw it in the context of two timing aspects. One would be the outcome of the geocoding that is going to occur next year, to inform schools what their score is under that arrangement—

Senator WONG—What is the time frame for the geocoding?

Mr Evans—We expect that we would have completed the work in respect of the million-plus students in non-government schools by about September-October next year.

Senator WONG—The second?

Mr Evans—The second aspect is whether there are policy issues consequential to that as to when government decided it would inform schools of their final funding arrangements to operate from the beginning of 2009.

Senator WONG—My next question is a timing question. I am not sure which of you wants to answer this. You have indicated that you are at a preliminary stage; you have done some preliminary work, is that right?

Mr Burmester—Correct.

Senator WONG—To quote Ms Paul's encapsulation of the situation, the scope of the review has not been determined, but you are required to finalise this by the conclusion of the calendar year?

Mr Burmester—That is correct.

Ms Paul—It is—

Senator WONG—Yes?

Ms Paul—Yes.

Senator WONG—No? Did I misunderstand?

Ms Paul—I was just about to answer a different question.

Senator WONG—What were you going to answer?

Ms Paul—No, I thought you were asking him a similar question to the geocoding.

Senator WONG—I am actually going to—absolutely right.

Mr Burmester—The timetable, as I said earlier, is that the review is to be completed this calendar year; the geocoding in 2007. Because the funding is part of a quadrennium that commences in 2009, any legislation and funding agreements with the education authorities would be introduced early in 2008 so that it could be scrutinised and passed by parliament and then funding agreements flow out before the commencement of the 2009 year.

Senator WONG—Assuming there is no policy change, too, or change of government, I assume.

Mr Burmester—I think any government which came to power at any time during that period would still have to have quadrennium funding and legislation introduced in early 2008.

Senator WONG—I was making a comment in terms of the timeframe you outlined, but that is fine. From what I understand of schools funding—which is not particularly much, but it seems extremely complex—how is it that you are going to complete this review in the timeframe you have outlined, given where you are at with it as at June?

Mr Evans—Hard work, Senator. Lots of hard work.

Senator WONG—It is a very short timeframe.

Mr Evans—We know our work pretty well, though, too, Senator.

Senator WONG—There is a reference in the PBS to a review of the financial questionnaire. It is another review. Are you doing this, too?

Mr Burmester—As it turns out, yes.

Senator WONG—There you go. You are going to be busy, aren't you? Has that been scoped?

Ms Paul—Yes.

Senator WONG—What has happened with it?

Mr Burmester—Normally we would review the financial questionnaire from time to time. It is a thing that changes over time; if further information is needed for policy work then that is what we would be looking at: accountability of schools, and so on. The peak body for the independent schools, ISCA, has made a submission to the Banks inquiry into red tape. Banks made a recommendation that the government should review the financial questionnaire. That has added a bit of currency, if you like, to the timing of that review. We will be looking at that. We flagged it with the state governments at our last senior officers of education meeting, AESOC, that we would be consulting with them during the course of this year to look at the financial questionnaire and other reporting burdens on schools.

Senator WONG—The PBS talks about streamlining and simplification. What data sets or information are potentially for the chop or in the target?

Mr Evans—We have not got down to that level of definition at this point, but it has probably been about four or five years since we last did a review of the financial questionnaire. So, again, it is timely to look at the data sets in there. But a number of the data sets that we would retain would be around levels of Australian government funding to individual schools, state government funding to individual schools and overall fee income to individual schools.

Senator WONG—Including from other sources, such as private sources et cetera?

Mr Evans—Yes. That is collected in the financial questionnaire.

Senator WONG—Sorry, go on.

Mr Evans—Issues around expenditure on teaching staff; non-teaching staff; level of indebtedness—loans that individual schools are carrying—because that can act as a guide to us if we feel that we have a bit of an amber light coming up on a particular school. That, again, would be a feature. It is that sort of level of detail. But we try not to get into areas that are very, very intrusive but to get a very good overall picture of the operation of independent schools.

Senator WONG—Okay.

