



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS  
LEGISLATION COMMITTEE

ESTIMATES

**(Budget Estimates)**

THURSDAY, 4 JUNE 2009

CANBERRA

BY AUTHORITY OF THE SENATE

TO EXPEDITE DELIVERY, THIS TRANSCRIPT HAS NOT BEEN SUBEDITED



## **INTERNET**

Hansard transcripts of public hearings are made available on the internet when authorised by the committee.

The internet address is:

**<http://www.aph.gov.au/hansard>**

To search the parliamentary database, go to:

**<http://parlinfoweb.aph.gov.au>**



---

**SENATE EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS**

**LEGISLATION COMMITTEE**

**Thursday, 4 June 2009**

**Members:** Senator Marshall (*Chair*), Senator Humphries (*Deputy Chair*), Senators Bilyk, Cash, Jacinta Collins and Hanson-Young

**Participating members:** Senators Abetz, Adams, Back, Barnett, Bernardi, Birmingham, Mark Bishop, Boswell, Boyce, Brandis, Bob Brown, Carol Brown, Bushby, Cameron, Colbeck, Coonan, Cormann, Crossin, Eggleston, Farrell, Feeney, Ferguson, Fielding, Fierravanti-Wells, Fifield, Fisher, Forshaw, Furner, Heffernan, Hurley, Hutchins, Johnston, Joyce, Kroger, Ludlam, Lundy, Ian Macdonald, McEwen, McGauran, McLucas, Mason, Milne, Minchin, Moore, Nash, O'Brien, Parry, Payne, Polley, Pratt, Ronaldson, Ryan, Scullion, Siewert, Sterle, Troeth, Trood, Williams, Wortley and Xenophon

**Senators in attendance:** Senators Abetz, Adams, Back, Bilyk, Brandis, Cash, Jacinta Collins, Hanson-Young, Humphries, Marshall and Nash

**Committee met at 9.00 am**

**EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS PORTFOLIO**

**In Attendance**

Senator Carr, Minister for Innovation, Industry, Science and Research

Senator Arbib, Parliamentary Secretary for Government Service Delivery

**Department of Education, Employment and Workplace Relations**

**Outcome 1—Office of Early Childhood Education and Childcare**

Ms Lisa Paul, Secretary

Mr Michael Manthorpe, Deputy Secretary

Ms Robyn Calder, Branch Manager, Early Childhood Development Strategy Branch, Early Childhood Development

Ms Irene Kraus, Section Manager, New Child Care Services Branch, Early Childhood Development

Ms Madonna Morton, Branch Manager, New Child Care Services Branch, Early Childhood Development

Ms Joan Ten Brummelear, Branch Manager, Early Childhood Quality Branch, Early Childhood Development

Ms Chris Jeacle, Acting Branch Manager, Early Childhood Development Strategy Branch, Early Childhood Development

Ms Catherine Wall, Group Manager, Indigenous Pathways and Early Learning

Mr Russell Ayres, Branch Manager, Early Childhood Education Reform Branch, Indigenous Pathways and Early Learning

Mr Matthew Hardy, Branch Manager, Performance and Analysis Branch, Indigenous Pathways and Early Learning  
Mr Michael Power, Director, Performance and Analysis Branch, Indigenous Pathways and Early Learning  
Ms Kathryn Shugg, Branch Manager, New Early Learning and Care Services, Early Childhood Development  
Mr Anthony Parsons, Group Manager, Early Childhood Programs Group  
Mr Murray Kimber, Branch Manager, Child Care Policy and Payments, Early Childhood Programs Group  
Mr Daniel Owen, Branch Manager, Child Care Industry Taskforce, Early Childhood Programs Group  
Ms Lois Sparkes, Branch Manager, Early Childhood Programs Branch, Early Childhood Programs Group  
Ms Deborah Anton, Acting Branch Manager, Finance and Budget Management, Early Childhood Programs Group  
Ms Gillian Mitchell, Branch Manager, Building the Education Taskforce

**Outcome 2—Schooling and COAG**

Ms Lisa Paul, Secretary  
Dr Michelle Bruniges, Deputy Secretary  
Mr Chris Sheedy, Branch Manager, National School Chaplaincy Unit, Digital Education Group  
Ms Rhyan Bloor, Branch Manager, Broadband and Digital Education Branch, Digital Education Group  
Ms Rebecca Cross, Group Manager, Lifting Educational Outcomes Group  
Dr Gabrielle Phillips, Branch Manager, Inclusive Education Strategies Branch, Lifting Educational Outcomes Group  
Ms Judy Petch, Director, Inclusive Education Strategies Branch, Lifting Educational Outcomes Group  
Ms Cathy Jubb, Director, Inclusive Education Strategies Branch, Lifting Educational Outcomes Group  
Ms Helen McLaren, Branch Manager, Careers and Transitions Branch, Lifting Educational Outcomes Group  
Ms Louise Hanlon, Branch Manager, Literacy and Numeracy Strategies Branch, Lifting Educational Outcomes Group  
Mr David De Silva, Branch Manager, Trade Training Centres Taskforce, Lifting Educational Outcomes Group  
Dr Carol Nicoll, Group Manager, National Education System Group  
Ms Marg Sykes, Branch Manager, Infrastructure Funding and Coordination, National Education System Group  
Mr Tony Zanderigo, Branch Manager, Reporting and Accountability, National Education System Group  
Ms Leonie Horrocks, Branch Manager, Schools Policy, Grants and Reporting, National Education System Group

Ms Susan Smith, Group Manager, National Initiatives Group  
Ms Suzanne Northcott, Branch Manager, National Education Agreement Taskforce, National Education System Group  
Ms Shelagh Whittleston, Branch Manager, Digital Education Revolution Taskforce, Digital Education Group  
Ms Nina Downes, Acting Branch Manager, Teacher Workforce Reforms Branch, National Initiatives Group

**Outcome 3—Tertiary, Youth and International**

Ms Lisa Paul, Secretary  
Mr Bill Burmester, Deputy Secretary  
Ms Margaret McKinnon, Group Manager, Youth and Industry Skills  
Ms Katy Balmarks, Branch Manager, VET Technology and Recognition Programs, Youth and Industry Skills Group  
Ms Angela Hewson, Acting Branch Manager, Office for Youth, Youth and Industry Skills Group  
Ms Robyn Priddle, Branch Manager, Foundation Skills and Pathways, Tertiary Skills and Productivity Group  
Ms Donna Griffin, Branch Manager, Australian Apprenticeships, Youth and Industry Skills Group  
Ms Jan Febey, Branch Manager, Trades Recognition Australia and ATCS, Youth and Industry Skills Group  
Ms Sue Beitz, Branch Manager, Skills Australia Secretariat, Youth and Industry Skills Group  
Ms Fiona Buffinton, Group Manager, Higher Education Group  
Ms Anne Baly, Branch Manager, Higher Education Review Taskforce, Higher Education Group  
Mr Jason Coutts, Branch Manager, Policy, Compacts and Accountability, Higher Education Group  
Mr Rod Manns, Branch Manager, Funding and Student Support Branch, Higher Education Group  
Ms Julie Randall, Branch Manager, Infrastructure and Endowment, Higher Education Group  
Ms Catherine Vandermark, Branch Manager, Quality, Higher Education Group  
Mr Craig Robertson, Group Manager, Tertiary Skills and Productivity Group  
Dr Caroline Perkins, Branch Manager, Tertiary Participation and Equity, Tertiary Skills and Productivity Group  
Ms Linda White, Branch Manager, Higher Skills, Tertiary Skills and Productivity Group  
Ms Maryanne Quagliata, Branch Manager, Skills Quality, Tertiary Skills and Productivity Group  
Ms Christine Dacey, Branch Manager, Industry Engagement, Tertiary Skills and Productivity Group  
Mr Tony Fernando, Branch Manager, Workforce Development, Tertiary Skills and Productivity Group

Mr Neil McAuslan, Branch Manager, Policy, Funding and Performance, Tertiary Skills and Productivity Group

Mr Colin Walters, Group Manager, International Group

Ms Linda Laker, Branch Manager, Strategic Policy and Stakeholder Engagement, International Group

Ms Margaret Proctor, Acting Branch Manager, Multilateral, Middle East, South and South-East Asia, International Group

Ms Di Weddell, Branch Manager, North Asia, Americas, Europe, International Group

Ms Tulip Chaudhury, Branch Manager, International Quality, International Group

Ms Marsha Milliken, Group Manager, Income Support and Stakeholder Group

Dr Alison Morehead, Group Manager, Social Inclusion and Participation Group

Ms Robyn Shannon, Branch Manager, Income Support Policy Branch, Social Inclusion and Participation Group

**CHAIR (Senator Marshall)**—I open this public hearing of the Education, Employment and Workplace Relations Legislation Committee. The Senate has referred to the committee the particulars of proposed expenditure for 2009-10 and related documents for the Education, Employment and Workplace Relations portfolio. The committee must report to the Senate on 23 June 2009 and has set Friday, 31 July 2009 as the date by which answers to questions on notice are to be returned.

Under standing order 26 the committee must take all evidence in public session. This includes answers to questions on notice. Officers and senators are familiar with the rules of the Senate governing estimates hearings. If anyone requires assistance, the secretariat has copies of the rules. I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009, specifying the process by which a claim of public interest immunity should be raised which has already been incorporated in *Hansard*.

Officers called upon for the first time to answer a question should state their name and position for the Hansard record. I would ask everyone to please make sure their mobile phones are either turned to silent or turned off.

The committee will begin today's proceedings in outcome 3. We will try as best we can to follow the order as listed on the program. Proceedings will be suspended for breaks as indicated on the program and as otherwise agreed.

I welcome the minister representing the Minister representing the Minister for Education, Employment and Workplace Relations, Senator, the Hon. Kim Carr, departmental secretary, Ms Lisa Paul, and other officers of the department.

Minister or Ms Paul, do you wish to make an opening statement on this outcome?

**Ms Paul**—No, thank you.

**Senator Carr**—No.

**CHAIR**—Then we will move straight to questions, and I think Senator Mason has questions.

**Senator MASON**—Mr Chairman, what I intended to do was to commence with questions with respect to the Education Investment Fund. I do then have some questions on funding to support low SES participation and increasing access.

**CHAIR**—We will try and deal with the program 3.1 first and then move on.

**Senator MASON**—Let me start with the EIF and then we will move to that.

**Senator Carr**—That is 3.2, Senator, EIF is in 3.2. I am just wondering whether or not we are off track already.

**CHAIR**—No, the Education Investment Fund is in 3.1.

**Senator MASON**—Minister, that is in 3.1.

**Senator Carr**—What about this, 3.2.3 to be precise.

**CHAIR**—Nonetheless, Senator Mason.

**Senator Carr**—I do not want to be difficult, Senator.

**Senator MASON**—Not a good start but we will try. I just want to go back in history. I think it is right to suggest that in May 2007 the then Treasurer, Peter Costello, announced as part of the budget the Higher Education Endowment Fund. That was a \$5 billion fund that would earn interest to fund infrastructure projects in universities around Australia. Then he announced in August 2007 an additional billion dollars to be added to the HEEF with the prospect of more with future budget surpluses. Coming to the government, in May 2008 the Treasurer, Wayne Swan, announces the creation of the Education Investment Fund. So we had the Higher Education Endowment Fund established by the Howard government and then Mr Swan announced the creation of the Education Investment Fund. In his budget speech for May 2008 he said that the Education Investment Fund will receive an initial allocation of around \$11 billion, including \$6 billion from the Higher Education Endowment Fund. In effect the government is saying that it will allocate a further \$5 billion, \$6 billion from the HEEF and \$5 billion from the government. Is that what you understand? Who is going to start the batting? Ms Randall, yes?

**Ms Randall**—That is correct, Senator.

**Senator MASON**—Is that right, okay. So, we have got \$6 billion from the HEEF that was raised by the coalition government and \$5 billion promised from the incoming government. Going back to the February estimates of this year, is it right that the evidence was that at the end of 2008 there was \$6.48 billion in the Education Investment Fund?

**Ms Randall**—That is correct, Senator.

**Senator MASON**—That is right, from the *Hansard*. This presumably is made up of \$6 billion capital that was put in by the previous government plus the \$480 million in interest earned from the fund; is that right?

**Ms Randall**—That is correct, Senator. It is capital plus earnings.

**Senator MASON**—Okay, thank you. We are talking about \$6.48 billion and that was the size of the fund before any allocations were made for round 1 or anything else?

**Ms Randall**—That was the size of the fund at that point in time. The value of the EIF at 31 March was about \$6.546 billion.

**Senator MASON**—Because of added interest, all right. Once allocations were made under round 1, which I think is \$580.5 million, the fund was down to about \$5.9 billion or \$5.8 billion; is that correct?

**Ms Randall**—The EIF round 1 allocations will be paid progressively over a period of five years. The first payments will be made later this month, so the current value of the fund, and I am working from a figure from 31 March, is \$6.546 billion.

**Senator MASON**—I accept what you say, in other words the money does not straight go off the capital, but it is projected to go off the capital over the next whatever it is, three, four or five years depending upon the project.

**Ms Randall**—About five years.

**Senator MASON**—I understand that. I am just trying to work out how much money there is, all right? I understand it does not all go out at once, I appreciate that, but the government has made commitments, that is the point.

**Ms Randall**—Correct, Senator.

**Senator MASON**—How much did you say there was left, as of round 1?

**Ms Randall**—At 31 March, \$6.546 billion.

**Senator MASON**—I asked, I think, at the February estimates again about whether this extra \$5 billion that we discussed before, to take it from the \$6 billion to the \$11 billion, would be going in. I was told that half of that would be going in, to take it from \$6.5 billion to \$9 billion.

**Ms Randall**—That is correct, Senator, I believe that I told you that the Nation-building Funds Act 2008 required the government to deposit \$2.5 billion by 30 June.

**Senator MASON**—Yes, that is right, page 126 of *Hansard*:

**Ms Randall**—... requires the government to deposit \$2.5 billion by the end of June.

**Senator MASON**—Of this year?

**Ms Randall**—Correct.

**Senator MASON**—\$2.5 billion?

**Ms Randall**—Correct.

**Senator MASON**—At the moment, it is \$6½ billion; the pool of applicants is much broader than it was under the coalition's HEEF arrangements; but by 30 June, it will be \$8 or \$9 billion?

**Mr Davidson**—It will be \$9 billion.

Because people did not believe my scepticism, I raised the point again on page 127:

**Senator MASON**—Yes, but at the big launch it was \$11 billion and it was all going to be wonderful; and now we are at \$9 billion perhaps as at—

**Ms Paul**—We are up to \$9 billion.

Is that right, my reading from *Hansard*?

**Ms Randall**—I believe that is correct.

**Senator Carr**—Could I make a suggestion here, because I think we could go on and on and on about this, whereas I think we might want to get to the point and I may be able to assist you, Senator Mason.

**Senator MASON**—I do my things my own way.

**Senator Carr**—I know, but I know where you are going, and I thought I could probably assist you by actually explaining what the government's position is, instead of us going through this longwinded arrangement—

**Senator MASON**—No, because this is the way I do it and it is usually quite effective.

**Senator Carr**—If you want to know why it is that the—

**Senator MASON**—Minister, I will get there in my own way. I ask the questions, don't I, Chairman?

**CHAIR**—You can, but the minister is also able to respond to questions.

**Senator MASON**—He is. So, I will ask the questions and he can do what he likes. I am going to keep asking the questions.

**Senator Carr**—And if you want to know why we are not putting \$2.5 billion into the fund, which I think is the point of your question—

**Senator MASON**—I am going to ask the questions in the way I see fit, just like I have at every other estimates process, and I have so far been very happy with those outcomes, and you will understand why, Minister.

**CHAIR**—Senator Brandis, you ask the question but if the minister wants to—

**Senator MASON**—I am the good-looking one, I have got the hair.

**CHAIR**—Senator Mason, if you ask the question, if the minister at any time wants to answer and wants to give a more fulsome answer he can do so. But proceed.

**Senator Carr**—Senator Mason, I am not trying to obscure anything; I am trying actually to assist you by explaining what the position is—

**Senator MASON**—I do not need your assistance yet, Minister, not yet; believe me.

**Senator Carr**—But you want to know why we are not putting \$2½ billion in.

**Senator MASON**—You will get your chance to explain that. How about I just ask the questions.

**CHAIR**—Well, you ask the next question. I make the point that if the minister then wants to answer that question and it may be more fulsome, then he is willing and able to do so.

**Senator MASON**—Minister, has that money been deposited?

**Senator Carr**—No—

**Senator MASON**—No, right.

**Senator Carr**—Look, you just asked me a question? Mr Chairman, I would like to answer the question if I might.

**Senator MASON**—Answer the question.

**Senator Carr**—Thank you very much. In announcing the Education Investment Fund the government stated that it would allocate \$11 billion to the fund. The 2008-09 budget papers indicated this would be comprised of \$6 billion for asset transfers from the old HEEF and \$5 billion from the 2007-08 and 2008-09 budget surpluses. The government also, Senator Mason, indicated at this time that moneys would be made available to EIF as the macroeconomic circumstances allowed. The value of EIF as of 31 March 2009 was about \$6.546 billion. As part of the Australian government's commitment to creating and supporting—

**Senator MASON**—I am sorry, was that the end of March?

**Senator Carr**—End of March, 31 March. As part of the Australian government's commitment to creating and supporting the jobs of the future, the planned allocation of \$2.5 billion of funds to EIF, due no later than 30 June 2009, will instead be allocated to the groundbreaking Clean Energy Initiative. This new initiative will place Australia at the forefront of the response to climate and drive research in clean energy. On the basis of the budget and other commitments, and the impact of interest and management fees, at the end of the budget forward estimates in 2012-13, it is estimated that EIF will have an approximate value of \$3.1 billion for additional investments in vocational education and training, universities and research.

I think it is significant, Senator, that no-one is trying to obscure these facts, because the government in the Nation-building Funds Act 2008 required the government to credit \$2.5 billion into EIF by 30 June, which is the point you were making before. However, on 12 May 2009 the government introduced legislation, the Nation-building Funds Amendment Bill 2009, to amend the act to admit the requirement to the credit for \$2.5 billion. The amendment bill was passed by the House of Representatives on 13 May 2009. As you are aware, Senator, I am sure, the bill was introduced to the Senate on 14 May 2009. The reason I go to those points is because I think we are going around and around those simple points, and that was the information you were seeking.

**Senator MASON**—Let me go over some of that more forensically, but thank you for that. In the budget document entitled *Transforming Australia's higher education system*, you are quite right, Minister, it states that:

As part of the Australian Government's commitment to creating and supporting the jobs of the future, the planned allocation of \$2.5 billion of funds into the Education Investment Fund will be allocated to the groundbreaking Clean Energy Initiative.

We will come back to that in a minute. You are quite right. I am not suggesting you are misleading the committee. Of the \$5 billion promised in Mr Swan's first budget, has any extra money been deposited by the Rudd government into the EIF at all?

**Ms Randall**—Senator, that would be no.

**Senator MASON**—No.

**Ms Paul**—Of course, we draw your attention to what the government stated at the time, which was that moneys would be made available to the EIF as macroeconomic circumstances allowed.

**Senator MASON**—I think the budget forecast for the next surplus was in 2013 or 2014? It is not looking good for the macroeconomic circumstances, is it?

**Senator Carr**—Apart from the national accounts yesterday, Senator, which seem to have escaped your attention.

**Senator MASON**—Yes, thanks to the exports, and a strong underlying economy.

**Senator Carr**—I missed it yesterday, Senator.

**Senator MASON**—I would add, though, Ms Paul, you are quite right, but the Treasurer's promise in his 2008 budget speaks to establish the EIF. It was to give an initial, I that is the word he used, allocation of \$11 billion, so the implication was that there could be more.

**Ms Paul**—Perhaps we do not really need to point out that the macroeconomic circumstance has changed dramatically over that time. Anyway, that is what the government said at the time: that moneys would be made available to the EIF as macroeconomic circumstances allowed.

**Senator MASON**—Yes, and the next forecast surplus is, what, under the government's own figures, 2013 or 2014; is that right?

**Ms Paul**—Sure.

**Senator MASON**—Let me go to round 2. I mentioned round 1 of the EIF, now round 2. We now know that the government has not put any extra funds into the EIF, contrary to the promise of last year's budget and looking at the macroeconomic circumstances it will not for the next, what, four or five years. We have changed the name from HEEF to EIF and we have changed the board members; that is a useful change. Round 2 has been completed; is it right that it is \$934.2 million?

**Ms Randall**—It has been announced for projects from EIF round 2. Senator, I perhaps should just note that the board members did not change so much; the board chair and two of the board members were members of the Higher Education Endowment Fund Advisory Board.

**Senator MASON**—All right. This \$934.2 million will come out of the accumulated capital interest of the fund; is that right?

**Ms Randall**—It will come out of the funds in the Education Investment Fund.

**Senator MASON**—Round 3 was announced in the budget papers that the fund will have a total pool of \$500 million; is that right?

**Ms Randall**—Correct, Senator.

**Senator MASON**—The budget papers also state that \$200 million of round 3 funding will be allocated to support projects which assist universities to adjust to reforms in the higher education sector; is that right?

**Ms Randall**—That is correct.

**Senator MASON**—This is interesting.

**Senator Carr**—And \$650 million as part of the sustainability round.

**Senator MASON**—We will get to that; just one thing at a time. You know how I start off slowly, Minister, I start off very slowly.

**Senator Carr**—You certainly do.

**Senator MASON**—But I warm up. Of \$500 million, \$200 million will be allocated to support projects which assist universities to adjust to reforms in the higher education sector. What does that mean? What sort of projects are those?

**Ms Buffinton**—As part of the recent budget package in transforming the higher education sector, it is expected that universities as participation and attainment grow—so the sector is going to be growing over time with increased low SES participation—there is going to be a need for changing some of the missions and focus of some the universities. There is a fund that allows universities, particularly outer metropolitan and regional universities, to be looking at their strategic direction, and part of that focus is structural adjustment. Part of the structural adjustment will be potentially a draw that they can make on infrastructure through the EIF. There is also structural adjustment funding for other non-capital expenditure items. That \$200 million in the EIF is part of a structural adjustment package which is looking at the future and making sure that universities are ready for what Australia needs in the future.

**Senator MASON**—It is not necessarily for infrastructure?

**Ms Buffinton**—The EIF stuff is. Within the structural adjustment there is a capital component—

**Senator MASON**—It is \$200 million, so you have got the \$500 million, right?

**Ms Buffinton**—That \$200 million will be for capital, for infrastructure.

**Senator MASON**—It will be; okay.

**Ms Buffinton**—But it is part of a bigger structural adjustment package.

**Senator MASON**—Right, and the other \$300 million clearly will be as well. It is right that it will be for infrastructure?

**Ms Buffinton**—Correct, Senator.

**Senator MASON**—That is to assist to adjust to reforms and their infrastructure projects. Is that post the Bradley review of Australian higher education? Is that in a sense in response to that?

**Ms Buffinton**—Yes.

**Senator MASON**—The minister mentioned, the Clean Energy Initiative, and the minister is right to refer to the Nation-building Funds Amendment Bill 2009, whose purpose is to prevent the transfer—there is no spin on this at all, Mr Chairman, no spin—of \$2.5 billion to the Education Investment Fund in order to redirect the funds to proposed spending under the Clean Energy Initiative. The \$2.5 billion that was to be allocated to the EIF as a requirement of the Nation-building Funds Act 2008 is the same \$2.5 billion that is now being allocated to the Clean Energy Initiative, isn't it?

**Ms Paul**—That is right.

**Senator MASON**—I have got a copy here of the Department of Resources, Energy and Tourism Clean Energy Initiative. It has three components: carbon capture and storage; Solar Flagship program; and establishment of a new body called Renewables Australia. It is within the portfolio responsibility of the Department of Resources, Energy and Tourism; that is right, isn't it?

**Ms Paul**—Yes.

**Senator MASON**—There is no mention at all there that the money has come from the EIF, is there?

**Ms Paul**—We cannot comment on that, it is from the other portfolio.

**Senator MASON**—I can show you and then you can comment.

**Senator Carr**—Again, I will try to assist you, Senator, if I can. Obviously matters that relate to Mr Ferguson's portfolio are dealt with by another estimates committee. The other component of EIF was for renewable energy research projects, which are matters that are funded through EIF and administered through the Department of Innovation, Industry, Science and Research. The estimates for that matter were a couple of days ago.

**Senator MASON**—Sorry, could you just repeat that.

**Senator Carr**—The way the administrative structure is, Minister Gillard and myself have joint responsibility for EIF. EIF projects relating to research—

**Senator MASON**—You were saying HEEF, I thought.

**Senator Carr**—The Education Investment Fund.

**Senator MASON**—Yes.

**Senator Carr**—The projects related to research are administered through the department of innovation; infrastructure project relating to predominantly teaching are administered through the Department of Education, Employment and Workplace Relations, which is Minister Gillard's department. The renewable energy research projects are administered through the department of innovation. You will have to, again, take that—

**Senator MASON**—I understand that, but this program, the Clean Energy Initiative, does not have anything to do with universities, does it?

**Senator Carr**—Yes, it does. Research in universities, renewable energy research.

**Senator MASON**—Oh well, all right—

**Senator Carr**—Not just universities but research agencies, including the CSIRO and other agencies. The Education Investment Fund has changed from the old HEEF. It includes now vocational education and research agencies as well as the old HEEF.

**Senator MASON**—How much of this money is administered by the Department of Resources, Energy and Tourism? It does not mention anything in there about universities.

**Senator Carr**—The research money is not administered by the department.

**Senator MASON**—But that initiative—

**Senator Carr**—They have joint responsibility for that initiative. The department of innovation is responsible for the research projects that relate to EIF and where renewable energy research projects have been funded through EIF. The carbon capture and storage and other funding arrangements are entirely separate; they not funded by EIF.

**Senator MASON**—Minister, how much of that money then will go to the universities, because Universities Australia, for example, does not believe your claim. They do not believe all the money will go to universities. They do not believe this is a fund for universities.

**Senator Carr**—No, no, Senator—

**Senator MASON**—I do not believe it is. It is \$2.5 billion that was going to go to the higher education sector; it is not now going.

**Senator Carr**—The point to which I was referring was that \$400 million goes to research projects. A considerable amount of that additional funding will end up with universities and research agencies. For instance, the CSIRO is a major centre for research into renewable energy in Australia. It will be funded through a number of sources, on coal for instance.

**Senator MASON**—It is a good try, Minister, but you know it is \$2.5 billion and you said \$400 million might go to universities, so it is \$2.1 billion—

**Senator Carr**—No, I said to you out of EIF, \$400 million would be for research infrastructure related to the Clean Energy Initiative, specifically. I am saying that on top of that, universities will attract funding in a range of other projects. The fact remains, for instance, on coal research that universities have expertise, and so does the CSIRO. They are—

**Senator MASON**—That is why they are up in arms, Minister. That must be why the universities are up in arms, that this money did not go to them.

**Senator Carr**—I would not say the universities are up in arms.

**Senator MASON**—They are about infrastructure.

**Senator Carr**—It would be rare indeed that I have seen the universities actually saying such complimentary things about a budget.

**Senator MASON**—They always say nice things about you, Minister, I know.

**Senator Carr**—I am not certain that is true either, but the fact remains that in regards to this budget—

**Senator MASON**—Don't be so modest.

**Senator Carr**—the universities have been very, very positive.

**Senator MASON**—You are talking about the \$400 million in the sustainability round. Nothing out of the \$2.5 billion in the CEI will go to universities, VET or research institutions.

**Mr Burmester**—Senator—

**Senator MASON**—Oh dear! I do not like people trying to mislead me. You know how I get very frustrated when that happens, because when people tell me things I believe them, Mr Burmester. I should not, I know, but as you know I am very trusting.

**CHAIR**—As well you can be. I do not want to get to the stage where suggestions are made about people being misled.

**Senator MASON**—It might have been inadvertent. Mr Burmester?

**Mr Burmester**—Senator, the arrangement for the EIF contribution to the Clean Energy Initiative is to ensure that the facilities for the Clean Energy Initiative are constructed in a way and embody infrastructure that allows research in those clean energy initiatives to be utilised by the research agencies associated with whoever ends up running the CEI projects. There has to be a process by which the best projects are brought to government, considered and then sponsored out of that fund. It is being done in this way to ensure that, instead of just building the clean energy initiatives that are intended and clean energy being produced, it is done in a way that actually allows research into those technologies to be embedded in those projects. The universities or other research organisations will be in partnerships with project managers to ensure that they can get access to that research, and the facilities are built to actually create those opportunities.

**Senator MASON**—Dr Withers of Universities Australia, which, as you know, is the peak body representing universities, said that little of the money for the Clean Energy Initiative would go towards universities' vocational education and training or research universities. I am not misleading; that is what he says.

**Mr Burmester**—Senator, there is \$400 million—

**Senator MASON**—So is he wrong?

**Mr Burmester**—If you let me answer the question, I will explain.

**Senator MASON**—All right; explain why he is wrong.

**Ms Paul**—That is not what Mr Burmester said; I think Mr Burmester is explaining something.

**Mr Burmester**—The \$400 million of EIF infrastructure money will be embedded in the clean energy projects in a way that facilitates access to research by research agencies. Another \$250 million is available to universities, TAFEs and research organisations to embed technologies in their own campus infrastructure so that they can then also use research and build it in such a way that they can utilise that for research into clean energy. There is at least \$250 million that is available directly to universities and TAFEs to undertake sustainable energy research on their own properties.

**Senator MASON**—It is \$250 million not \$400 million?

**Mr Burmester**—The \$400 million is in addition and that is embedded in the clean energy initiatives, both solar and carbon capture.

**Senator MASON**—I understand that. That is a slightly better explanation than the minister gave and I understand what you are saying; thank you for that. But the fact is that HEEF was \$2.5 billion and clearly nowhere near that is going to universities, Mr Burmester.

**Mr Burmester**—The government has decided—

**Senator MASON**—Yes, I know what the government—

**Mr Burmester**—to spend \$2.5 billion on clean energy.

**Senator MASON**—I know what the government has decided; that is why I am asking the questions. Round 4 is the sustainability round. This is round 4 now? The government will also undertake a special \$650 million sustainability round of the EIF; is that right?

**Ms Randall**—That is correct, Senator. That is made up of the two components that Mr Burmester and the minister have just described.

**Senator MASON**—That is a different thing to what the minister is talking about; that is \$400 million for research infrastructure related to the Clean Energy Initiative, is it not? That is the \$400 million; that is right, isn't it?

**Mr Burmester**—Senator, the—

**Senator MASON**—Hold on.

**CHAIR**—No, you have asked the question.

**Senator MASON**—I thought—

**CHAIR**—When someone tries to answer it you say, 'Hold on.'

**Senator MASON**—Okay.

**Mr Burmester**—From EIF, in relation to clean energy and sustainability, it is called the sustainability round—

**Senator MASON**—Round 4, yes.

**Mr Burmester**—There will be \$650 million available.

**Senator MASON**—That is right.

**Mr Burmester**—\$400 million of that is the contribution to the Clean Energy Initiative—

**Senator MASON**—Correct.

**Mr Burmester**—both carbon capture and Solar Flagships—

**Senator MASON**—Got that.

**Mr Burmester**—which we have just talked about.

**Mr Burmester**—And then an additional \$250 million, which I just mentioned, is payments for universities and TAFEs to undertake sustainability investments in their own facilities and conduct research on those technologies.

**Senator MASON**—Right. Thank you. But that is round 4, the sustainability round you have mentioned. That is a different issue, a different round, to the \$2½ billion going to the Clean Energy Initiative.

**Mr Burmester**—No, Senator; that is not correct.

**Senator MASON**—Hold on, you have got \$2½ billion going to the Clean Energy Initiative; that is right, is it not?

**Ms Paul**—I think Mr Burmester has started to outline the linkages between it, Senator.

**Senator MASON**—I am not saying there are not linkages; that is not my argument.

**Ms Paul**—He has talked about the embedded nature of the EIF componentry of the Clean Energy Initiative into carbon capture, solar and so on and the link to research of the broader fund.

**Senator MASON**—We have a fund—it does not matter how big it is—that is the EIF and \$2 ½ billion that was going to go to it went to the Clean Energy Initiative; that is right, is it not?

**Ms Randall**—Correct.

**Senator MASON**—That is right. We have got \$2½ billion going, then we have another \$650 million—a totally different issue, though there are linkages; I accept that.

**Ms Paul**—No, it is not a completely different—

**Senator MASON**—Hold on. But we have another \$650 million; that is right, is it not?

**Mr Burmester**—That is in addition to the \$2.5 billion, yes.

**Senator MASON**—Correct, okay—that is what I wanted to hear. Good, that is fine. I understand the linkages; you have explained the linkages. That is fine, but they are separate items.

**Mr Burmester**—Access to the \$400 million is only available to projects sponsored under the Clean Energy Initiative.

**Senator MASON**—I am not suggesting there are no linkages.

**Ms Paul**—That is quite close linkages by definition actually.

**Senator MASON**—Ms Paul, I am not suggesting there are no linkages. What I am saying is that we have \$2½ billion then we have another \$650 million and they are separate items. Yes, there are linkages, but they are separate items. This fund is starting to dwindle. We have a Super Science initiative. Is that a \$1.1 billion program to bring Australia to the forefront of the global research community?

**Senator Carr**—That is right.

**Senator MASON**—Is it right that \$901 million of the program will be funded out of the EIF?

**Senator Carr**—That is right.

**Senator MASON**—That will be the capital and interest accumulated and so forth. Will these new buildings be built at universities? Where will this new infrastructure be built?

**Senator Carr**—They will be built mainly at universities, but again, Senator, the Super Science project is a matter that was dealt with by the department of innovation. I must encourage you to come along to other estimates; I think we could improve the quality no end of the opposition's performance if you could do that. You will be aware that Super Science initiatives were built around the NCRIS roadmap, which was published in 2008. The details of those projects were announced in the budget as part of our three Super Science initiatives. They do not involve just universities, but they predominantly involve universities. There is funding available for research institutes as well, such as AIMS, the CSIRO and ANSTO.

**Senator MASON**—ANSTO—I think I was very briefly responsible for it. I cannot quite remember; it was very, very briefly.

**Senator Carr**—I look forward to seeing you at the right estimates then.

**Senator MASON**—Next is the Teaching and Learning Capital Fund. Ms Gillard announced the creation of the Teaching and Learning Capital Fund as part of the \$4.7 billion nation-building infrastructure package; is that right?

**Ms Randall**—Correct.

**Senator MASON**—I have got the press release here. Ms Gillard's press release was headed '\$500 million to promote Teaching and Learning in Australian Universities.' On page 2 of the media release—I can show you this if needs be—it says, 'This new capital investment'—that is capital investment in teaching and learning in Australian universities—'comes on top of \$500 million already invested in universities through the Better Universities Renewal Fund and the Education Investment Fund.' Is that right—is that what she says?

**Ms Randall**—That is correct.

**Senator MASON**—It was not until the recent budget, and there is no mention in the press release, is there, that this funding actually came directly out of the Education Investment Fund?

**Ms Randall**—That would be correct, Senator.

**Senator MASON**—Why didn't the minister inform the public and why was the parliament not informed until the budget when the money was coming from the EIF?

**Ms Randall**—I am not sure I know why it was not mentioned at the time of the original announcement, Senator.

**Senator MASON**—It certainly was not.

**Ms Randall**—But it was mentioned in the budget papers.

**Senator MASON**—My heart missed a beat to think that I could have been misled by a press release from Ms Gillard. There is no mention at all that the money was coming from the Education Investment Fund. If you can find it in that press release—

**Ms Randall**—I am not suggesting that it is there, Senator.

**Senator MASON**—No—please feel free to point it out. That is \$500 million more coming out of that.

**Senator Carr**—Have we got a copy of the press release?

**Senator MASON**—I can show you mine, I can pass mine, Mr Chairman, I am happy to do that.

**Senator Carr**—Senator Mason, again, I am only here to help. You have asked a question. The budget press kits are quite extensive. You may well find that you are quoting from one press release, but you are not quoting from the right press release that actually deals with the EIF projects.

**Senator MASON**—Minister, I am quoting from the media release of 12 December 2008, when the Teaching and Learning Capital Fund was first announced by Ms Gillard. No-one, as I understand it, knew that money was coming from the Education Investment Fund until the budget. That is my point, Mr Chairman. If someone can find it in the press release, that is fine; I certainly cannot see it.

**Senator Carr**—Senator, we will find the press release, but I find it extraordinary—

**Senator MASON**—I find it extraordinary too.

**Senator Carr**—that there was not a press release put out at budget time outlining how the EIF money was going to be spent, which is, I think, the proposition you are trying to put to me now.

**Senator MASON**—No, I am not. I am talking about December 2008 when the fund was announced, Mr Chairman.

**CHAIR**—I understand, and it is all right to talk about what is in press releases, but where is the limitation on talking about what is not press releases? I want to know if this takes us anywhere.

**Senator MASON**—This is my point, Mr Chairman. The fact that this money was coming out of the Education Investment Fund was not made apparent until the budget. Is that right?

**Ms Randall**—That is correct.

**Senator Carr**—So, Senator, your point being? What is the great revelation here?

**Senator MASON**—The great revelation is no-one knew more money was being depleted from EIF. This was not new funding; this was coming from the Education Investment Fund.

**Senator Carr**—You do not think there is new money coming out of EIF—that is not new money?

**Senator MASON**—We are going to get to that in a minute.

**Senator Carr**—You have just made a statement. I am just saying it is not correct.

**Senator MASON**—But I always help you in the end, Minister, as you know. I am always very helpful.

**Senator Carr**—I am here to assist you and draw your attention to the documents. You are just doing your research; you have got to encourage them to read more widely. In your days at university you would have been telling your students that. There is no good them putting stuff in front of you when they have not done the basic preparation, Senator. It is very important for your research staff to understand this principle.