Mr Evans—I would add that there are a number of state governments that also require the use of that questionnaire. In that sense, the states find that to actually get that data in the form

of the financial questionnaire is useful rather than having to go individually to schools with another form of questionnaire.

Senator WONG—Can you provide a copy of the current financial questionnaire?

Mr Evans—No problem; I will do that.

Senator WONG—Can I just go back to the reviews. Will the existing resources at a school, and the level of resources a school has, be one of the matters considered?

Mr Burmester—Again, as I said earlier, the SES model looks at the socioeconomic status of the school population, not the internal resources of the school.

Senator WONG—Yes.

Mr Burmester—Its use is one step removed, if you like, from the previous model that looked at school resources.

Senator WONG—I know that. I am asking: in the context of the review, is that a set of information which you will consider?

Mr Burmester—It would not be an essential part of the review and, at this stage, I have no expectation that we would look closely at that information, but it may become a feature of the review at some point. However, it will not be driving the assessment of SES, because that is separate to the resourcing of the school.

Senator WONG—On the Australian Certificate of Education, the report was released in May 2006 and the minister has called for public comment. Have the recommendations of the report been endorsed or supported by the government as yet?

Dr Mercer—The minister has released the report and, as you said, called for comments. That is now on our website and is open until 4 August. Comments can be made. Decisions have not been made on the report. The minister indicated that she has commissioned some further work. One of those is a curriculum review of selected core year 12 subjects and the other is some further work on employability skills in year 12, which is indeed one of the recommendations in the report.

Senator WONG—Who is conducting those two aspects of those two studies?

Dr Mercer—The new core curriculum review is being undertaken by the Australian Council of Educational Research, and the employability skills will be the subject of a tender shortly.

Senator WONG—Is that a select tender?

Dr Mercer—We have yet to make that decision.

Senator WONG—And ACER.

Dr Mercer—Yes, the Australian Council of Educational Research.

Senator WONG—That did not go to tender?

Dr Mercer—Yes, that had been an open tender. It was announced at the same time.

Mr Simpson—On 5 May.

Dr Mercer—Yes, on 5 May, when the minister released the report.

Senator WONG—The employability study has not gone to tender?

Dr Mercer—No.

Senator WONG—What is the cost of the curriculum review?

Mr Simpson—I have got that somewhere. I think it is about \$250,000.

Dr Mercer—Yes, \$251,728.

Mr Simpson—Then there is an additional element that has been added for Australian history, which is approximately an additional \$50,000 to include Australian history in the selected subjects that are going to be reviewed.

Senator WONG—That goes to ACER to include Australian industry in the scope of the research.

Mr Simpson—That is correct.

Senator WONG—Not the Australian Industry Group?

Mr Simpson—Sorry?

Senator WONG—What do you mean, ‘Australian industry’?

Mr Simpson—Australian history.

Senator WONG—Oh, history.

Mr Simpson—Sorry.

Dr Mercer—The subjects being covered were English, mathematics, physics and chemistry, and history. Australian history has now been added.

Senator WONG—When was the decision made to include Australian history again?

Dr Mercer—The minister made that decision and announced it on 5 May when the report was released.

Senator WONG—Tell me about the employability research. What is the estimated amount budgeted for that?

Mr Simpson—We have not looked at that yet because we have not gone to tender.

Senator WONG—But what is allocated for this? Where is this money coming from?

Mr Simpson—It would come from the Quality Outcomes Program.

Senator WONG—Professor Masters recommended that ‘essential elements of curriculum be identified by national subject panels of experts’. He made some recommendations regarding various things. Are the studies consistent with the recommendations?

Dr Mercer—Yes, they are.

Senator WONG—So what were the subjects? English—

Dr Mercer—English including literature, mathematics, physics and chemistry and now Australian history.

Senator WONG—What led to the inclusion of Australian history?

Dr Mercer—The minister—

Senator WONG—Made a decision.

Dr Mercer—thought that this would be a good inclusion as it is a core humanities subject and there were no humanities subjects, other than English, being covered.

Senator WONG—I was going to say, what about English?

Dr Mercer—Other than English, yes.

Senator WONG—Subsequent to some public comments by the Prime Minister in relation to this?