**Senator MASON**—My students always did—perhaps I was not the one that did all my homework.

**Senator Carr**—Maybe your students could have done a better job of this.

**Senator MASON**—Maybe they might have, Minister; maybe you are right.

**Ms Paul**—It is all new money; it just depends which source it is coming from.

**Senator MASON**—Let us go to that report, as the minister has raised the point.

**Ms Paul**—It is just a technicality—

**Senator MASON**—I do not know if it is a technicality, not when you are a politician, Ms Paul. It is a technicality for bureaucrats, perhaps. Mr Chairman, let me start to wrap up, which will make you happy. In transforming Australia's higher education system, in a sense, it outlines there, I suppose, the good schematic appreciation of where the money is coming from and there it mentions the Teaching and Learning Capital Fund, but that is the budget paper. We start at about \$6.48 billion. That is the \$6 billion put in by the coalition and about \$480 million in interest. Round 1 issued \$581 million in grants, right?

**Ms Randall**—Correct.

**Senator MASON**—Round 2 has been completed and that was about \$934 million in grants; is that right?

**Ms Randall**—Correct.

**Senator MASON**—Round 3 of the EIF has been promised to be called later this year and that will be worth \$500 million. Is that right?

**Ms Randall**—Correct.

**Senator MASON**—The \$2.5 billion went to the Clean Energy Initiative and did not go to the EIF. Is that right?

**Ms Randall**—The \$2.5 billion was not deposited to the EIF; it has not been withdrawn from the EIF.

**Senator MASON**—It was not deposited, fine. The sustainability round will issue out, what, \$650 million in grants; that is right?

**Ms Randall**—Correct.

**Senator MASON**—Super Science was issued about \$901 million in grants; is that right?

**Ms Randall**—Correct.

**Senator MASON**—The Teaching and Learning Capital Fund we now know will provide \$500 million out of the EIF; is that right?

**Ms Randall**—Correct.

**Senator MASON**—So how much is left?

**Ms Randall**—Senator, as I mentioned, there is \$6.5 billion or \$6 billion in the fund at the moment. Just over \$4 billion of commitments have been made, which will be progressively withdrawn from the fund. The best estimate I can give you, taking into account all the commitments and anticipated earnings, is that we expect that the EIF will have an approximate value of \$3.1 billion at the end of the budget forward estimates.

**Senator MASON**—The government has not put one extra cent into the EIF, has it?

**Senator Carr**—Senator, I think I gave a detailed answer before which outlined the position. I outlined the position—

**Senator MASON**—Mr Chairman, I asked a direct question. Has the government put one extra dollar into the Education Investment Fund since it came to office?

**Senator Carr**—I have indicated to you what the position was.

**Senator MASON**—It was a direct question.

**CHAIR**—The minister is going to explain the process. We have never accepted the position that you can demand yes or no answers.

**Senator MASON**—No, but you either have or you have not.

**CHAIR**—The minister is going to have a fulsome answer.

**Senator MASON**—Be fulsome, Minister, please.

**Senator Carr**—What I have already indicated to the committee this morning and what officers have reiterated now on several occasions is that on the basis of the budget and other commitments and the impact of interest and management fees, at the end of the budget forward estimates—that is, 2012-13—it is estimated the EIF will have an approximate value of \$3.1 billion, which will be available for additional investments in VET, universities and research. The government's position has always been that additional monies put into EIF would be depending upon macroeconomic circumstances, and we have had a major change in the macroeconomic circumstances in the last year. That is why we have introduced the legislation—and it was passed by the House of Representative—to actually omit the requirement to put in the \$2.5 billion. The Senate will have an opportunity to debate this issue and we will all have a chance, Senator Mason, to put our bit in on this. But that is essentially what we have explained to you on numerous occasions now.

**Senator MASON**—Thank you, Minister. The government has not put an extra dollar into the EIF. The Rudd government has not given one extra cent to funding infrastructure under this fund. So I am hoping, Minister, that when you go around opening the Super Science

round and the sustainability round that you thank the previous government, because they raised every cent of this and put it into the Higher Education Endowment Fund.

**CHAIR**—If you want to go down that path, Senator Mason, that is very risky. This is about the budget estimates. That is a very provocative thing to say.

**Senator MASON**—The minister has just given me a provocative statement and I am replying fulsomely, to use your words.

**CHAIR**—But where you take us now is simply an invitation to the minister to make the comparison of this government to the previous government, which I can see him, at the starting gates, wanting to do.

**Senator MASON**—He is entitled to do that—and then I can have a go as well.

**CHAIR**—Then Minister, you are invited to do so.

**Senator MASON**—The minister knows there is only one person in this room that has a louder voice than the minister and who is that? That is me. I always warn people: the only person with a louder voice than the minister is me.

**Senator Carr**—He has asked me a question, Senator; I feel I am obliged to answer it.

**Senator MASON**—All right, you go ahead and then I will have a go. Is that the deal? If that is the deal it is a deal—I am happy to do it.

**Senator Carr**—On the matter of infrastructure, Senator, when we came to office, as they say, every parrot in every pet shop in the land understood what the problem was in terms of the capacity of constraint and the failure of the previous government to spend on infrastructure.

**Senator MASON**—In universities?

**Senator Carr**—Not just in universities. Not just in universities. Do not limit yourself to universities.

**Senator MASON**—We are going outside then, okay.

**Senator Carr**—What the government sought to do through the COAG processes, because we have to ensure that this money is well spent, was to ensure that funds were transferred and were available for disbursement to the states and territories and through our direct spending through the Commonwealth to ensure that we could change dramatically the position of the Commonwealth in regard to spending on infrastructure. The Commonwealth established three separate funds: the BAF, the EIF and the hospital fund. We sought to establish that financial asset funds consisted of both cash and investments. BAF, as you recall, Senator, was focused on capital investment in transport infrastructure, such as road, rail, urban transport and ports, and communications infrastructure such as the broadband—when we had this little billygoat track of a communications superhighway that you tried to present to us as some sort of attempt to cope with the needs of a modern economy. There were monies spent in energy infrastructure and water infrastructure. EIF focuses on capital investment in higher education infrastructure and vocational education and training, and the hospital fund on capital investment and health infrastructure such as the renewal and the refurbishment of hospitals,

medical technology equipment, medical research facilities and projects. So we have a whole series of these funds that have been available as a direct result of this government's intervention, and it sharply contrasts with the performance of the previous government when it comes to the issue of spending on infrastructure. Now we take the view that we are creating jobs for today with investment in terms of infrastructure for the future. That is the proposition that we have advanced to the Australian people. We saw yesterday in the national accounts figures that our strategies are actually working. Senator, what you have done right throughout this process is oppose every move we have taken.

**Senator MASON**—Thank you, Chairman.

**CHAIR**—In the same considered response, you can talk, and then we should move back to questions.

**Senator MASON**—It is interesting. The funds you spoke about were an initiative of the Howard government's \$60 billion Future Fund. The Higher Education Endowment Fund was another \$6 billion dollars, and also there was the Health and Hospital Fund. All that funding is not new money from this government; it is money from the last government. That is a fact, Minister, so so much for all that. On the specific point of university infrastructure, you have not spent a cent. So thank you for the debate.

**Senator Carr**—That is just not right. We have spent more money in 18 months than you did in 12 years.

**Senator MASON**—If you want a debate, I will debate with you all day long, Minister. You will not beat me in debate.

**Senator Carr**—There is \$14 billion going into schools. What a complete nonsense for you to say something as stupid as that.

**CHAIR**—Let us see if we can book some time in the chamber in a fortnight for this discussion.

**Senator MASON**—I have no further questions on that issue. Could we go to the Tertiary Education Quality and Standards Agency? I think it is number 3.1.

**CHAIR**—Yes it is in 3.1.

**Senator MASON**—In this year's budget the government established the Tertiary Education Quality and Standards Agency to develop objective and comparative benchmarks and to carry out rigorous audits in the higher education sector. Is that right? Who is going to answer that? Ms Buffinton?

**Ms Buffinton**—Sorry, can you repeat the question?

**Senator MASON**—Yes, sure. In this year's budget the government established the Tertiary Education Quality and Standards Agency to develop objective and comparative benchmarks and to carry out rigorous audits in the higher education sector. Is that right?

**Ms Buffinton**—That is correct.

**Senator MASON**—The budget committed \$57 million over four years to create the Tertiary Education Quality and Standards Agency—

**Ms Buffinton**—TEQSA.

**Senator MASON**—and developed a new assurance framework. Is that right?

**Ms Buffinton**—That is correct.

**Senator MASON**—When will TEQSA be fully operational?

**Ms Buffinton**—At this stage, there is a range of things that will take place over the next 12 months, so we would see that being operational on 1 January 2011. It will come together as an entity as of 1 July, but by the time there are staff created and so forth it will come into effect on 1 January, 2011.

**Senator MASON**—Is it? I thought it was coming in 2012.

**Ms Buffinton**—No.

**Senator MASON**—Okay, so I am wrong.

**Ms Buffinton**—The full new demand driven system will come in on 1 January, 2012. One of the underpinnings of that new system is to make sure that we have the quality assurance and the measurement of the performance to ensure that quality is in place prior to the new system. We are building the capacity through this transitional period so that we have a fully formed and functioning system.

**Senator MASON**—Let me get to those other issues in a second. Who will oversee the creation of TEQSA?

**Ms Buffinton**—Some of this is still being formed, but the potential is for it to be a statutory authority that would report to the Minister for Education.

**Senator MASON**—A statutory authority, that is the idea at the moment, is it? It is to report to the—

**Ms Buffinton**—Independent tertiary quality agency.

**Senator MASON**—How about the organisational structure? Do we have any idea about that?

**Ms Buffinton**—At this stage, no. That is part of what is going to be formed over the next 12 months. One of the things that needs to happen is that we need to be talking with the states, because the states at the moment do have a registration and regulatory function and the Australian Universities Quality Agency has an audit and quality assurance agency. The vision is that, because the Australian system is a world regarded system, we need national consistency. This is in consultation with states developing the new agency over time. The establishment of the agency and the movement of the Australian Universities Quality Agency function into that discussion with the states about their roles and how we, as the Commonwealth, work in partnership with the states and take that forward will all be part of the negotiation over the next, say, six months.

**Senator MASON**—So that is still being negotiated. We do not know yet whether the hierarchy will be headed by a single individual or a board. That has all got to be negotiated.

**Ms Buffinton**—That is correct.

**Senator MASON**—What about the powers of TEQSA? What sort of powers will they have over potentially universities? Any ideas?

**Ms Buffinton**—Some of these things are to be formed. There will be the ongoing audit function.

**Senator MASON**—What would that audit include? What sort of functions would they audit?

**Ms Buffinton**—They will be looking at the quality. In self-accrediting institutions there are already mechanisms within the universities for assuring their quality internally. There is an audit once every five years at the moment as a check on those functions to make sure that the quality assurance is keeping the standards. So that function will continue.

**Senator MASON**—Let me just throw a couple at you. I mean are we looking at financial aspects, academic aspects, academic quality aspects, teacher quality aspects? In other words, are we looking right across the range of university endeavour?

**Ms Buffinton**—One of the interesting discussions is going to be the interplay under TEQSA for ERA, as Minister Carr is aware. The vision is that all aspects of quality relating to Australian universities will be covered over time. At the moment there is the quality assurance aspect. There will be a performance measurement aspect to the new agency and, what those performance measures will be and how they are measured is some work is going to be decided over the next six to 12 months in preparation for the establishment of TEQSA.

**Senator MASON**—But you think it will include those issues I mentioned?

**Senator Carr**—It must. In terms of the national protocols of what actually defines the university, we have been through this before. There are quite explicit understandings of what that means, and this is an agency that is aimed at dealing with universities in contemporary circumstances. In terms of my responsibilities, there will be a keen interest in this because of the research program.

**Senator MASON**—I give you a bouquet on this, Minister. I have to because I recall when you were in opposition you raised the issue that some universities were not in fact—how do I say this nicely?—putting the best face forward for the Australian university system. Let me put it that way. Without going into that, I just think you raised a legitimate issue for what is Australia's third largest export industry.

**Senator Carr**—I think what both departments are seeking to achieve—

**Senator MASON**—I am not disagreeing with you, is my point.

**Senator Carr**—No, that is right. I do not think anyone in the parliament would seriously argue the case on this. We have to strive to ensure that the Australian university system is amongst the best in the world.

**Senator MASON**—Yes, absolutely.

**Senator Carr**—I honestly cannot see anyone in the political system arguing the toss about that, so what the officers are now drawing your attention to is the fact that there is more work to be done on how to operationalise that.

**Senator MASON**—I understand that. It is not a criticism.

**Senator Carr**—There will obviously be a strong interface with the department of innovation in regard to the research side of the program, and we have yet to work all those arrangements out. There is plenty of time to do that. There needs to be a strong interface with the states in terms of those that have a regulatory responsibility at the moment, that are not putting very much money into the system. There are some responsibility questions that arise here as well. There has to be an interface with the university system itself.

**Senator MASON**—I agree.

**Senator Carr**—There are a whole series of issues that need to be discussed, and I think there is goodwill everywhere for us to be successful on those fronts. I am very confident that we will, as a result of these arrangements, produce an assessment process that we can all be very proud of.

**Senator MASON**—As you said when you were serving in opposition, Minister, this was—and still is—about our third largest export industry, it was perhaps not being sufficiently well regulated and some in the higher education sector were not doing much to promote the sector. I have heard that as I have gone around the countryside. I think, for what it is worth, this proposal is excellent. I just want to know what the powers of this authority might include, but that is being negotiated, obviously.

**Ms Paul**—I think what you will see over time as this works through the sector is a much clearer focus on performance indicators and a much more broad sweep of performance information and so on than we are seeing at the moment. In addition, as Bradley recommended in her review, this body also accredits universities and then re-accredits, and that is something that has not been on the landscape, so that is another move forward as well.

**Senator MASON**—That is a good point; you are right. Are there any overseas examples of this sort of thing, like a world's best practice? I mean do the United States or Great Britain or Germany have a similar system?

**Ms Paul**—No, the United States does not at all, because it is not a national system.

**Senator MASON**—You are right. That is fair. But what about the United Kingdom, for example?

**Ms Paul**—Britain would be more comparable, but I suspect this will probably set world practice once it is set up.

**Senator MASON**—I know the Bradley review that you mentioned, Ms Paul, recommended that a regulator straddling the entire sector would require funding of \$190 million over four years. TEQSA has been given just \$57 million, but I suppose that is due to budgetary restraints?

**Ms Paul**—We think that it is achievable. It is our assessment that it is achievable with the money that has been made available, and if there were any areas where there would be a need to compromise it would be in time taken. But the government has given a transition period of a couple of years, and so we think this is the right amount to achieve what needs to be achieved to implement the Bradley review. So it is fine.

**Senator MASON**—How about TEQSA itself; who will oversee to ensure that it does not act outside its authority? How is that going to work?

**Ms Buffinton**—Once we settle on what the role of, potentially, either an advisory board or—

**Senator MASON**—What sort of structure you might have.

**Ms Buffinton**—Potentially, there will be a CEO and staff of TEQSA. Potentially, there will be some form of board. They would then sit independently of the department, so they would actually do the performance measurement and make recommendations that we would then react to, depending on what sort of performance funding the department might pay to the university. So on that basis there is both the department, which will be paying a certain amount of performance money to the universities, and the performance measurement that will be taken outside. But certainly in terms of public scrutiny as a statutory authority, and also potentially, because we have not landed all of this detail, and with the type of board arrangement, in terms of your question of who keeps the checks and balances on the role—

**Senator MASON**—On TEQSA, yes.

**Ms Buffinton**—TEQSA as a statutory authority will have public scrutiny and also, potentially, a board.

**Senator Carr**—Ultimately, this committee will have a role in that as well, Senator. That is the nature of publicly funded statutory authorities; the parliament has a role to play. There are obviously a range of accountability mechanisms for any public sector agency, and one which involves such a diverse and articulate group of people is unlikely to be able to gauge matters without quite serious public scrutiny.

**Ms Buffinton**—Whilst the detail is being finalised, I think it is fair to say that the sector itself has been quite supportive of finally having national consistency, when you have such an internationally competitive environment for higher education; it has been welcomed. So the concept of TEQSA has been supported.

**Senator Carr**—Senator, in general terms I think that the university sector has been extremely responsible. There are very few people who take the view that in today's world the status quo is satisfactory.

**Senator MASON**—That is because it has been positively received.

**Senator Carr**—It has been very positive, and in all the dealings that I have had people are actually saying that they appreciate the fact that the government is able to indicate quite serious investment—these are very substantial sums of money that have been put towards the university system—and that clear directions are being set in terms of a reform agenda. We

need a much more responsive university system. We need it to be much more internationally competitive. We need to see structural change and we need a cultural change in terms of the way in which universities operate within our society. I think Minister Gillard and, I would like to think, I have outlined all of those measures at great length, and the response has been extremely strong, positively strong.

**Senator MASON**—Thank you.

**Proceedings suspended from 10.07 am to 10.17 am**

**CHAIR**—We will resume the estimates hearings. Back to you, Senator Mason.

**Senator MASON**—Thanks, Mr Chairman. Minister and Ms Paul, I might just, if I can, have a quick look at increasing access to universities. This is a very interesting issue, raised of course by Professor Bradley in the Bradley review and also by the Deputy Prime Minister. The Bradley review sets the government two challenges. The first is to increase the population of young Australians with an undergraduate qualification; that is right, is it not?

**Ms Buffinton**—Yes.

**Senator MASON**—Accepting this challenge, the Deputy Prime Minister announced that the government's ambition was that, by 2025, 40 per cent of all 25- to 34-year-olds will hold a qualification at bachelor level or above; that is right, is it not?

**Ms Buffinton**—Yes.

**Senator MASON**—I have some questions about that and how we are going to meet that target or that ambition. Is there currently any unmet demand? I will say a couple of more things and then please answer, at length if need be. Some commentators suggested that there are low levels of unmet demand and, as such, initiatives and government spending designed to target these groups may be futile. The Bradley review and an Access Economics report done for the department states that undergraduate qualifications will be in undersupply over the next decade. The Access Economics report entitled *Future demand for higher education: report for Department of Education, Employment and Workplace Relations* is referred to in the Bradley report. Is that available?

**Ms Paul**—What, the Bradley review?

**Senator MASON**—No, the Access Economics report, Ms Paul?

**Ms Paul**—I don't know.

**Senator MASON**—What I am trying to do, Mr Chairman, is to find evidence that there is unmet demand—that was all. That is just the policy rub.

**Ms Baly**—The answer to your question about the Access report is that yes, it will be available on the web very shortly.

**Senator MASON**—I could not find it, but it is going to be put on the web, is it?

**Ms Baly**—Yes.

**Senator MASON**—Do you know when?

**Ms Baly**—Shortly. I would think within the next week.

**Senator MASON**—What does that report say about the current level of unmet demand? As I have not seen the report as yet, what does it say about the current level of unmet demand?

**Ms Baly**—I do not have a copy of the Access report with me and I do not recall the numbers that are in that about unmet demand. We do have our own estimates of unmet demand. On the last information that I have available—and Mr Coutts may have some more information on this—the unmet demand in 2008 was around 13,000, as I understand it.