Dr Mercer—I am sure they were certainly part of the minister's decision.

Senator WONG—So, prompted by a political view about the teaching of history in this country?

Ms Paul—The Prime Minister called for a public debate, and this will contribute some factual information about the teaching of Australian history.

Senator WONG—Can I ask some questions about the parliament and civics education rebate. I understand that DEST has taken over the funding of the Citizenship Visits Program, which was previously funded by the chamber departments.

Mr Simpson—It is a new rebate, so it is not exactly a takeover of the CVP. It is actually a new rebate, which we call PACER.

Senator WONG—What is it called?

Mr Simpson—The parliamentary and civics education rebate.

Senator WONG—Are you familiar with the evidence that was given in estimates earlier last week about this?

Mr Simpson—Yes.

Senator WONG—I have read that and I understood that it was more than that you were just paying it.

Mr Simpson—There were two previous rebates. There was the Citizenship Visits Program, run from the parliament, and there was an education travel rebate, which was funded out of DEST. In a sense, the two rebates have been amalgamated and made into one.

Senator WONG—Into one, which you have?

Mr Simpson—Yes.

Senator WONG—Can you tell me what the reason was for the decision to amalgamate them and give DEST the responsibility?

Mr Simpson—They came very much under the heading of civics and citizenship education, which is now a national priority in school education at the MCEETYA level. The existing rebates had different histories. The CVP went back much longer—certainly before the days when civics and citizenship education was a national priority for schooling—and the education travel rebate is something which began only in about 2001. There was certainly some confusion among schools because there were two different rebates operating for travel

to the national capital. So, in a way, it is a way of bringing those two together and reinforcing the priority that is given to civics and citizenship education.

Senator WONG—Did DEST initiate the request for taking over the responsibility for the entirety of this rebate? Did you seek this?

Dr Mercer—No, DEST did not initiate it. The Prime Minister wrote to both the previous Minister for Education and also to the Presiding Officers asking that they look at either close cooperation or amalgamation.

Senator WONG—Prior to the Prime Minister's letter being sent, was DEST asked to provide any advice as to this issue to the Department of the Prime Minister and Cabinet?

Dr Mercer—I think there has been a long history of us being in contact with the Prime Minister's department about the program, but I would have to check on that. Certainly, there has been ongoing contact with the Department of the Prime Minister and Cabinet about the two programs and the fact that there was confusion for schools about the two programs.

Senator WONG—I have to say that it seems very odd that the Prime Minister just decides to write to these ministers and to the President of the Senate regarding this program—

Ms Paul—We would need to check the sequencing of our advice.

Senator WONG—without the type of concerns you may have.

Ms Paul—We may have provided advice.

Senator WONG—You have told me that you did initiate it. We know that the chamber departments not only did not initiate it but did not want it. Why does the Prime Minister decide or want this to be moved to you?

Ms Paul—I think it was quite well known that schools were confused about the programs.

Dr Mercer—There had been representations to us and to our minister's office about the confusion.

Mr Burmester—I would also emphasise that the portfolio's interest is in civics education which, as Mr Simpson said, is a MCEETYA priority. Civics is broader than simply the parliament, although that is an essential part. There are other national institutions in Canberra. So the new program will actually emphasise a visit to Parliament House but also some of the other national institutions, such as the War Memorial. It does not change the parliament's own education office offerings to schoolchildren. When they visit the parliament they go to the education office. Similarly, at the War Memorial they have a school education program. By amalgamating the rebates you actually get the schools to visit Canberra and visit a number of national institutions, including parliament.

Senator WONG—Do you expect any administrative improvements arising from the change?

Dr Mercer—There certainly are. For a start, the money that is available for the program has been doubled. They are additional rebates.

Senator WONG—I mean administrative improvements from you administering as opposed to the chamber departments.

Dr Mercer—There will be one point of contact for schools to make. They will be able to understand the different rebates based on distance. They will get assistance with arrangements for their visit. They will be able also to learn, as Mr Burmester has mentioned, about the other national institutions—

Senator WONG—Actually, I think you are talking about policy.

Dr Mercer—No, this is administrative. You were asking about administrative improvements?