**Mr Coutts**—That is right. Unmet demand had been falling for some years due to the strong economic conditions, but we would anticipate an increase in that figure, given the global financial crisis, and then—

**Senator MASON**—So you think unmet demand will increase?

**Mr Coutts**—Demand will increase. There are different ways of meeting unmet demand. The figure that Ms Baly referred to is the Universities Australia calculation of unmet demand, and that was, I think, 12,800 in the last year.

**Senator MASON**—That is unmet demand in toto, Mr Coutts. This is the issue that members of the committee, and indeed the department, will be interested in. I know that Ms Gillard in particular, and indeed Professor Bradley, want to increase the access of disadvantaged Australians to university—an admirable objective. The government has said they wish to increase the supply of places for such people. Are you still with me?

**Mr Coutts**—Yes.

**Senator MASON**—My point really is—you know what my question is going to be—is there sufficient demand for those places? In other words, the government can do a lot about supplying places, and I accept that, but my point is: will there be sufficient demand. Many of you will remember that there was a lot of debate—and I am not trying to be partisan, so this is not a partisan point—back when I was at university about tertiary fees. Mr Whitlam abolished them; people will remember that. The argument was—and I know my friend Senator Humphries was at university at the same time—that this would increase the proportion of disadvantaged people going to university. That was the argument. But that did not in fact happen. What happened was that the social composition did not change. I am not trying to make a partisan point; this is just the democratic evidence. More middle-class kids came to university and did not have to pay fees. In effect, it was a further subsidy to the middle-class. Indeed, when Senator Walsh, as the minister of finance in the Hawke Labor government, proposed to reintroduce tertiary fees, his argument was one of equity in fact. He said that people should pay at least something towards their tertiary education, otherwise it was a much bigger subsidy to middle classes. That is a long question by way of discussion, but do you see my point, Ms Paul?

**Ms Paul**—Yes, and perhaps I will start the ball rolling. Just to clarify; you are interested on our view on whether we think the target can be met in terms of the historical projections and so on?

**Senator MASON**—Yes. Ms Gillard has spoken about the supply side.

**Ms Paul**—Sure. I appreciate what you are saying; you are talking about the demand side.

**Senator MASON**—Yes, the demand side.

**Ms Paul**—Yes. I will start the ball rolling anyway and then my colleagues can pick it up.

**Senator MASON**—Yes. I would be interested in this.

**Ms Paul**—Certainly, there are several things which will have an impact on demand. One of the upsides of the downturn, if you like, is of course the change in demand, which Mr Coutts has just outlined, and that is significant of course. I think one of the things which will be really important to try to lock in is the sustainability of that, so that post recovery people still remain interested in attending university for their qualification. Historically, there is a long-term trend up in participation. So far we have got two factors which increase demand. Firstly, the very policy settings which have come through this series of budget announcements to remove, as it were, artificial caps on universities' capacity to enrol—although perhaps I am going to supply side here, so I might leave it there.

**Senator MASON**—We will discuss the supply a bit later, Ms Paul. I am just really interested in demand.

**Ms Paul**—That is fine. Several of the measures in this budget response to the Bradley review in particular do go to stimulating demand. The considerable amount of money invested in equity, to which you have referred, is aimed at stimulating demand. Maybe we will go to that in a while. As well as a considerably larger investment, what it does is for the first time shift from programs which simply supported in a kind of formulaic way young people from low SES backgrounds into university. It is an investment into our programs, which we have now looked around the world and found actually work to stimulate demand, such as outreach activities. The activities which will be comprehended under the equity initiative are quite different. In addition to that, then the income support changes also will stimulate demand, particularly amongst that group, because that is the way they are aimed. That is just kind of an opener on some of the areas in which demand is affected. You have got the combination of the supply side, which is the initiative here to which you refer, and the demand side too, which of course some of these initiatives do go to as well.

**Mr Burmester**—Senator, can I add to that the specifics. There were initiatives in the government's response to Bradley that included specific programs to support universities to work with low SES students to attract them to the universities. There were partnership activities for \$108 million and the student loading, which provides the universities themselves with the wherewithal to go out and work with and support students and attract them from low SES areas, was another \$325 million.

**Senator MASON**—We did discuss at the estimates yesterday the programs the government has to encourage students from low SES backgrounds in schools and so forth. I sometimes wonder—you know what my concern is—whether it is as much about money, Ms Paul, as it is about cultural changes and priorities. That is not a partisan comment at all. It is simply to say that even when we had free tertiary education, which we did for those years,

it did not really change the social composition of Australian universities. I am just saying that I do hope this works, but I think there are other issues at play.

**Ms Paul**—I think there are too. I agree with you, and some of the commitment of the more than \$430 million in this area in this budget actually goes to that. When I talk about outreach, I mean actually going out from universities into schools, into communities and connecting with families and so on, to try to change family expectations and so on. I think there are cultural issues. One of the positives about this—and Bradley says quite a lot about this—is that it is a more tailored sort of approach. A university can tailor its outreach to its particular local community and so on. We have never really supported before this capacity to make these community cultural links. It has just been more, ‘If they turn up we’ll support them for scholarships and so on.’ This goes beyond that and I think that is important.

**Senator MASON**—Indeed. Mr Coutts, you mentioned before unmet demand and you said that there is increasing unmet demand because of the global financial crisis, paradoxically in a sense. It is an fortunate outcome from an unfortunate—

**Ms Paul**—The upsize of the downturn!

**Senator MASON**—Yes. Really the issue is—I should have been more precise—whether there is unmet demand from low socioeconomic status backgrounds?

**Ms Paul**—We know there is, because of precisely the reason you name, which is that the level of participation is not in keeping with the proportion of low SES in the population, if you see what I mean.

**Senator MASON**—To put it colloquially, Ms Paul: do we have any evidence that people from low SES backgrounds are banging on the door of universities to get in? That is my point.

**Ms Paul**—My point about these measures is to stimulate precisely that activity.

**Senator MASON**—Stimulate the knocking?

**Mr Burmester**—Senator, there are other related initiatives through COAG. Some of the COAG targets in the education field go to increasing participation across the board, but they certainly go to increasing participation to year 12 and increasing year 12 attainment to 90 per cent. As more students complete year 12, they will become eligible to enter universities in increasing numbers. If you add that to the universities’ outreach programs, we believe—and this is the goal—that we will increase participation of low SES students by five percentage points. That is a considerable number of extra students entering the system.

**Senator MASON**—I will get to that. I will ask a couple of questions about that. Thank you for your insight. I will just pull out an article from the *Melbourne Age* yesterday, 6 May, entitled, ‘Poor student target won’t be met.’ Professor Glyn Davis, the Vice-Chancellor of the University of Melbourne, was talking about the target that Ms Gillard had set, following the Bradley review, of 20 per cent of undergraduate enrolments from low socio-economic backgrounds. The article said:

But Professor Davis said this target was not based on realistic estimates, with only a limited number of students from poor backgrounds obtaining the school results to get into university.

The article quoted Professor Davis:

“The things we’re doing are getting more people to come to university, but it’s not changing the social mix.”

This is what we discussed before, Ms Paul. The article continued:

The proportion of poor students in the overall Australian student population has remained static at 15 per cent since 1992, according to figures from the Federal Department of Education.

You understand, Minister, my point: it is a matter of how we actually change the social mix and get bright kids, from wherever they come, to go to university. It is a noble ambition, and a good one for the country, but I just know myself from my own experience at university, that this will be a difficult challenge for us all to meet.

**Senator Carr**—The point the government makes, Senator, is that that is not a reason to give up on it.

**Senator MASON**—No, you are right.

**Senator Carr**—The fact is that in all the equity indicators throughout the period of the Howard government things went backwards. We say that is a deplorable situation. We have got to do all in our power to turn that around, and that what is this government is committed to.

**Senator MASON**—The same press release says, and I agree with Ms Gillard, that she received some research yesterday that proved education could overcome disadvantage and highlighted the need to increase the participation of under representatives in higher education. Education does overcome disadvantage; I accept that. The query that I have raised in the discussion-like forum this morning is just whether we can do that. I am old enough now to have lived through all these high aspirations, before. I can see that the Deputy Prime Minister is committed to this. I do not have any doubt about that. I think it is a cultural change as well. Putting it very simply, it is not just about the government increasing supply. It is about the demand increasing as well. So there are cultural issues. It is not a criticism, Minister. I am not trying to—

**Senator Carr**—Senator, I think it should be understood though that the government’s approach is not just dependent upon those matters.

**Senator MASON**—No, I know that.

**Senator Carr**—It is a whole attitudinal shift about the importance of education to our society. That is why we call it an education revolution, and it begins at preschool and it goes right through to the PhD program. If you look across all our programs, it is a consistent approach. On top of that, we are actually saying we have got to transform the way in which our education institutions relate to society more broadly. So, it is a much more fundamental shift in thinking than just saying we are going to provide more money and more places.

**Senator MASON**—I agree, absolutely. The first pivotal point is—and this is why I will be interested in the Access Economics report—whether there is unmet demand from these

groups: whether the knocking on the door is actually occurring. That is really the pivotal point.

**Ms Paul**—As I started to mention earlier on, the Bradley review looked around the world and looked to what actually made a difference in stimulating demand from these groups, and that is what these recommendations are based on. They are mainly from the UK if you are interested.

**Senator MASON**—I turn to teachers. Based on the Bradley report, and the ratio of students to staff of 20 to one—that is, 20 students to one teacher—an additional 18,000 staff will be required to teach the newly increased student population. I think we both know, Minister, the academic workforce is ageing and shrinking. Does the government have a plan to attract more people to academic teaching, to academic life? Sometimes I wished I never left it, Minister. However—

**Senator Carr**—I can say to you that on top of what this department does, we have got a dramatic expansion in terms of the APA program, the number of stipends being issued for people, and the relationship between the number of people with a stipend and those doing the PhD, which of course is critical in terms of the training for the academic workforce. We have doubled that. We have moved that from one in five—it was just under 20 per cent when we came to office—and our plan is to take it to about 40 per cent at the end of the forward estimates. On top of that, we have got a 10 per cent increase in the actual stipend amount. We are actually expanding quite dramatically a whole series of measures in regard to research training and career development for early career researchers and mid-term researchers, in terms of our fellowship programs, our laureate programs and a range of other matters. So there is a determined effort in that part of the preparation in terms of changing the structure of our university research program, but a workforce planning exercise is being undertaken as well. We have actually a detailed study. There has been a House of Representatives report on these issues, which we are responding to. That is on top of whatever the department here is doing. In terms of the arrangements we have through the Minister for Education, the indexation arrangements for the teaching and learning programs, there is again a comprehensive response to these issues. That is another thing I think this government has got a right to be very proud of.

**Ms Paul**—Basically, the whole point of the \$5.7 billion package that this represents over four years is to offer universities enough funding to do what they need to do in terms of hiring enough staff and so on. The minister has just mentioned indexation, which is \$578 million. That is one of the key components which directly goes to being able to support more staff.

**Senator MASON**—Again, this is not combative at all. I know from former colleagues that academic life is not what it once was. It is very demanding. I think it is generally accepted that academic life has changed since the 1960s and the 1970s and it is increasingly hard to attract good people to teach at universities, particularly in certain areas. Some areas are easier than others, partly because of student demand and so forth. The minister might say it is because of the previous government but—

**Senator Carr**—No, I would not say that.

**Senator MASON**—No, but there are all sorts of reasons. I am going to be watching how this progresses over the next few years, because it is very interesting and I am concerned to ensure that—

**Senator Carr**—We are changing the whole structure of the university funding program. There is a transformational program in place now. This is an extraordinarily serious reform agenda that is being implemented. You mentioned the question of the teaching at university. But the research program is very much part of that, so we are addressing the ‘full cost of research’ issue—indexation and the transformation in terms of relationships between universities within the system as a whole. There is a measure here across nearly \$6 billion worth of programs. These are some of the largest sets of increases in university funding that we have seen in many, many years.

**Senator MASON**—Without arguing the toss on any of that, my point is: if I believed the only lever that we had to pull was a monetary one, I might be partly convinced. I am not trying to be in any sense combative, but I think there are all sorts of other issues also at play here that are very, very difficult. It is not anyone’s fault, but I think this discussion about universities and how we attract lower SES students—

**Senator Carr**—I agree with you: it is not just about money.

**Senator MASON**—No, it is definitely not.

**Senator Carr**—It is about much more than money, but the fact is you cannot do it without money.

**Senator MASON**—That is certainly part of the program.

**Senator Carr**—Can I suggest to you that the university system under your government was grossly underfunded, and we are seeking to do something about that. But we do not confine our interest to just providing more money. We want to actually drive reform through provision of that money. The whole purpose of this exercise is to actually transform the system, to lift the level of performance, to ensure that we are internationally competitive, to lift the level of excellence in the system. In terms of our programs, those terms come up again and again and again.

**Senator MASON**—I know. The aim was that 40 per cent of all 25- to 34-year-olds would have a qualification at bachelor level or above; that is the ambition. What is the current percentage—is it 29 or 30?

**Mr Coutts**—It is 32.

**Senator MASON**—If we are at 32 per cent at the moment, what is the raw number increase to get to 40 per cent?

**Ms Paul**—To get to 40 by 2025?

**Senator MASON**—Yes.

**Ms Buffinton**—There will be 100,000 additional enrolments by 2025.

**Senator MASON**—That is a good ballpark figure. That is fine. What that does is illustrate the size of the challenge, I suppose. In particular we need a lot more students from low socioeconomic backgrounds. We are going to need a lot more academics and we are going to need a lot more infrastructure. We have not got a lot left in the area. However, putting the political point aside, there are all those issues about attracting academics, students from disadvantaged backgrounds and so forth—100,000 places over the next 15 years. It is a big challenge. It really is.

**Ms Paul**—The \$5.7 billion package over four years does not include these either. I think one of the findings about the Bradley review and the government's response to it is that, as the minister said, it is just not a matter of additional funding, which it is, but also a series of policy changes and reforms which allow universities to do things which they have not been allowed to do before—like removing the regulation on enrolment caps, which allows universities to meet the demand that they can generate in their local area or broader. There is a whole range of those. Some of them are quite subtle but fundamental levers to change behaviour and make that cultural change that you mentioned. It is foundational. It is transformational in that way, I think.

**Senator MASON**—My attitude is not born of any sort of cynicism at all. I think it is born of having lived through the Whitlam experiment and not seen a change in the social composition. I am not having a go at Mr Whitlam; I am just simply saying that there is a very complicated challenge.

**Senator Carr**—We are not disputing that. What we are saying, though, is that we are optimistic about our opportunity. It is a different attitude about the importance of the political process in setting the policy frameworks. It is about opening up institutions to provide universities with a greater chance to take more responsibility. We are emphasising the importance of institutional autonomy, through our compact processes, to drive universities to take up their side of the bargain in terms of determining the missions that they are trying to establish and their responsiveness to their local communities to ensure that they are meeting a much broader national perspective. These programs are aimed at securing change. We are not being naive about how difficult this is, but we are not daunted by it. In fact, if you do not secure the change then this country is in serious trouble.

The point that we have been making is that the Commonwealth government has got a key responsibility here, not only just to provide the money but to provide the policy framework. We have asked the parliament to support these projects. We will debate it through the parliament but we will go out and campaign around this in the country as a whole, because it is a very significant set of economic and social reforms that we are pursuing. This is key to our productivity agenda. It is key to lifting our standing in terms of our international competitors. It is a key to our social justice strategies.

**Senator MASON**—This is not cynicism at all. I just want to highlight this and it will be on the record so that when you are still here in 2025, Minister, you can look back and see how far we have come, and hopefully we have. It is a noble objective, but whether we can in fact

change the social composition markedly will be a big challenge. That is a far bigger challenge in my view than getting more kids into universities.

**Senator Carr**—That is what social democratic governments seek to do. That is one of our differences. We actually say that is the point of it.

**Senator MASON**—No, that is not right. We believe in a meritocracy. Wherever people come from, whatever their race, creed or colour, I do not care. I believe in a meritocracy. I do not care where someone comes from. That is the difference.

**Mr Coutts**—Can I just add a point of clarification. One hundred thousand extra students, assuming the leaping off point for this, would be 34 per cent. As I think Ms Paul said earlier, we are increasing our attainment in that young group of people already, and the leaping off point for 100,000 to be the difference would be if we were at 34 per cent. But a bit of context that will help is that the average growth in commencements to get to the level we are talking about by 2025 is actually less than we have had historically within the system in previous high growth periods.

**Senator MASON**—Can you say that again.

**Mr Coutts**—The level of growth in commencements that you would need in the system to get to the 40 per cent attainment target, again for that 25- to 34-year-old group, is not as high as we have had over a significant period. It is somewhat higher than over the last 10 years but it is not higher than we have had previously.

**Senator MASON**—I accept that, but my point—and I raised this with Ms Paul before—is that the social composition has not changed since 1992. That is my point. I am not suggesting for a second that we cannot get 40 per cent of people to that level, graduating with a bachelor's degree. I do not doubt that at all.

My point is about changing the social composition. I do not dispute the fact that we can attain that but my question is whether we can and whether in fact there is demand. That is my point, and I think I have made that point. I just wanted to ventilate that, that was all. As I say, I am not alone in this. Professor Davis, the Vice-Chancellor of Melbourne university, also has reservations, not about the aim or the objective but how we are going to get there, that is all.

Can I briefly touch on indexation? Is that all right, Chairman, if I keep going on indexation? I might have a break then.

**CHAIR**—We might all share a break with you.

**Senator MASON**—This will not, I do not think, take so long. It is right, isn't it, that the government has announced new indexation arrangements for higher education providers?

**Mr Burmester**—Yes, Senator.

**Senator MASON**—And the reforms will be introduced in 2012 at a cost to the Commonwealth of about \$577 million?

**Mr Burmester**—Yes.

**Mr Manns**—There is a transitional arrangement in 2011, full implementation by 2012 across all funding streams that are currently covered by the Higher Education Support Act 2003. So that is research and teaching and learning. In 2011, the government has announced it will provide conditional funding attached to teaching and learning, which would be equivalent in value to the application of the new indexation arrangements for teaching and learning, and also that in 2011 student contribution amounts would also be subject to the new higher indexation arrangements. So there is a transition to the full implementation in 2012.

**Senator MASON**—What did Professor Bradley say about that, what was her recommendation? Did she want it immediately or—

**Mr Manns**—Yes, that is my recollection.

**Senator MASON**—And the delay simply why, because—

**Mr Manns**—It is the decision of the government.

**Senator MASON**—I think the Bradley review's recommendation was that the indexation scheme would have cost about \$1.1 billion over four years, and the scheme that the government has implemented will cost about \$557 million over three years; is that right?

**Mr Manns**—The starting point is obviously different and the thing about indexation is that it compounds upon itself. Each year you are indexing up at a yet higher base. Beyond the forward estimates there continues obviously to be growth in the value of the impact of this new policy. It is pushed out, if you like, compared to the timeframe.