Senator WONG—Is the fact that they can go to the War Memorial an administrative improvement, Dr Mercer?

Dr Mercer—Before, the schools were uncertain as to whom to approach. Now they will know there is one point of contact. They will also learn about the broader attractions in Canberra; that will contribute to civics education. That was not available before, if they came through the civics to Citizenship Visits Program.

Senator WONG—Will you administer the rebate on the basis of current guidelines, or will these be changed?

Dr Mercer—The guidelines are being amended, because there are now new and increased rebates.

Senator WONG—Can we have a copy of those new guidelines?

Mr Simpson—No, they have not been finalised yet. But the new program does not start to operate until July.

Senator WONG—When do you anticipate that they will be finalised?

Mr Simpson—Certainly by July. We are in the process of doing that now.

Dr Mercer—We certainly could provide a copy.

Senator WONG—Thank you.

Ms Paul—I think we have a document—

Dr Mercer—It is on our website.

Senator WONG—Thank you. Is it intended that schools be obliged to undertake a PEO program in order to gain eligibility for funding?

Mr Simpson—No, that will not be one of the conditions. In terms of conditions, it will be compulsory for schools to visit the parliament and, if possible, meet local members and senators and attend the PEO. It will be compulsory for them to visit Old Parliament House and the War Memorial.

Senator WONG—But not undertake a PEO program?

Mr Simpson—No, not necessarily. There is considerable pressure, as you would know, on places in the parliamentary precinct.

Senator WONG—I know, but arguably some might say that making sure people undertook a PEO program would ensure that the focus was on some education, not just tourism.

Mr Simpson—Yes. It is not tourism; it is very much education. Certainly, the guidelines will state that, if possible, students should undertake a program with the PEO.

Mr Burmester—Part of the improvement in the program was that, in fact, provision was made for growth in the number of students coming to Canberra and for the number of institutions that they attend. Prior to this announcement there was no growth in either of the schemes, so the number of students coming to Canberra and going to a PEO course was limited anyway. This way there is growth for the scope, which I think goes up to 55,000 students a year.

Senator WONG—Is it \$10.6 million? What is the budget?

Mr Simpson—That is the new money.

Senator WONG—What is the total?

Dr Mercer— \$16.3 million.

Mr Simpson— \$16.3 million.

Senator WONG—Over the four—

Dr Mercer—Over the four years.

Mr Simpson—That is correct.

Senator WONG—Equally divided?

Mr Simpson—Fairly equally.

Dr Mercer—Fairly equally.

Mr Simpson—Roughly \$4 million a year.

Dr Mercer—Just to further elaborate on Mr Burmester's point, we have money for new curriculum resources which will feature and focus on the role of parliament as a national institution.

Senator WONG—Isn't that what the PEO does?

Dr Mercer—This will be a resource that is given to all students who come.

Senator WONG—Do you mean physical?

Dr Mercer—A physical curriculum.

Senator WONG—Doesn't the PEO already do that?

Mr Simpson—They give some materials and we are going to try to draw the resources together to reflect the new national statement of learning for civics and citizenship education. We are going to gear it very much to the MCEETYA agenda.

Senator WONG—Is it the case that students from all states and territories are eligible for the travel subsidy?

Mr Simpson—They are.

Senator WONG—Is there any alteration to take into account if you are from WA or from the ACT?

Mr Simpson—Yes.

Senator WONG—How is that going to happen?

Mr Simpson—I think there will be eight different categories of rebates, starting with 150 kilometres to 499 kilometres, which is \$20 per student, going up to 4,000 kilometres and beyond, which is \$260 per head.

Senator WONG—How much for the distance up to 400 kilometres?

Mr Simpson—Up to 500 kilometres is \$20 a head.

Senator WONG—And \$260 for over 4,000 kilometres?

Mr Simpson—That is the maximum for over 4,000 kilometres.

Senator WONG—If we have concerns as parliamentarians about the running of the program, who do we complain to now?

Dr Mercer—Us.

Senator WONG—It is you, is it not, Ms Paul?

Ms Paul—Yes.

Dr Mercer—I should add to that point that we have a dedicated liaison officer with the parliament for the program.

Senator WONG—Do I know who that person is?

Dr Mercer—The Sergeant-at-Arms office will actually retain the role of ensuring that MPs and senators are advised of visits.

Senator WONG—I do not know; I never get anything from the Sergeant-at-Arms. You will do something for senators, presumably? You should never assume that the rest tell us anything, Dr Mercer.

Dr Mercer—We were advised by the Sergeant-at-Arms office that they were continuing this role.

Senator WONG—Other than send us messages to pass.

Mr Simpson—The Serjeant-at-Arms office does not advise senators.

Dr Mercer—It is very useful for me to know that.

Ms Paul—You did not know though.

Senator WONG—This is QED, I might say.

Mr Simpson—We are liaising with the Serjeant-at-Arms office because they were handling the rebates previously for the CVP, but certainly our rebate scheme will attempt for students to visit both members of the House of Representatives and senators.

Senator WONG—Yes, but do not ever assume. I hope you have some arrangements in place and, I have to say, the President said that they will be monitoring what happens. I am not quite sure how that will happen. Are there arrangements in place whereby your administration of this program will be monitored by the chamber departments?

Dr Mercer—We have certainly got in place arrangements to have close contact, particularly through the planned policy area.

Senator WONG—You have not, because you just told me that you were going to use the Serjeant-at-Arms office which does not communicate with senators.

Dr Mercer—We have spoken to officers of the Senate as well. Your feedback has reinforced the need to do that.

Mr Simpson—We are liaising with the Parliamentary Education Office as well.

Senator WONG—I just need to check if I can move off schools. Everybody, breathe a sigh of relief.

[8.42 pm]

CHAIR—We shall now move on to outcome 3 and the international education group, which is the last group on the program.

Senator WONG—I am going to be very quick—as long as we do not fight, which we have not so far. You gave me an interim answer to question on notice E982. In relation to your compliance monitoring package, you expected that the copy would be available by the end of April.

Ms Laker—It unfortunately took us longer to revise the package than we had expected, but it has been completed and our response, including the package, is going through the normal clearance processes at the moment, so we expect it should be provided to the committee very shortly.

Senator WONG—You cannot just give me a copy of the package now?

Ms Laker—No, I am sorry.

Senator WONG—Is one Bridge Business College?

Ms Laker—Yes.

Senator WONG—Unsurprising. Is it still operating?

Ms Laker—Yes.

Senator WONG—Has it been granted or refused a ministerial exemption under the ESOS Act?

Ms Laker—Bridge has been granted a ministerial exemption.

Senator WONG—When did that occur?

Ms Laker—On 24 March.

Senator WONG—Was this in relation to the application lodged in August last year?

Ms Laker—No, they actually lodged a second application.

Senator WONG—Did they withdraw the first one?

Ms Laker—The first one was declined. Then a number of circumstances changed, they applied again and they were granted a ministerial exemption in March.

Senator WONG—What measure of tuition assurance is currently protecting them?

Ms Laker—In the first instance, if a course was not provided to a student for which they had paid Bridge would be required to pay that student a refund. If they failed to pay a refund, the student would be able to apply to the assurance fund. The assurance fund, in the first instance, would attempt to place the student and, if that were not possible, they would then be eligible for a refund from the assurance fund.

Senator WONG—How many ministerial exemptions have been granted under the ESOS Act?

Ms Laker—There are currently 18 providers with ministerial exemptions. That covers quite a large number of courses. I do not have the exact number of courses.

Senator WONG—I am sorry?

Ms Laker—There are 18 providers, but the ministerial exemptions are actually provided for the provider for each course. So there are 18 exemptions of providers covering a multitude of courses.

Senator WONG—Would some of those providers have exemptions only in relation to some of the courses they offer—is that what you mean?

Ms Laker—That is right. They may be able to have Tuition Assurance Scheme coverage for some of them.

Senator WONG—Are you able to provide me with details of the 18 providers in respect of whom exemptions have been granted? I do not think we have asked for that before, have we?

Ms Paul—No, I do not think you have.

Ms Laker—Yes, I will have to take that on notice.