**Senator MASON**—I understand that. Just the figures that Bradley mentions, the \$1.1 billion, and the scheme that the government has mentioned, there is a big difference between \$1.1 billion and \$557 million. What aspects then of the Bradley review's proposals have not been included in the government's?

**Mr Manns**—It is essentially that timing issue. In terms of what the new index will be, it is consistent with the Bradley report's recommendation.

**Senator Carr**—Essentially, Senator, Bradley made some recommendations, and, as you know, this has been a central concern for the university system for many, many years. Bradley made some suggestions about how we measure the indexation arrangements and based it on an index that is not currently used and a new measure has to be created which essentially relates to the price of labour, university salaries, which is what is occurring here. Instead of the existing price indexes that have been operating in the education industry for some time, there is a new one has to be created to meet this. So it meets the criterion that was outlined in those reviews but the amount, for budgetary reasons, is set at this level.

**Senator MASON**—Because of the delay?

**Senator Carr**—No, at the end of the day, what the university system asked for was clear directions, even if we could not meet—

**Senator MASON**—It was not a gross criticism, Minister. I just wanted it explained.

**Senator Carr**—I think it should be explained that the government sought to establish the directions. This is a very important reform. In terms of the long-term arrangements in the

university system, indexation is one of those really big ones. I would like to say the full cost of research is the other one in terms of the structural reform—

**Senator MASON**—So the administrative costs associated with—

**Senator Carr**—The cost of indirect costs. These are very significant sums of money, and in terms of the government's budgetary priorities, there just have to be some decisions made. That is what has happened.

**Senator MASON**—About timing, yes, I understand that. Thanks, Minister. Chairman, I do have some other questions but I know my colleague has questions, and I suspect others will, on the issue of the Youth Allowance.

**CHAIR**—Why don't we have another break and then come back and we will start with the Youth Allowance area.

**Proceedings suspended from 10.54 am to 11.09 am**

**CHAIR**—We are now on Youth Allowance.

**Senator MASON**—My questions are related to the Youth Allowance, but really they are preliminary. I know that my colleagues have many other questions. I will ask a few preliminary ones, and then I will hand over. I was listening to what Senator Hanson-Young said yesterday about the tightening of the eligibility for Youth Allowance. I think she said that the eligibility test for Youth Allowance were, in effect, retrospective. I think that was her point. Much has been made of the high proportion of students who are living at home with high income families who receive Youth Allowance in this category. Are you able to provide figures on how many students who receive independent Youth Allowance in this category, the workforce participation criteria, do not live at home, and how many are forced to leave their homes in order to access university study?

**Ms Paul**—I do not know what you mean by 'forced to leave home to access university study'.

**Senator NASH**—If there is not a university next door and you cannot go to university from home.

**Ms Paul**—Remote. I see.

**Senator MASON**—I did not mean they were being press-ganged, but to engage in tertiary study they are forced to leave home because there is no university nearby.

**Ms Paul**—Okay. I am not sure whether we have that figure.

**Dr Morehead**—At the moment there are around 122,000 students receiving the Youth Allowance student and in higher education.

**Senator MASON**—All right. Do we know how many are not living at home?

**Dr Morehead**—I will see if I have that.

**Ms Paul**—That will not give you the answer to the question. It will say how many are not living at home, but it will not say whether they had to leave.

**Senator MASON**—I know, but there are two parts, sorry. I admit that the second question is a difficult question to answer; I accept that.

**Dr Morehead**—I will take that one on notice.

**Senator NASH**—If you are taking that on notice, could you find out if you have any regional breakdown of those numbers, and if so, could you include that in your response?

**Dr Morehead**—Yes.

**Senator Carr**—And how many parents wanted their kids to leave home? Do you have that as well?

**CHAIR**—Is that rhetorical? What are you trying to tell us?

**Senator MASON**—You are not referring to my parents, are you, Minister?

**CHAIR**—I hope your children are not listening to this.

**Senator NASH**—The rest of the country is.

**Senator MASON**—I think Senator Nash's question in a sense will partly address the second question I asked about students having to leave home to access study. If there is a regional breakdown, at least we could have some idea of whether students had to leave home.

**Senator NASH**—If there is not a regional breakdown, perhaps you could provide for the committee why it is not done?

**Ms Paul**—Yes. We can probably take that on notice. I think the tricky part will be to try to get to young people who had to leave, but we can try to do some analysis of the remote and regional.

**Senator MASON**—I note that the government's response to some of the criticism that has been made about the Youth Allowance changes has been to talk about the more generous parental means test which will allow more people to claim some level of Youth Allowance under that category. However, to receive Youth Allowance under the means test category, there are a number of other tests that the student must pass as well—parental assets and so forth. Can you just detail what they are?

**Dr Morehead**—Currently to receive the full amount of income support, which is the full rate of Youth Allowance, the cutout for the maximum rate of payment is \$32,800 for a family.

**Senator MASON**—But in relation to the new arrangements.

**Dr Morehead**—If your family income at the moment is over \$32,800, then your amount of Youth Allowance that you receive starts to drop; it tapers off. Under the new rules, that will rise to \$42,559. That will increase the number of students able to receive some amount of income support by about 68,000.

**Senator MASON**—Are there other criteria that have been added as well such as a parental means test?

**Dr Morehead**—In effect, that is a parental means test because what we are saying to a student is—

**Senator MASON**—What about assets?

**Dr Morehead**—For example, if you have a farm, then you can have around \$2.2 million worth of assets and under that still be included. That is the assets side of it. But then you will be tested on your actual earnings that are coming into the household.

**Senator MASON**—Assets and earnings.

**Dr Morehead**—As well as assets, yes. We are increasing that amount.

**Senator NASH**—Just so we are clear on that, any assets up to \$2.2 million for rural are not considered, so it is only over \$2.2 million?

**Dr Morehead**—Yes. I will just check that for you. I will come back to that in a minute.

**Senator BILYK**—In regard to the parental income test, the average household income is lower in the regions than in metropolitan areas. According to the Household, Income and Labour Dynamics Australia survey release of 2009, the average annual household wage and salary income for 2007 is \$77,734 for major urban and \$54,500 for the balance of the country. Can you explain this to me, and what it actually means for students who come from regional areas under the new system?

**Dr Morehead**—Yes, you are correct that families in non-urban areas are more likely to have lower household incomes than families in urban areas. That means that families in non-urban areas are more likely now to be able to have their dependent child receiving some form of income support than used to be the case. It used to be the case that parental income tests meant that any amount of Youth Allowance would cut out, for example, if you had two children 18 years or over living at home; it now cuts out at \$62,000 but it will cut out at \$106,279. If those two children were living away from home, it now cuts out at \$79,117, but under the new rules it would not cut out completely until \$139,388. What that does is include many more families, and it is biased towards families on the lower incomes. As we know, regional and rural families are more likely to be in that category, so it is of assistance in that way.

**Senator BILYK**—Can you just repeat those numbers to me again, what they would have received and what they will receive now?

**Dr Morehead**—If there are two students living at home who are 18 years or over on Youth Allowance, they can get some income support up until \$62,080 at the moment, if that is their family income. After that, they get nothing. Under the new system, that will change and rise to \$106,279. If those two children were living away from home, currently it cuts out at \$79,117, and under the new rules it would cut out completely at \$139,388.

**Senator NASH**—What actually are the new taper rates as you are coming down from the 49 to 139?

**Dr Morehead**—For example, if your parental income is \$42,559 or less, your child or children will get the full amount of Youth Allowance support, plus they will get the Start-Up Scholarship annually of \$2,245 each year for each of those children. This is a change; all

students will get the Start-Up Scholarship, so 100 per cent of students who are receiving any amount of income support. That is the benefits to families on \$42,559 or less.

**Senator NASH**—That is replacing the Commonwealth Education Costs Scholarship though, isn't it?

**Dr Morehead**—That is right.

**Senator NASH**—It is not an entirely new thing; one is going out and one is coming in.

**Dr Morehead**—Yes, that is right. The Education Costs Scholarship currently goes to 17 per cent of all students on income support. The new scholarship that is replacing that scholarship, which is the same price, will go to 100 per cent.

**Senator BILYK**—Do you have the figures for that? How many more students will actually therefore get this start-up scholarship than currently get it now?

**Dr Morehead**—It is that statement I just said. If you want that as a raw number, it is 133,700 more students receiving the \$2,245 each year of study than we currently have. Just going back to the point about the income taper, if the families on \$42,559 or below have, say, two students living away from home and both of those students are accessing rent assistance, the youth allowance payment and the scholarships that they are entitled to—

**Senator NASH**—You have to be getting youth allowance to get the rent assistance; is that correct?

[11.20]

**Dr Morehead**—That is correct, yes. So that family will be receiving about \$34,000 a year on top of their family income, \$42,559 a year or less, to help their children go to university. That is what it means under the new system. Going down, let us pick another figure of, say, \$60,000. If the family earned \$60,000 and they had those two same children that we are talking about, they would get about \$31,000 extra. If they were on \$80,000, they would get \$27,000 extra. If \$130,000 was the family income and they had two children such as I have described, they would get \$17,000 extra for the year. That is when you average out—

**Senator BILYK**—That is if they have to move away from home?

**Dr Morehead**—That is if they are moving away from home. They do qualify for rent assistance and those children will be on income support; they will get those scholarships. Averaging out over the year, that is how much that family will receive to help their children go to university. So you can see that, for a low-income family—that is, on \$34,000—they receive a payment directly from the federal government to help their children who have to move away in order to go to university.

**Ms Paul**—Did you mention the Relocation Scholarship?

**Dr Morehead**—The Relocation Scholarship within that is \$4,000 for the first year that you have to move away from home. For each year after you have already relocated, on the understanding that there are costs associated with living away from home, you still receive another \$1,000. That is the Relocation Scholarship.

**Senator NASH**—I might come back to that shortly.

**Senator BILYK**—Just on that issue, how many more Relocation Scholarships will there be than there is currently?

**Dr Morehead**—Yes, I have that figure. Next year there will be 6,100 more than what we have at the moment on the Commonwealth Accommodation Scholarship, which is a similar scholarship.

**Senator BILYK**—I am interested in knowing how people will actually receive that.

**Dr Morehead**—The overall amount is more than currently.

**Senator HANSON-YOUNG**—So it is \$4,000 in the first year?

**Dr Morehead**—Yes, and then \$1,000 in each following year. That scholarship will only be given to people who already have the start-up scholarship, which is 100 per cent of people on income support. For anyone on income support, you definitely get the start-up scholarship of \$2,245 per year that you are studying. At the moment only 17 per cent of students receive that. That is changing to 100 per cent. On top of that, you may also qualify for a Relocation Scholarship.

**Senator HANSON-YOUNG**—That is, you are getting youth allowance as a dependant. If you get youth allowance as an independent, my understanding from the briefing from the department themselves last week was that you will not get the Relocation Scholarship. You will get the start-up scholarship but not the Relocation Scholarship.

**Dr Morehead**—In some cases you can if it is impossible for you to live at home. There are a few cases but, generally, yes.

**Senator HANSON-YOUNG**—But, if you have worked to earn that independent assessment, you would not get it?

**Dr Morehead**—Yes, that is right.

**Senator HANSON-YOUNG**—So how many students will miss out?

**Dr Morehead**—That is a good example of how we are shifting the system. What we are saying is that, if you are independent and not reliant on your family income, you will get certain things. If students were dependent—because we are taking much more into account with the need to lift the people from low SES backgrounds to be able to afford to go to university and to keep that within the funding envelope—what we have done is make sure that those students get a lot more assistance.

**Senator MASON**—I have a couple more questions and then I am happy to yield to my colleagues. On the issue of students who are currently in their gap year, if the implementation date for the tightening of the workforce participation test were to be changed from 1 January 2010, which is the current proposal, to 1 January 2011—in other words, put back 12 months to ensure that it is not retrospective in effect, which I think is what Senator Hanson-Young was arguing—what would be the cost to the budget?

**Dr Morehead**—I cannot answer that.

**Senator MASON**—Would you take that on notice? It is a very important question.

**Dr Morehead**—Yes.

**Senator HANSON-YOUNG**—Do you mean: how much out of that \$1.8 billion that has been put aside would be sacrificed if the date was moved? Is that what you are getting at?

**Senator MASON**—Yes, fully costed.

**Dr Morehead**—Yes. So, for example, what you are asking is: if we took money from where we have put it, how much money would we need to take in order to fund that?

**Senator NASH**—The senator is asking: if the start date is 1 January, so if that date is postponed for 12 months, what is the cost going to be?

**Senator MASON**—How much will it cost?

**Dr Morehead**—Yes, okay.

**Senator MASON**—And that is on notice?

**Dr Morehead**—Yes.

**Senator MASON**—I am very close to finishing. I am not an expert on this area; I just wanted to put those points on the record. I have one last point, Dr Moorehead. This seems, in a sense, to be counterintuitive. I understand that, to assist low socioeconomic status students to attend university, the government would look at the parental income test and so forth. What jarred with me when I read the government's proposal, when we are talking about increasing access and equity, was moving the age of independence from 25 to 22 incrementally over the next few years. How does that help disadvantaged students more than, let us say, non-disadvantaged students? Can you explain that? I do not understand that.

**Dr Morehead**—Yes, I can. At the moment with the independence criteria, we have the three ways that you can become an independent student—that is, cut your ties from your family income. You can do it by working at least 18 months full time, which we are saying is 30 hours a week since leaving school over a two-year period. That criterion is staying.

**Senator MASON**—I understand that.

**Dr Morehead**—Another way you can do it currently is to work part time for two years after leaving school, or to earn \$19,532 in 18 months after leaving school. Under the new rules, those two will go.

**Senator MASON**—I understand that.

**Dr Morehead**—If you are asking what types of people they will be, what we found was that—and there was an article by Bruce Chapman yesterday that went into this again—many students from high-income families, and we are talking over \$150,00 or \$200,000 a year, were doing it that way and staying at home.

**Senator MASON**—I understand that.

**Dr Morehead**—Once you are independent, we do not ask, 'Do you live at home or not?'

**Senator NASH**—Perhaps that is exactly what we should do.

**Senator MASON**—I understand that, but my point is: how will changing the age of independence from 25 to 22 proportionately assist disadvantaged students?

**Ms Paul**—It is because they will not have to wait until they are 25.

**Senator MASON**—As simple as that?

**Ms Paul**—There is a category of students who actually do not put themselves through all of the other things, and they wait until they are 25. That will not be the case any longer. So it is just one of the full range of things. But there are students who have done all of the other things, of course. Intriguingly, this is actually an area where we have had an enormous amount of representation, for example, from the National Union of Students and a whole range of other groups. There are a whole lot of young people who do not do all of the independence work et cetera and did not actually have access until 25 who will now have access at 22.

**Senator HANSON-YOUNG**—But not for another for four years.

**Ms Paul**—Quite so.

**Senator MASON**—But the argument of the government is that this will proportionately assist disadvantaged students by reducing the age from 25 to 22.

**Ms Paul**—Yes. It lifts an age barrier that is currently there. So, instead of waiting seven years, they wait four years.

**Dr Morehead**—What it means is that those students will get the full amount of income support and will not have a parental income test taper applied. So, even if their low family income starts to increase—say, if their parents start earning a bit more money—no parental income test taper will apply to them.

**Ms Paul**—The full payment is of course means tested, so these will be people who have met all of the other criteria. I am just describing the way that this measure contributes—

**Senator MASON**—Sure. I am interested in this, but it just jarred with me. I did not understand why that would proportionately help disadvantaged students.

**Ms Paul**—Yes, and the answer is that it particularly will assist those students who have not met any of the other criteria.

**Senator HANSON-YOUNG**—But it is not discriminatory between those coming from a high-income family and someone who does not.

**Senator MASON**—No.

**Senator HANSON-YOUNG**—And that is the question: if these changes are being made to target people—

**Senator MASON**—Disadvantaged students.

**Senator HANSON-YOUNG**—in the disadvantaged student group, bringing the age gap down does not necessarily target them. This is available to everybody.

**Ms Paul**—But this is a means-tested payment—

**Senator HANSON-YOUNG**—Not once you are 22.

**Ms Paul**—so these are targeted payments—

**Senator MASON**—But it is not, though.

**CHAIR**—Hang on. I am very happy to deal with this issue in a round table sort of a way, but people have to participate and allow the officers to fully answer each question as it is put if we are going to do it that way. I am happy to try it, but if it is not working we will go back to individual senators' questions.

**Senator MASON**—I am nearly finished.

**Dr Morehead**—I might just say that by the time—

**Senator MASON**—But you understand my point, do you not?

**Dr Morehead**—I did. By the time—

**Senator MASON**—If you are independent, there is no means test.

**Dr Morehead**—That is right.

**Senator MASON**—So how is that targeted assistance to the disadvantaged?

**Dr Morehead**—Because you are 22 years old. If you think about university students now, how old would a child be when they start university straight after year 12? But what it is doing is lowering the age of independence to 22—not 15, 16, 17, 18, 19, 20 or 21, but 22.

**Senator MASON**—Yes.

**Dr Morehead**—So disadvantaged students can get access to more income support before they reach that age, and then anyone, once they reach 22, can access it. In many other countries, 22 is considered to be an age of independence. By the time you reach 22, you probably are already independent of your parents anyway, so at 22 years old you can access the full amount of income support.

**Senator NASH**—Just to be absolutely clear: the only advantage of that to a disadvantaged student is that they can access it three years earlier. It is as simple as that, isn't it—going from 25 to 22? The only advantage for those disadvantaged children is that they can kick into that criteria at 22.

**Dr Morehead**—Let us look at a family on \$50,000 for example. At the moment, if a family's income is \$42,559 or less, that dependent child under the new rules will get the full amount of Youth Allowance. At anything over that, it starts tapering.

**Senator MASON**—Sure, I understand that.

**Dr Morehead**—We may agree that you would still be low income above that. When the new rule comes in, of age 22, anyone over that \$42,559—of course, that figure will be higher by then because of indexation, but anyone over that tight measure—will be able to get the full amount of Youth Allowance. So I guess what we are arguing about is \$42,559; yes, it means that students are still coming from low income families above that rate. They get substantial amounts, but they do not get the full amount of Youth Allowance. By lowering the age of

independence, we are meaning that the full amount of Youth Allowance is able to be given to someone once they reach 22.

**Senator MASON**—Yes, I understand. In other words, disadvantaged students get the money earlier. I accept that. In a sense, that assists them; I accept that. But it does not assist them any more than it helps anyone else from the middle class. That is the problem.

**Senator CASH**—It is not targeted.

**Senator MASON**—It does not seem to be targeted to assist disadvantaged students; it is the same rule for all.

**Dr Morehead**—Yes.

**Senator MASON**—There is no means test at 22; we all get it, whether you come from a middle class family or a disadvantaged family. That is the point we are trying to make.

**Dr Morehead**—Yes, it is an interesting debate, because on the one hand we are asking for more people to be allowed to be independent, but on the other hand we are saying: if we allow people to be independent at 22, what sort of targeting is it?

**Senator Carr**—It reverses a decision of the Howard government to lift the independent age to 25 which, by international standards, was right off beam. Now, 22 is the established figure around the world. What this does is basically restore some equity to the scheme.

**Senator MASON**—But it is not about equity, Minister.

**Senator Carr**—Senator, it has to be seen in the context of all of the other things that are going on. You are concentrating on one particular aspect, but the whole measure needs to be looked at.

**Senator MASON**—Yes, but that is why I am—I think I did say, to be fair, Minister, that the point that was jarring me, and that is the word I used, was this particular aspect.

**CHAIR**—That is right, and I think you are accepting that as a package of smaller measures—

**Senator MASON**—I am.

**CHAIR**—and you are just investigating one element of it.

**Senator MASON**—I am. You have been following the argument, I know, and you understand—

**CHAIR**—That is right. But you cannot judge it as a lone issue.

**Senator MASON**—All right. I have had a fair run; thank you, Chairman.

**Senator BILYK**—I have some questions, just for some clarification, on the income test. What is the personal income test being raised to?

**Dr Morehead**—Sorry—the personal income test, as opposed to the parental?

**Senator BILYK**—Personal, yes.

**Dr Morehead**—This is how much a student is allowed to earn themselves, through part-time work, before their youth allowance starts to taper off. At the moment, a student on income support can earn \$236 per fortnight, and anything they earn over that starts reducing their income support payment. We are changing that in 2011 to make that \$400 per fortnight. So students who are working part time while they are at uni and receiving their income support can earn \$400 a fortnight before it starts to have any effect on their Youth Allowance payments.

**Senator BILYK**—How many students do we think will benefit from that?

**Dr Morehead**—Over 60,000.

**Ms Paul**—The number I have here is 61,480.

**Senator BILYK**—Besides the obvious benefit of having an increase in the monetary value when that kicks in, what other benefits do we think will come as a result of those changes?

**Dr Morehead**—Do you mean the overall changes?

**Senator BILYK**—Yes.

**Dr Morehead**—If we think there are around 500,000 university students under 25 who are doing undergraduate study, next year about 167,000 of uni students under 25 will be receiving some income support, and that obviously also means the \$2,245 per year of the start-up scholarship. It is a substantial package. It has broadened out, obviously, the number of people who are able to get some income support, very substantially. Just by raising the parental income test from the \$32,800 to \$42,559, it opens up Youth Allowance to 68,000 new students that way. We are certainly increasing the number of people—yes, from low SES backgrounds—who are able to access support while they are at university. As I said, it can range very substantially due to our much more generous taper rates—that is, due to allowing many more families to receive at least some Youth Allowance support for their child. So even a family on \$130,000 per year of the family's income, if they do have those two students 18 years-plus living away from home, would get around \$17,000 per year for support for those two children, rising to \$34,000 support directly from the federal government for the families on \$42,559 or less who do have those two students that I have described.

**Senator BILYK**—Thanks for that clarification.

**Senator CASH**—It was interesting to listen to those benefits that are arising under the changes to this scheme. I actually want to turn to the impact of the proposed changes on rural and regional families, and in particular in relation to the changes to the workforce participation criteria for establishing independence. Before I do that, I want to clarify the program objective of tertiary student assistance, as set out in the portfolio budget statement:

It acknowledges the financial difficulties that some students and their families may experience in undertaking higher education and vocational education and training. Measures to encourage and assist young people to remain in education and training are an important part of the government's strategy in achieving its targets.

Is that correct?

**Dr Morehead**—Yes.

**Senator CASH**—And if we turn specifically to what is said in relation to Youth Allowance: it provides support for full-time students and Australian apprentices aged between 16 and 24 years who are in need of financial assistance to undertake secondary or tertiary education or training, including approved masters by coursework programs. That is correct as well?

**Dr Morehead**—Yes.

**Senator CASH**—Minister, prior to the announcement by the government that it would be making these changes to the workforce participation criteria for establishing independence under the Youth Allowance, did the government undertake any consultation with rural or regional students?

**Senator ADAMS**—I think I asked that question last night.

**Senator Carr**—Senator Hanson-Young has been quite accurate.

**Senator CASH**—She was, and that was at a different outcome yesterday. I was not given the ability to ask those questions yesterday, and I am going to sit here and ask these questions here today under this outcome.

**Senator Carr**—Senator Cash, do not let me stand in your way of time wasting. Why would I do that?

**Senator CASH**—We have until 11 pm tonight to discuss the issues that affect rural and regional Western Australians.

**Senator Carr**—Do not worry. No matter how many times we ask the same questions, you will get the same answers.

**Senator CASH**—Okay. Did the government undertake any consultation with rural and regional people prior to announcing this change?

**Senator Carr**—I am sure you are familiar with the Bradley review process. I am sure you are aware of just how extensive the consultations were. I am sure you are aware of just how many submissions were put to that process, and the number of workshops and other forms of engagements that occurred. So, yes, the answer is the government did have quite extensive discussions with student groups, with rural universities, with educational institutions right throughout the length and breadth of this country.

**Senator CASH**—I am exceptionally pleased to hear that, Minister.

**Senator Carr**—You would have heard it yesterday too.

**Senator CASH**—Would you please now outline the feedback that was given to you by rural and regional people in relation to the specific changes to workforce participation criteria for establishing independence under Youth Allowance?

**Senator Carr**—I will take that on notice, thank you.

**Senator CASH**—You will take that on notice? So, for all the rural and regional people listening in currently, because there are thousands across Australia doing that—

**Senator Carr**—I am sure there are millions—

**Senator CASH**—You are going to take that on notice?

**Senator Carr**—Millions of people hanging off every word.

**Senator CASH**—Well, there are. Amazingly, today there actually are, because this directly affects those people. Minister, since the announcement of the proposed changes that I have referred to, has your department become aware of any concerns rural or regional students have with the proposed changes to the youth allowance?

**Ms Paul**—Perhaps I can take that on. We really will need to go to the consultations arising from the Bradley review, which went on for a long time. We may have received representations—I do not have them here, though—so I am happy to take that on notice and get back to you about the range of representations that we might have received.

**Senator CASH**—Okay. At this particular point in time, you are not sure if the minister or the department has received representations from rural or regional families or students post the budget announcement?

**Ms Paul**—We may have, but I do not have that information with me here.

**Senator CASH**—That is okay.

**Senator Carr**—Senator—

**Senator CASH**—Are you aware of any—

**Senator Carr**—Can I just try to answer your question? The secretary has indicated that the question will be taken on notice, but I am sure, given that there are so many thousands of people listening into this broadcast, they would also be aware that 68,000 extra dependent young people in rural areas will now receive access to youth allowance or ABSTUDY through these more generous parental income thresholds, and around 34,600 will receive a higher rate of payment as a result of the government's changes. From 1 January 2010, rural students with parents earning up to \$42,559 will receive the maximum rate of payment, up from the current threshold rate of \$32,800 for youth allowance and ABSTUDY payments, and of course we will be able to see a quite significant improvement for rural and regional students.

**Senator CASH**—Thank you for reading that out from your script, Minister.

**Senator Carr**—I am just saying that because we need to inform those thousands of people listening in to this.

**Senator CASH**—I would also like to bring to your attention, because Ms Paul has stated on the record that the department is not aware—

**Ms Paul**—I did not say that.

**Senator CASH**—whether or not—

**Ms Paul**—I did not say that, actually.

**Senator CASH**—there have been any representations received post the budget announcement from rural or regional families in relation to the impact of these changes—I find that very difficult to believe, because Wilson Tuckey—

**Ms Paul**—That is because I did not say it.

**Senator CASH**—at 4.30 pm today is going to table a petition with over 6,000 signatures that he has received in the last two weeks.

**Ms Paul**—Actually, perhaps I can assist. I did not say that. I said I did not have it here.

**Senator CASH**—Can you clarify what you have said?

**CHAIR**—Ms Paul will clarify.

**Ms Paul**—In the point where you were having a conversation with the minister a minute ago, I am advised that, yes, we are aware of a range of concerns. It actually goes to the point that Dr Morehead made quite eloquently last night, I think, in answer to questions from Senator Hanson-Young, that we are quite concerned that there is a deal of misinformation out there. Dr Morehead said last night—and I cannot remember whether or not you were in the room, Senator—that there is quite a lot of misinformation out there about whether people would be cut off youth allowance all together, which is not the case, and a range of other areas. We talked last night about the importance of getting out there. There is a significant challenge for us to get out there with the right information that a whole range of areas are expanding, that there are a whole lot of areas here which assist all students, including rural—and some particularly go to rural, like the relocation scholarship and so on. That will be a challenge for us but—

**Senator CASH**—Okay; I appreciate that, Ms Paul, but I would just like to pick up on the fact that you said that you do need to get out there with the correct information because there is a lot of misinformation. In relation to this query from a student in Western Australia, I would like to know what the correct information is: ‘I am most upset about the changes to the youth allowance eligibility criteria. I am in my gap year and deferred my place at UWA in podiatry and am working full time in order to qualify for the allowance. I did this in good faith and now find that I may be ineligible or have to take another year off and risk losing my place at UWA. I feel this is very unfair to students who are from rural areas and are already in their gap year. We have no choice but to move to Perth to pursue university courses such as podiatry.’ What is the misinformation there?

**Senator Carr**—I think we almost had the same letter read out last night. How many times, Mr Chairman, do we allow senators to—

**Senator CASH**—It is amazing when an issue is so important to people in Australia that it needs to be raised, Minister.

**CHAIR**—Senator Cash, it might be actually just as helpful if the officers can have a copy of it and we get a response to it, but I hope we are not going to go through a million letters seeking a response here.

**Dr Morehead**—Obviously the first thing we would ask that person is what their family income is.

**Senator CASH**—Could we forward you all of the names from the petition, the 6,000 names, this afternoon so that you can actually ask those people?

**Dr Morehead**—What we can certainly say to those people is please look on the website and look at the tables and look at the family income taper rates and look at the rules. Rather than worry and ask, ‘What am I going to get?’ go to the place where you will be able to be assisted with knowing what the rules are and look at the fact sheets that we do have on the website. I think a lot of people will realise that even families who are receiving \$139,000 a year may be eligible, and I imagine that would be around the range or perhaps below that of the person you are talking about. If her family income is \$200,000 or more in that situation, my answer would be different, but, if her family is earning \$139,000 or less and she is in the categories that I have described, she may well be eligible for assistance, even if she only gets a very small amount of youth allowance student as a dependent student, rather than the full amount that she might have thought she would receive. She will get the scholarships; she will be able to get the start-up scholarship; 100 per cent of students will be able to get the \$2,245 each year that they are doing their undergraduate study at university. She will be able to get that every year. As I say, there is a lot of misinformation, and I think if people are directed to the source and ask those simple questions, they can find the answers on the website to start with.

**CHAIR**—If someone looks at the website and is still unclear about the impact of the changes upon them, what is their next step?

**Dr Morehead**—They can ring Centrelink. Obviously these changes are going through the legislative process. This is not correct as in this is what you are definitely entitled to right now—the legislation is not passed yet—but Centrelink is certainly able to field queries and to talk to people about what the new rules, if they are passed, will be next year.

**Senator CASH**—To receive youth allowance under the parental means test category, my understanding is that there is a number of other tests that the student must pass too; for example, the parental assets test. Can you please detail what these other tests are? If a student came from, say, a farm valued at \$1 million, would that student be able to receive youth allowance?

**Ms Milliken**—At present there is a 75 per cent discount applied in assessing the business assets, including farm assets, for applicants for youth allowance. The general assets limit for families is \$571,500.

**Senator NASH**—Can you explain to me the difference between what Dr Morehead was saying earlier—the \$2.2 million would be exempt underneath—and what you are talking about now?

**Ms Milliken**—Absolutely; I am coming to that. Generally, for a family, the assets limit is \$571,500, but for farm assets—so for people in rural areas where there are young people from

small business and farming families—the assets limit is \$2.286 million at the moment. So a family with farming assets of less than \$2.286 million—

**Senator Carr**—How many million?

**Ms Milliken**—Less than \$2.286 million in terms of farming business assets, and they would be eligible for youth allowance, assuming they meet other eligibility criteria.

**Senator CASH**—Under the proposed budget changes to the independence test for youth allowance, students currently receiving youth allowance as a result of the current workforce participation criteria will be grandfathered and will therefore retain their youth allowance eligibility throughout their course. Is it proposed that they would then lose their youth allowance if they go on to pursue further study, such as a second degree, or if they transfer the university at which they are studying part-way through their course?

**Senator NASH**—That's a good question.

**Dr Morehead**—I will take that on notice.

**Senator CASH**—Just going back to the issues that have been raised by rural and regional students, on the basis that the minister has given evidence that consultation was undertaken extensively prior to this announcement being made, did the minister or the department ever consider quarantining the proposed measures from rural and regional students?

**Ms Paul**—We cannot answer that. That is the nature of advice.

**Senator Carr**—Senator, are you trying to suggest that \$2.28 million is too low an assets threshold?

**Senator CASH**—I am trying to suggest that when you look at the detail of the legislation—

**Senator Carr**—I just want to be clear about this. Are you trying to suggest that a family income—

**Senator CASH**—there are clearly consequences that you as a government have not considered and have a very, very serious impact on students in rural and regional Australia.

**Senator Carr**—And that 68,000 extra people are going to get a benefit out of this.

**Senator CASH**—What about the people who miss out?

**Senator BACK**—Chairman, with respect, it is not \$2.268 million of annual income.

**Senator Carr**—'Assets' is the word I used, Senator.

**Senator BACK**—No you did not, with respect; you used 'income'. If I can also refer to the question of assets, it is the fact that, whatever value a farm is, is it expected that people actually sell some part of the farm to actually get down under that threshold figure?

**Senator Carr**—Don't be ridiculous!

**Senator BACK**—Absolutely; I agree with you. I agree with you 100 per cent, Senator, it is ridiculous. It is not possible for someone to liquidate part of the farm assets.

**Senator Carr**—What we find with the Liberal Party is that they constantly berate the government about middle class welfare. We cannot of course entertain middle class welfare, but people who are on incomes of \$139,388 with two kids, you say is, what, too low?

**Senator BACK**—The question I addressed myself to—

**Senator Carr**—Or is it too high?

**Senator CASH**—We are asking the questions; you are not asking us the questions. It is for your department to justify why you are taking this decision in relation to rural and regional Australia—

**CHAIR**—Well, actually it is not up to the department to justify anything the government is doing. What we are here to do is ask questions about the program and about its impact—that is all fine—and political questions. But the department is not required to justify anything—in fact, it can't, and I will not allow it—of government policy.

**Senator CASH**—Thank you, Chair. Given the issues that have been raised by rural and regional students, will the government give consideration to either quarantining these measures so that they do not affect rural and regional students, or alternatively, just delay the introduction of the proposed measure until 1 January 2011?

**Ms Paul**—We cannot answer that, of course. That is a matter for government.

**Senator CASH**—I will hand over to Senator Nash.

**Senator NASH**—Can I clarify whether the \$2.286 million of assets includes plant and machinery?

**Ms Milliken**—It would. Could I also add that families in drought affected areas who are in possession of a drought relief exceptional circumstances certificate and receive the payment under the Farm Household Support Act do not have to meet the assets or the personal—

**Senator NASH**—Okay. You had better talk to DAFF, because apparently in their budget papers we are not having any drought after the middle of next year, so that does not necessarily apply.

**Ms Paul**—It applies currently.

**Senator NASH**—It currently applies, but if it is all running out in 12 months it will only apply for the next 12 months. This issue of the gap year I think is the one where there are some fairly serious concerns across a whole range of areas. I am sure when you go back to the department you will see that there probably has been some concern around this. How many students at the moment do you assess are currently taking a gap year with the view to qualifying for independent status to start next year?

**Ms Paul**—We would not know because these are people who have not yet even applied for income support.

**Dr Morehead**—We have done some rough estimates.

**Senator NASH**—I gathered there had been some rough work done.

**Dr Morehead**—Yes. We do not know. The simple answer is we do not know. A lot of surveys have been done with students who are at uni where they have been asked, ‘Did you take a gap year for the purpose of qualifying?’ and often you get results as low as two per cent when you ask that question. So, when you are asking students retrospectively, ‘Did you take a gap year?’ of all students on income support, for example, one survey result said that two per cent said that did. Our estimates would be that, by removing those two elements of the independence criteria and keeping in mind that there is still the independence criteria left, if you work at least 18 months full time—that is, 30 hours a week—since leaving school over two years, you will qualify for independence. But by removing the other two criteria, there could be around 30,700 prospective claimants. As Ms Paul said, we do not know, but there could be around that many who perhaps were planning to do that to gain independent status, even though they might still be living at home, or even though their families might be earning \$200,000 or higher. They are amongst that group.

**Senator NASH**—Okay. That is obviously an extremely significant number, the 30,000, and I take it that you cannot give us an exact figure, but we can use that just as a ballpark figure. Can I take you to the fact that those students—and say we use the roughly 30,000 figure—were advised and have taken on in good faith the opportunity to pursue the criteria available during their gap year. Where the issue is arising is that half-way through that gap year, they have now been informed that the arrangements will change. With the 1 January start date, it means that those currently in that gap year will not qualify—not only for those two but also, as you have just raised, Dr Morehead, as I look at it with the 18 months and 30 hours criteria, they cannot possibly qualify for that before 1 January either. So we are potentially looking here at 30,000 students who have done this in good faith and, as I understand it, have been advised by Centrelink and careers advisors at the end of last year that this was an appropriate way for them to be able to access that independent youth allowance. My question is: does the department understand the very significant problem that this will create for those students with the 1 January start date, because they simply will not be able to qualify?

**Dr Morehead**—It is important to realise that the 30,000-odd people who we estimate—and we have been as generous as we can in that estimation; those estimates may not be correct because we do not know how behaviours change or whether in fact this is exactly what will happen—are people from all around the country, from every type of family income background. Those 30,700 are not rural students from poor families; they are not rural students, struggling.

**Senator HANSON-YOUNG**—They are not just rural students is what you meant to say?

**Dr Morehead**—Yes. It is very important not to use the 30,700—if people are listening today, that is not rural students from struggling families.

**Senator NASH**—No, and I understand that.

**Dr Morehead**—It is around the whole country, and it includes people, for example, who are doing this and then would still live at home and do come from rich families.

**Senator NASH**—I completely take that point, which is why it is difficult. I understand that we do not have a—

**Ms Paul**—It is really important to—

**Senator NASH**—Can I just finish, Ms Paul?

**Ms Paul**—Sorry.

**Senator NASH**—I understand that we do not have a definite figure, but some of those students within that bracket are going to be rural and regional, and I would actually say that if there is one rural and regional student caught in this, that is too many. I do not think there is any particular amount of students that is possibly acceptable that will be caught in this gap year chasm, if you like, that they will not be able to qualify. I think an argument about what amount is okay and what amount is not does not actually apply.