Senator WONG—Yes, I assumed that you would take it on notice. Could you also take on notice in respect of which courses?

Ms Laker—Yes.

Senator WONG—I think you provided us with a report on monitoring and enforcement activities subsequent to the last estimates hearings.

Ms Laker—We have been in the practice of providing you a table with compliance enforcement actions. I am happy to table that again.

Senator WONG—That would be good. I am at the risk of being boringly predictable, I suspect. You spoke before about providers having exemptions for some courses. Is Bridge's exemption for all courses?

Ms Laker—Yes.

Senator WONG—When you say 'cancelled by state', does that mean cancelled by you on the advice of state and territory authorities?

Ms Laker—Technically, yes. We cancel them, but states and territories will cancel providers for a variety of reasons, including that the provider no longer wishes to teach overseas students. If you are referring to the figures on attachment C—

Senator WONG—Correct.

Ms Laker—those ones are all initiated by state or territory, in the column where it says ‘cancelled by state’.

Senator WONG—Can I take you to attachment B. My first question is actually back to Bridge. I think you told me before that there was a condition placed on Bridge’s operation in August.

Ms Laker—That is correct.

Senator WONG—What was the condition again?

Ms Laker—They actually had several conditions placed on their registration. There are now two conditions remaining on their registration. Those two conditions relate to the requirement to place study plans on each student’s file and also to implement correct procedures for attendance reporting. We have since monitored Bridge’s compliance with these conditions. They are complying; however, we are leaving the conditions on to monitor it for a further period to ensure that they continue to comply.

Senator WONG—Which is in respect of those two outstanding ones—is that right?

Ms Laker—Those conditions, yes.

Senator WONG—How many other conditions were there?

Ms Laker—Originally there are four.

Senator WONG—What were the other two?

Ms Laker—Another one was that they were not allowed to allow students to suspend their studies. However, that one was removed in October due to legal advice that perhaps that condition was not appropriate. The other condition, which was removed in February on the basis that they had complied fully, was that they were unable to recruit or enrol overseas students or accept students in three particular courses, which were the ones of major concern around attendance recording and reporting.

Senator WONG—What was the basis of the legal advice?

Ms Laker—Condition two, which was removed on the basis of advice around the legal implications of the condition.

Senator WONG—Which was not allowing students to suspend—is that right?

Ms Laker—It was for the purpose of a holiday and to stop approving non-attendance for reasons outside those established by the national code. I would have to take on notice the details around the removal of that condition. I do not have it here.

Senator WONG—Does attendance reporting have implications in respect of immigration requirements, visa requirements, for these students?

Ms Laker—It can do. The national code under the ESOS Act requires a provider to record attendance and it requires that that attendance be monitored. The ESOS Act itself requires that a provider must report via our database, called PRISMS, any non-attendance by a student which breaches their student visa condition. That advice that goes through PRISMS is communicated to the DIMA database and, as a result, DIMA then considers any action on that student’s visa.

Senator WONG—What section of the act did Bridge breach?

Ms Laker—Section 19.

Senator WONG—What about the code?

Ms Laker—For the code, it was around paragraph 38, which goes to the actual attendance records.

Senator WONG—Can we go to the four providers listed as suspended. They were all in July. Why are they all on the same day?

Ms Laker—I believe that all of those ones were suspended as a result of non-payment of their annual registration charge.

Senator WONG—Have they since remedied that?

Ms Laker—I would have to take that on notice. If they have paid their annual registration charge and a late payment fee, that suspension can then be lifted.

Senator WONG—Was that the only basis of suspension?

Ms Laker—For those ones, yes.

Senator WONG—What are the reasons for the cancellations of registration?

Ms Laker—I would have to go take on notice the specific details of that. The first one I am not sure of, but the second and the third were on the basis of breaches of the ESOS Act. I will have to take on notice the details of that.

Senator WONG—If you could. I do not need to know everything but, certainly, the broad description and the particular sections of the act or code that are alleged would be good. I think that is it. Thank you.

Ms Laker—Thank you.

CHAIR—Very good. Thank you, Ms Paul, and to the officers of the department.

Committee adjourned at 8.52 pm