**Ms Paul**—But do not forget, and we discussed this last night too, that we actually do not know—

**Senator NASH**—Sorry, can I just say on that, too, that we actually we were advised that today was the appropriate place, so that is why—

**Ms Paul**—That is fine, I am not commenting on that.

**Senator NASH**—Before we go down that road again of why were you not here last night, and this has already been asked and answered, we were actually advised that today—

**Ms Paul**—I was not going there.

**Senator NASH**—No, but the minister did, so I was just clearing it up.

**Senator Carr**—I will not hesitate to go there. But how many times do you want to go over the same ground?

**CHAIR**—Anyway, I think Ms Paul is about to answer it.

**Ms Paul**—I think the really crucial point here is we actually do not know how many of those young people who may have been planning their affairs to try to achieve this in that way will not now be eligible when they were not if they had not planned their affairs that way because the parental income test has gone up, or because of the age of independence issue and so on. The important thing that Dr Morehead was talking about before is for these young people to go on to the website and have a look at the information, because it may be that their families are within the \$139,000 income area, for example, so they may be eligible in ways of which they are not even aware. It is a concern to us that there is a lot of misinformation out there, as if these criteria were the only criteria to gain access to income support, which of course has never really been the case. The criteria to gain access to income support have actually been loosened up and broadened.

**Senator NASH**—I take all of those points. I am focusing on the immediate issue of those in the gap year. Obviously something like the 22-year age will not kick in for these people. Given the amount of correspondence that I have had from rural and regional students and their families who are now aware of what the new arrangements will be and have ascertained

that they will fall out of those new brackets—and I accept that some of those arrangements have changed and some will fall into those new brackets—there is a significant number of students who will not fall into those new brackets who are currently caught in this situation of the gap year that they have started in good faith and they now will not qualify for independent. What I am trying to ascertain is simply, shouldn't some arrangements be put in place for any unintended consequences that have occurred as a result of these changes, particularly if they are indeed unintended—and I am hoping they are unintended—that will impact on these students, and simply fix it by perhaps moving the start date or quarantining those particular students?

**Ms Paul**—Once again, we would say that the really, really important thing for these people is to try to get the full suite of information from the website in the first instance and from Centrelink.

**Senator NASH**—I accept all of that.

**Senator Carr**—A question has been raised about where people can get additional information. There is actually a hotline that can deal with individual cases, and that is 132490 for all of those thousands of people listening into this broadcast.

**Senator NASH**—Thanks for the advertisement, Minister; I am sure they will be very happy to hear that.

**Senator Carr**—People can check their individual circumstances against the new criteria because, as far as the department is concerned, we believe there are actually increased opportunities here—68,000 extra people who get benefits.

**Senator NASH**—Minister, I have already accepted that, but you are talking particularly with that 68,000, the bracket between around that 30-something to 40-something, and I accept that that is what the department's numbers are. That is fine. I am not talking about those people; I am not talking about that particular area. I am talking about the fact that there will be beyond any doubt some students who are currently taking the gap year who will not fall into any of the new criteria. They did not fall into any of the old criteria. They will not come under the new criteria, because they are fairly smart out there and they do not necessarily need to go to the hotline. They have been able to figure out from the information that has come from the budget that they will not fall into that criteria. My question is, surely something needs to be done to address these people who have—as I say, it may be by unintended consequences—fallen into an area where they do not qualify and have taken advice in good faith to embark upon that path, and should that not be rectified?

**Senator Carr**—You are making a number of assumptions. What you are failing to acknowledge is that, of these people, many will automatically qualify. That is why we are suggesting that people should not rely on National Party propaganda; they ought to actually go out and find out what is actually going on.

**Senator NASH**—It is very boring, Minister.

**Senator Carr**—I just do not understand why you are trying to deprive people of their income.

**Senator NASH**—Oh, that is pathetic, Minister.

**Senator Carr**—That is what you are doing here. You are suggesting to them that they are not entitled to this money when they are.

**Senator NASH**—That is absolutely pathetic.

**CHAIR**—Does the department have anything to add?

**Dr Morehead**—It is probably worth going back to the independence criteria. There are currently the three ways that you can become independent. I would like to stress that what is not changing is that, to gain independence, you have to wait a minimum of 18 months. That is not changing.

**Senator NASH**—No, but the lump sum payment for earning the \$19,000 is, and a lot of these students have embarked upon it on that basis, and particularly from a rural and regional perspective, when you have things like harvest and sowing where a whole lot of the work comes at one particular area, it is not going to be across an 18-month period.

**Dr Morehead**—Even though you might earn it in one week, if you have someone who will give you \$19,000 for working on your farm—

**Senator NASH**—That would be impressive.

**Dr Morehead**—I do not know; some children can—

**Senator HANSON-YOUNG**—These are 17- and 18-year-olds.

**Dr Morehead**—Yes. So taking that as an argument, it might take them a long time to earn the \$19,000, or it might take them a very short time, but you are saying it would probably take them a long time to earn the \$19,000.

**Senator NASH**—So why not plan for it?

**Dr Morehead**—Most of them will take a long time to earn the \$19,000, I assume, unless they do have a job where they can earn that in a couple of weeks. But they still would not be able to access income support for 18 months. So they do not start receiving their independent rate of income support until an 18-month period has finished.

**Senator NASH**—Which is technically, though, from the end of leaving school to the 18 months—

**Dr Morehead**—Yes, so it is around May.

**Senator NASH**—There is no wriggle room really at all.

**Dr Morehead**—It is around May when they would start receiving, but just to be clear with what we are doing with the independence criteria, we still have an 18-month rule remaining. It is that you work on average 30 hours a week, not that you can earn a certain amount of money within an 18-month period. For example, I know you are saying it would take most students a long time to earn that. There are some students, however, who are living at home who would earn that money quite quickly but are clearly dependent on their parents. For example, they might purchase something with that money or whatever, but they are clearly

dependent on their parents who, at the moment, then get the full rate of income support from the government as independent. That is the point.

**Senator NASH**—I do not have an issue, and I accept that that happens, but I am particularly focusing on the rural and regional. Am I correct in assuming that, if you are a student and, as you say, you have done that entire 18 months, up until this point in time, you may well have only done the 15 hours, so if the criteria changes on 1 January to 30 hours, you are out, forget it, you do not qualify.

**Ms Paul**—I suppose the point here is that the news is now out there and people can work it through.

**Senator NASH**—It is too late.

**Dr Morehead**—If I could just clarify, Senator, that if you are working part time at the moment, you have to do it for two years, with a minimum of 18 months, which is the \$19,500—

**Senator NASH**—Which is the new?

**Dr Morehead**—Part-time people at the moment would work for two years since leaving school. So it is not that group, presumably, in that two years since leaving school. Just to clarify what we are doing: students can still gain independence against the independence criteria, working full time for 18 months. That probably gives a good indication that the child is independent from their parents if they are 30 hours a week, full time for 18 months. So, in terms of saying, ‘What would be a real test for someone to be considered independent, that is, able to live without their family income?’, that is the rationale behind changing those criteria.

**Senator NASH**—I understand the rationale, but the practicality of it delivering out on the ground means that people are going to get caught in this gap year and they are not going to qualify, but I am happy to leave it at that.

**Ms Paul**—Can I just clarify some of our evidence, too? Dr Morehead said that some surveys had suggested that perhaps two per cent of people are in this situation; on the other hand, the higher figure was something else, and I am told that two per cent is about 3,000 of commencing students.

**Senator NASH**—Okay. Let us say it is 3,000 students. As I said before, I think one student—

**Senator HANSON-YOUNG**—Surely that could not cost much to actually give them—

**CHAIR**—Excuse me, Senator Hanson-Young.

**Senator NASH**—Exactly. I think one is too many, let alone 3,000. The minister will probably be interested in this. On 13 March 2008, Minister Julia Gillard said:

I am announcing a new long-term goal for our post-secondary education system: guaranteed access to higher educational skills training for every young Australian with the talent and willingness to give it a go.

If we have 3,000 students likely to fall into this gap-year net where they are not going to qualify, doesn't that fly in the face of what the minister said?

**Senator Carr**—We do not know if that is right. If students—

**Senator NASH**—I am just going on the advice of your departmental officers.

**CHAIR**—Ms Paul did not say that the full 3,000 would fall into that category.

**Senator Carr**—That is right.

**Ms Paul**—It just illustrates that it is hard to pin down, because these are people behaving in a certain way.

**Dr Morehead**—It is very hard to pin down. People might be doing something this year, and they might be doing it for a number of reasons. They might have really wanted to have a break. A lot of students want to have a break after year 12. They might want to travel; they might be earning some money. We have generously estimated that there would be 30,700. A lot of students say they are having a break or going overseas or going to the city. They might be doing it to reach the independence criteria. The absolute lowest it could possibly be would be around the 3,000 mark. That is if we cut out all of those people who are having a gap year for a number of reasons, one of which may be to qualify for the independence criteria. We are saying that, in a generous estimate, there could be 30,700. If we drilled right down, maybe we would find that they have 10 reasons for taking a gap year. As to behavioural intentions and what someone does after they have studied for 12 years, there is as we know a culture in Australia of people taking a break prior to commencing university. There are often complex, intertwining reasons as to why they take that gap year, and we have said that our generous estimate is 30,700.

**Senator NASH**—As I have said, I appreciate the difficulty of actually drilling down and determining the different areas, but I do not think we can get away from the fact that some are going to fall—

**Senator Carr**—But that assumes that their parents earn more than \$100,000 a year—and it is \$139,000 if you have two children aged 18 to 21. That is the income level.

**Senator NASH**—With respect, that is a tapered down rate, as compared to the independent rate, which is the full rate. By the time you get to \$139,000, it is tapered right down.

**Senator Carr**—From \$139,000 down to \$100,000 a year—for most Australians, that is an extraordinary amount.

**Senator NASH**—It is not apples and apples.

**Senator HANSON-YOUNG**—Minister, that is the misinformation that is being peddled by your own government.

**Senator NASH**—That is exactly right. Senator Hansen-Young is absolutely right.

**Senator Carr**—What we are saying is that the bulk of those people will actually automatically qualify under this scheme.

**Senator HANSON-YOUNG**—But you cannot tell us the bulk of those people.

**Senator NASH**—You cannot even tell us how many there are, let alone the bulk of them.

**Senator Carr**—That is why we are suggesting that people should individually check their entitlements rather than listen to this political hysteria.

**Senator NASH**—It is not hysteria. We have just been informed by the department that you do not know what the number is, and now you are telling us that the bulk of them will actually fall into the new arrangements. I do not see how you can possibly ascertain that, when you have already said that you do not know what the numbers are.

**Dr Morehead**—I think the message to get across to the students is that if you are in the category I described—a family with two students away from home who are both 18 years old or more—at the moment, you get no support from the government once your family income reaches \$79,117.

**Senator NASH**—Yes, I know; we have been over that ground.

**Dr Morehead**—You will now get assistance from the federal government until your family earns \$139,388. You will not get the full rate of youth allowance; you will get the Start-Up Scholarships which previously only 17.7 per cent of people on income support got at university—and now 100 per cent will get.

**Senator NASH**—I think we have covered all of that ground.

**Senator Carr**—You find this inconvenient. You say we have covered this ground.

**Senator NASH**—No, I am trying to save the committee some time.

**Senator Carr**—The fact is that you are peddling misinformation.

**Senator NASH**—I am not peddling information; I am asking questions.

**Senator Carr**—The officers have said to you that more people get a benefit, not fewer.

**Senator NASH**—If you had any respect for regional communities, you would try to answer these questions rather than just bluff and block.

**CHAIR**—Anyway, the questions have been asked, and it is proper to have the full answer about what is happening. There is no problem with that. Have you wrapped up now, Senator Nash?

**Senator NASH**—I just have a couple of extra questions.

**Senator BACK**—Can I just have a point of clarification. Dr Morehead, in your response a few minutes ago on hours of work, you mentioned ‘an average of 30 hours per week’. Can I just confirm that to be the case. As we all know, in country areas the chance of anybody actually getting a regular weekly job at the local shire or in the local shop—if there is one left—is minimal; whereas, of course, the nature of farming is such that, while a crop is going in, or a crop is coming off, there is tremendous opportunity for young people to get employment in agriculture and actually accumulate those hours. Could you confirm for me that it is an average of 30 hours per week, so that people can have some degree of hope with regard to their employment opportunities in the bush?

**Dr Morehead**—I will take that on notice—whether it is exactly 30 hours or whether you can work 35 hours in one week and 25 in the next.

**Senator BACK**—It could of course be 90 hours for a number of weeks while a crop is going in.

**Dr Morehead**—Sure—or some variation on that. We will take that on notice.

**Senator BACK**—Thank you. It is a very important issue for people in the bush.

**Senator NASH**—It is interesting that you do not have that information here. I thought that would have been a fairly simple piece of information to have—whether that 30 hours is an average. Given that it is such a key criterion, perhaps one of the officers might be able to have just a quick look and see. I am sure it would be written somewhere. Perhaps one of the officers could do it now.

**Dr Morehead**—We will check and get back to you on that.

**Senator NASH**—Is the 30 hours a week for 18 months in a two-year period?

**Dr Morehead**—Yes, that is correct—since leaving school.

**Senator NASH**—One of the real concerns about this—and this has actually been raised by the vice chancellors of universities—is that you are then looking at a two-year deferment rather than a one-year deferment. As I understand it, the universities only grant deferment for a one-year period at the moment. So the criteria actually mean that a student would have to defer for two years. Is that correct?

**Dr Morehead**—I am not sure about the deferment rules. I understand that the deferment rules are along those lines. The intention of the policy was to stop those students being able to claim youth allowance under the independent criteria; that is exactly how we are making savings to direct more towards low SES students. So, yes, it is the intention of the policy.

**Senator NASH**—I did not quite follow that. What is the intention of the policy to make it two years?

**Dr Morehead**—The intention of the policy is that, within that gap year after leaving year 12, where they are doing a variety of activities and having a break from study, they cannot qualify and say that they are financially independent from their parents by earning the \$19,532.

**Senator NASH**—So the specific intent is to make the student wait two years before they can start?

**Ms Paul**—No. We talked before about—

**Senator NASH**—That is a general question; I am trying to clarify the intent of the policy.

**Ms Paul**—The overall point of the measure is to target assistance to the most disadvantaged families. I think we have been around that before.

**Senator NASH**—I understand that.

**Ms Paul**—It is not the point of the measure that they have to wait two years.

**Senator NASH**—I should have put that a different way. But the result of the measure is going to mean that you will have to wait two years if you choose to try and qualify through that criterion?

**Ms Paul**—Against that criterion, yes.

**Senator NASH**—So it will definitely be two years.

**Senator JACINTA COLLINS**—Two years, or 18 months potentially?

**Ms Paul**—I presume you could start at the end of 18 months. You could start at the end of 18 months if you wished to.

**Senator NASH**—But, as it is only a one-year deferment, you would have to reapply even for that next six months?

**Senator HANSON-YOUNG**—Yes, and they often apply as a mature-age student.

**Ms Paul**—We can check that for you.

**Senator NASH**—Which is also a significant problem, I would imagine. Do we have any figures on the likelihood of students going to university after having one year off after school as opposed to two years off?

**Ms Paul**—I am not sure. I think we would probably have to take that on notice.

**Senator NASH**—You can take that on notice. If the decision has been made to require a two-year period without the work or the information necessary coming forward to determine if that is going to have a severe impact—

**Ms Paul**—Yes, I cannot answer that.

**Senator NASH**—That would be great. I am very nearly done, Chair. Can I very quickly go to the Commonwealth Education Costs Scholarship. It is currently \$2,207. Is that right?

**Dr Morehead**—This year it is \$2,207.

**Senator NASH**—How does a student qualify for that, and for how long do they get the payment currently?

**Dr Perkins**—The Commonwealth Education Costs Scholarships are allocated to universities. They do the actual distribution. So students apply to the university to get the scholarship.

**Senator NASH**—How long do they normally run for? What is the process?

**Dr Perkins**—The ordinary scholarship runs for the duration of study, so four years.

**Senator NASH**—The Student Start-Up Scholarship that is going to replace that will also run for four years.

**Dr Morehead**—Yes, that is correct.

**Senator NASH**—Okay, so that will run for those four years as well. Just finally, can you confirm the arrangements of the old Commonwealth Accommodation Scholarships scheme. Was it \$4,400-and-something per year?

**Dr Morehead**—It was \$4,415 in 2009.

**Senator NASH**—That runs for a period of how long?

**Dr Perkins**—Four years.

**Senator NASH**—What are the amounts of the new relocation allowance over those four years?

**Dr Morehead**—The new relocation allowance will be \$4,000 in the first year, and then \$1,000 in subsequent years.

**Senator NASH**—So only \$1,000 in each of the subsequent years?

**Dr Morehead**—Yes.

**Senator NASH**—Doesn't that mean that students will be about \$7,000 worse off over the four years under the new program?

**Dr Morehead**—No, because they get the Start-Up Scholarship every single year as an entitlement—\$2,245.

**Senator NASH**—What if they had been getting the Education Costs Scholarship?

**Dr Morehead**—That is not an entitlement, so it is not something a student this year would be planning on because they would not know whether or not they were going to get that. When we talk about students planning, you cannot plan and expect you are going to get that scholarship. The university may have allocated you a scholarship in that instance, yes.

**Senator NASH**—If you take that point, and I would say there are probably some who would have got that Education Costs Scholarship who will be worse off. Even if you add the new Start-Up Scholarship of \$2,500 and \$1,000, they will still be \$1,000 worse off compared to the old Commonwealth Accommodation Scholarship, aren't they? Sorry, my maths might not be very good, but to me it still looks like they will be at least \$1,000 worse off in the subsequent years.

**Dr Morehead**—Those particular students would be, yes, but there are many more students who will be accessing those scholarships. So, what we have done is spread the money around more.

**Senator NASH**—So you are making more people happy with less?

**Dr Morehead**—Well, we are directing it towards low SES—

**CHAIR**—No; that is clearly not what is being said.

**Senator NASH**—With respect—

**CHAIR**—To make such a statement really invites the minister to give us another lecture on all the extra money that is actually coming into the system.

**Senator NASH**—No. All right, I will not put my own interpretation on it. If I can just clarify that there will be a number of students under the change of the arrangements who in the subsequent years after the first year, with the amalgamation of the Start-Up Scholarship

and the new relocation allowance, will be around \$1,000 or so worse off than they were under the old scheme for those particular areas?

**Dr Morehead**—For those particular students, yes, but keeping in mind that now people with family income between that old cut-off of \$79,000 and \$139,000 will be getting access to those scholarships for the first time.

**Senator NASH**—Thank you.

**Senator JACINTA COLLINS**—Can I just clarify that?

**Senator NASH**—I have one final question on notice, and then I am done.

**CHAIR**—Senator Collins can clarify.

**Senator JACINTA COLLINS**—I just want to clarify this point. You said a moment ago, didn't you, that many people who might be eligible do not receive this scholarship because it simply runs out?

**Ms Paul**—No. Because it is administered by the universities themselves, what happens at the moment—and Dr Perkins can elaborate on this as required—is that have had to have been accepted by a university to even apply for it. The problem with that is—students have had a problem with this for ages—that you have no idea whether you are going to get a scholarship, and every university has a different approach when you actually apply.

**Senator JACINTA COLLINS**—But if you get it in that first year, are you guaranteed to get it the next year?

**Ms Paul**—Mostly you would, but the problem is that, particularly if you are from a low socio-economic status background, there is no incentive to apply for a university place if you are worried about money, because you have no idea whether or not you are going to get a scholarship. What this does is that as soon as you are in receipt of \$1 of income support you are eligible, and you know you will be eligible before you start university.

**Senator NASH**—On this issue of deferment—and we are talking now about the requirement of the two years rather than the one—how many courses can actually be deferred for more than one year?

**Ms Paul**—I do not know that we know that, but we are happy to take it on notice.

**Senator NASH**—Wouldn't that be something you would have a look at if you were looking to change the arrangement out to two years?

**Ms Paul**—Happy to do so.

**Senator NASH**—Surely that would be something you would have taken into consideration before you moved it out?

**Dr Morehead**—Yes; it is a matter for universities to decide that. So it is a university decision.

**Ms Paul**—But we can take that on notice.

**Senator NASH**—Would you mind taking on notice for me those actual taper rates. I appreciate that you have assisted in trying to give the examples, but if we could have the detailed taper rates provided to the committee, that would be very useful.

**Dr Morehead**—Yes.

**Senator HANSON-YOUNG**—Just so that we are comparing apples with apples and oranges with oranges, can you identify what the payment rate is at the moment for students who receive Youth Allowance as an independent?

**Dr Morehead**—It is \$185.70 a week.

**Senator HANSON-YOUNG**—It is paid fortnightly, so what is that fortnightly?

**Dr Morehead**—It is \$371.40 a fortnight.

**Senator HANSON-YOUNG**—That is what you would get if you had done your gap year, earned the \$19,500, started university next year if none of these changes were taking place?

**Ms Paul**—No, not necessarily.

**Dr Morehead**—Actually that is the independent rate of Youth Allowance, but it is also the rate that someone who is dependent and having to live away from home can get if their family income, under the new rules, is less than \$42,559.

**Senator HANSON-YOUNG**—No, I am talking about the current rules at the moment. We will go there. We will obviously talk about the changes.

**Dr Morehead**—Under the current rules, that is \$32,800, so we are lifting it.

**Senator HANSON-YOUNG**—Hang on a minute.

**Dr Morehead**—So you can be a dependent student—

**Senator HANSON-YOUNG**—Chair, I am trying to ask questions.

**Senator Carr**—Hang on, that is a bit rough; that is a bit rough, Senator.

**Senator HANSON-YOUNG**—No. Let's not get ahead of ourselves, okay?

**Senator Carr**—Neither should you.

**Senator HANSON-YOUNG**—Minister, I think you need to take a chill pill.

**CHAIR**—I am sorry. What is the problem, Senator?

**Senator HANSON-YOUNG**—I am trying to ask a question.

**CHAIR**—Still, I do not understand; what is your problem?

**Senator HANSON-YOUNG**—The problem was that I was not getting the answer that I wanted to—the answer to what I asked.

**CHAIR**—Well, that is no-one's problem. You get the answer to the question that you have asked. It is not whether the answer is suitable to you or not.

**Senator HANSON-YOUNG**—No, it is not about whether it is suitable to me.

**CHAIR**—I thought you said you did not get the answer you wanted.

**Senator HANSON-YOUNG**—Let me go on: \$371.40 is the current rate that you get if you are independent?

**Ms Paul**—That is the full rate, I think. Of course, it is a means tested payment.

**Senator HANSON-YOUNG**—But if you are independent, you are not means tested, are you?

**Ms Shannon**—But you will have the personal income test applied, obviously.

**Senator HANSON-YOUNG**—Okay, but you are not means tested in terms of your parental income?

**Ms Shannon**—No, but it is really important to make the point that you are means tested on the basis of your own income, so it is not a guaranteed level.

**Senator HANSON-YOUNG**—Sure, I acknowledge that. So that is the maximum at the moment, the \$371.40?

**Dr Morehead**—Yes.

**Senator HANSON-YOUNG**—Moving on to the issue of the changes to the parental income—we are not talking about independents, we are talking about the dependent rate—if somebody's household income was the \$130,000, what would be the fortnightly Youth Allowance rate that that individual student would receive fortnightly? I am just talking about the payment; we can talk about what addition that would mean into the scholarships, because I know that is where you are about to go, but we can move on to that. I just want the individual Youth Allowance rate for somebody whose household income was \$130,000?

**Ms Shannon**—We will just check with the material.

**Dr Morehead**—If that family had two students living away from home and they were dependent, it would be—

**Senator HANSON-YOUNG**—I specifically indicated one.

**Dr Morehead**—Yes, you said one. It would be \$72 a fortnight plus rent assistance. A family on that amount of income, with one student living at home—obviously \$130,000 is the family income—would not be entitled to Youth Allowance.

**Senator HANSON-YOUNG**—Okay. But if they had two children, what would each of those children get?

**Dr Morehead**—The family would receive \$72, and that would be divided amongst the children depending on their ages.

**Senator HANSON-YOUNG**—Because it does not get paid to the student; it gets paid to the parents?

**Dr Morehead**—No, this gets paid to the student, but what we are saying is that for the family on \$130,000, if they had two students away from home, each student would get roughly half of that \$72. Because they are living away from home—

**Senator HANSON-YOUNG**—We are talking fortnightly?

**Dr Morehead**—We are talking fortnightly, and because they're living away from home, if they qualified for the maximum amount of rent assistance, assuming their parents had not bought them a flat or something and they were renting, their maximum rate of rent assistance would deliver the family \$220.40 a fortnight, or for one student, that would be \$111.20 a fortnight.

**CHAIR**—All right. We will leave it there. We will now suspend for lunch until 1.30 pm.

**Proceedings suspended from 12.29 pm to 1.33 pm**

**CHAIR**—I have had an opportunity to canvass those who have been participating in this committee and also consult with the secretary about whether other senators have indicated questions in any specific area. Who can tell me what we are on at the moment?

**Senator HANSON-YOUNG**—We are on 3.3.

**CHAIR**—I have been advised that there are no further questions in the higher education area. On that basis, apart from this area that we are doing now, those officers do not need to stay. We will then move to international students and then on to VET.

**Senator HANSON-YOUNG**—Just before we broke for lunch I was asking about students who come from a household with an income of \$130,000 and no longer qualify for the independent rate of youth allowance because the rules have changed. Can you give me those figures again of what those students would get if they come from a household where their parents earn \$130,000?

**Dr Morehead**—It depends what type of family they are in, in terms of the sibling make-up and ages. A student in a family who is one of two students 18 years or over away from home would get half, because there are two students. The family on a family income of \$130,000 would get \$436.71 per fortnight in the basic rate of youth allowance and the two scholarships are evened out, plus \$222.40 per fortnight if the students are eligible for maximum rate rent assistance.

**Senator HANSON-YOUNG**—You have added the scholarships into that as well?

**Dr Morehead**—Yes. Without the scholarship component it becomes \$72.02 for the two students in that family and \$222.40 per fortnight if they are entitled to the maximum rate of rent assistance.

**Senator HANSON-YOUNG**—That is with the added rent assistance. If those students had both moved from a rural area and therefore were entitled to the remote access scholarship plus, obviously, the start-up—which, I might point out, is a funny name considering that it happens annually. Maybe that is something you want to take on board.

**Ms Shannon**—Yes.

**Senator HANSON-YOUNG**—It is confusing to people. How much in total would that be a fortnight?

**Dr Morehead**—With the scholarships included, \$436.71. Their basic rate of youth allowance, full stop, without the scholarships—which is really not possible because, if they

meet the away-from-home rate, they would be getting a scholarship—is \$72.02 for the fortnight for both those children. They are combined.

**Senator HANSON-YOUNG**—What if we went down the scale a bit to, say, \$60,000?

**Dr Morehead**—We will start with the scholarships included, which would be the likely scenario for this type of family. For two students 18 years or over away from home with a parental income of \$60,000 a year, the youth allowance, including the scholarships, would be \$973.69 per fortnight as a family income. So halve it for each student, essentially.

**Senator HANSON-YOUNG**—That is for two students. If there were only one?

**Dr Morehead**—If there were only one student living away from home in that family, it would be \$477.49 per fortnight and \$111.20 per fortnight if they were entitled to the maximum rate of rent assistance.

**Senator HANSON-YOUNG**—Thank you. Say again, taking away the scholarships, what the youth allowance rate would be.

**Dr Morehead**—In that family with a \$60,000 parental income with two students at least 18 years of age away from home, it would be \$609 per fortnight, and \$222.40, the maximum rate of rent assistance, to be shared between those two children. Just to explain, the maximum rate of rent assistance, which is attached to several income support payments, comes from Centrelink. The maximum rate is \$111.20 per fortnight per single person.

**Senator HANSON-YOUNG**—Has the department got any figures on what the average living cost for a student living in Melbourne and attending the University of Melbourne or RMIT?

**Dr Morehead**—We could take that on notice.

**Senator HANSON-YOUNG**—Good. I know we have spoken a lot about the retrospectivity aspect and the changes to the workplace participation criteria. There are some other changes to the youth allowance as well—the age of independence, obviously. If we think it is a good thing to set the age of independence at 25—and I have been arguing for a long time, long before I was a senator, that it needed to be reduced—why would we not bring that in line with these other changes to the eligibility criteria?

**Dr Morehead**—Basically because of the cost. It is very expensive to do each one of these measures, given how many university students there are and how much federal government money is put into university students from low-income backgrounds. It is very expensive to do that type of thing, so we have done it in a way to make the package fit within the parameters of funding available.

**Senator HANSON-YOUNG**—In that sense, we have actually not seen any injection of funds into that area. It is using the same pool of money to try and get across a variety of different areas.

**Dr Morehead**—That is correct.

**Senator HANSON-YOUNG**—Why was the age of 22 chosen? I understand it was a recommendation from the Bradley review, but what is the evidence behind choosing that

number, as opposed to 18? Centrelink classifies people as independent for child support and maintenance payments at the age of 18. Why would we not be consistent across the board?

**Ms Shannon**—That is essentially a decision for government. The age of 21 is the benchmark for other payments like youth allowance (other). I think the issue is that most university students complete their degree over a four- to five-year period and towards the end of their degree would be reaching the age of 22 and independence, but it is essentially a decision for government.

**Ms Paul**—I cannot remember why Professor Bradley suggested it that way, but we could go back to that too and refresh ourselves on it. I am sorry—I do not have it in my head.

**Senator HANSON-YOUNG**—I think that would be good, particularly in light of the debate on these issues.

**Ms Paul**—Sure. She had a run of arguments, and I cannot remember what it was. Those people who could answer that are not here.

**Senator HANSON-YOUNG**—One of the things that has been put to me a lot by constituents is: 'I have to move out of home.' This is not just, may I point out, from rural and regional students. If you live in Adelaide and you want to do a medicine degree, you may not get accepted at the University of Adelaide. You might get accepted somewhere else. Or for nursing, you might not get accepted at the University of South Australia but get accepted in Darwin, so you have to move. It is not necessarily just students from rural and regional areas. The argument that has been put to me from constituents is, 'If I have to move and I am clearly not living at home with my parents, surely that is the criterion that I should fulfil.' How do we respond to that? What is the government's response to people who clearly are living out of home trying to support themselves?

**Ms Shannon**—Students who cannot get a place locally and have to move to do a course currently would receive the away-from-home rate if they have to travel more than 90 minutes to take up an offer or participate in a course. We are proposing that the criterion for eligibility for the relocation scholarship would hang off the current away-from-home rate considerations that Centrelink makes. If a student is unable to commute to the course where they have received an offer, an independent student who does need to move away would be able to access the relocation scholarship and would also get the away-from-home rate of \$371.40 if they qualified for the maximum rate. There are two components to the relocation eligibility. One is for dependent students, but there is explicitly access to the relocation scholarship for independent students who do need to move away.

**Senator HANSON-YOUNG**—What is the criterion for qualifying for that independent status under the living away-from-home allowance?

**Ms Shannon**—I have conflated two things. I will just take a step back, sorry. For dependent students who need to move away from home, the criterion is going to hang off the away-from-home assessment as it currently occurs, the travel test et cetera. For students who are already independent perhaps for reasons other than workforce independence, such as inability to live at home, their parents do not exercise their responsibilities, they are a refugee,

an orphan, or a ward in state care—there is a range of criteria at the moment by which young people can establish their independence through their personal circumstances—we are proposing that the criteria for the relocation scholarship would hang off the existing criteria. The rationale is that the young person has to establish their own accommodation in any event because of an inability of their parents to support them through those kinds of family circumstances.

**Senator HANSON-YOUNG**—But it will still be difficult for students who have turned 18 and who have graduated, been accepted for a course and want to move out of home.

**Ms Shannon**—They will need to fund that move.

**Ms Paul**—Unless they are eligible because of their family's and their personal income.

**Dr Morehead**—Yes, unless they are one of the 167,000 who are on income support.

**Ms Shannon**—But, if they are just independent because of their age, that is not one of the grounds of eligibility for the relocation scholarship.

**Senator HANSON-YOUNG**—I am not suggesting they are independent just because of their age. I am saying that we are taking away the ability of students who have finished school, have moved out of home, have gone to university and want to support themselves to qualify for the independent rate. They will not have access to that. Unless through some personal circumstance they could not live with their parents, they would be entitled only to youth allowance if their parents' income fitted under these new changes, but they would still be dependent, in the eyes of the government?

**Ms Shannon**—That is correct.

**Senator HANSON-YOUNG**—What happens if a student moves out of home, goes to university, is receiving youth allowance as a dependent regardless of their parents' income, have set themselves up in a share house or something and then, a year or so into their course, their parents' income changes and, therefore, the level of youth allowance they are entitled to reduces because their parents have a new job or have moved or whatever? How do we balance that with the fact that these young people have clearly been living away from home for 12 months and are looking after themselves?

**Dr Morehead**—What would happen in that case, as is the case currently, is that their rate of government assistance would fall, in the expectation, I suppose, that the parents were now in a position to replace some of that money—because they are still dependent.

**Ms Shannon**—That would currently happen. Each year students are required to provide information as to their parents' income, and changes in parental income may affect the amount of youth allowance received.

**Senator HANSON-YOUNG**—The point I am making, though, is that these people have been living on their own, studying, working—

**Ms Paul**—It does not change from now, is what we are saying.

**Senator HANSON-YOUNG**—How many students currently qualify for independence under Youth Allowance, across the board, regardless of how they qualify for it?

**Ms Milliken**—At the end of April, there were 122,000 higher education students on youth allowance.

**Senator HANSON-YOUNG**—As independents?

**Ms Milliken**—Overall and independent.

**Senator HANSON-YOUNG**—Sorry, just let me clarify. Is it 122,000 overall?

**Ms Milliken**—Overall.

**Ms Shannon**—Senator, approximately 36 per cent of all Youth Allowance students are independent, but that includes people who are in vocational education and training, at university or, I would imagine, in a small number of circumstances, school students as well. So that is all of the independence criteria together.

**Senator HANSON-YOUNG**—Thirty-six per cent of 122,000?

**Ms Shannon**—No, that is for all student income support recipients.

**Senator HANSON-YOUNG**—But you cannot give me the actual number of students?

**Ms Shannon**—It represents 97,596 students out of a total population, just to be clear, of 259,321.

**Senator HANSON-YOUNG**—Thank you. One of the things that struck me in the discussion when Senator Cash was asking what consultations happen, particularly for rural and regional students, was that they feel a bit caught in the situation. Constituents tell me they were advised to take a gap year, earn this \$19,500, and now the rules have changed. Regardless of whether they may still be entitled to something, the rules have changed. Senator Cash asked about consultation and, as the conversation developed, Senator Nash then asked about the numbers and how we know who is going to be affected and is not going to be affected. The department was not able to give those numbers. How thorough was this consultation? If we are not sure how regularly the gap year is taken, just in rural and regional areas, as a way of qualifying for youth allowance, how do we know who is benefiting and who is not? What kind of consultation has happened at that level?

**Ms Paul**—Quite a lot of work was done in the context of the Bradley review on this. The Bradley review panel commissioned a lot of research. Bruce Chapman, the well-known academic from the ANU—I think he is still with the ANU—was one of those. It was his article yesterday in the *Australian* that I quoted from yesterday. He said:

There are two striking findings from this exercise. First, as illustrated in the Bradley review, a significant number of young students on youth allowance have relatively high family incomes. For example, we found 36 per cent of the students in the independent at home category were in families with incomes of more than \$110,000, and more than half of these had incomes of more than \$150,000.

The review panel itself did a lot of consultations with young people, the NUS et cetera. At the end of the day the review panel came out with a balancing act, trying to balance the system towards people in the most need. I understand that it is hard to get a handle on for whom it changes.

We were thinking in the break that one thing we could do to help is step through for whom it changes, which will help when you go into consideration because there are so many ons and offs and so many balancing factors. We have spoken about some of them, but there are categories. We can probably offer you more of that, though probably not verbally. We will need to step it out on a piece of paper to show someone who is eligible now but had not been and, on the other hand, if they were et cetera.

**Senator HANSON-YOUNG**—What I am particularly interested in, though, are the figures on students from, say, regional and rural areas who have used the workplace participation criteria to qualify for Youth Allowance. How do we know what type of impact, positive or negative, this will have on those students if we do not have that data to say, ‘These are the criteria the students use to qualify’? I was in regional South Australia last week talking to teachers and principals about this. The principal from Loxton High School said that 70 per cent of his year 12 graduates, which I thought was a significantly high number, take the gap year to qualify for the independent rate. That is just one example that one teacher has aggregated.

**Ms Paul**—Why don’t we take that on notice? I am trying to pin some of that down. We have to ask Centrelink, but we will try to work out the number of young people those particular criteria affect or the reason for eligibility and where they come from or whatever. It is quite different.

**Senator Carr**—How the new scheme allows students in metropolitan areas to access support that was not currently available. These are the issues that Bradley raised at some length, and that came about through those consultations, if I recall rightly. That might help you to identify the advantages that students will now attract as well.

**Senator HANSON-YOUNG**—I understand the Bradley review went for months and spoke to various groups, but we now have some proposed changes and I think we really need those figures. I have looked at the facts sheets on the website, and I have mentioned Start-Up Scholarship as a classic example. I think the department could take that on board and perhaps rethink how it is communicating it as I do not think the fact sheets make it clear. For example, there is the fact sheet on the changes to the eligibility criteria. I do not have that in front of me but it says that 30,700 students will not be eligible. That is what people read. They have to flick over three or four pages to see that perhaps they may be eligible for something if they do other things. I think you need to take that on board. We talk about miscommunication, but I think a lot of it has come from a lack of clarity through that basic communication site.

**Ms Paul**—To set the full context, as we said before, there is quite a gap in median salary and income between urban and rural areas. I think rural average household income before tax is about \$54,500 and urban is about \$77,000. We will take all those things into account in coming up with whatever scheme we can lay out to make it clearer.

**Senator HANSON-YOUNG**—My next question is about the criteria specifically for qualifying for the relocation scholarship. Obviously a student needs to be receiving Youth Allowance, so that is ticked; you have done that. But what are the other specific things that one needs to do. With the distance of the 90 kilometres, how do students know that they

would be eligible for that? Is it 90 kilometres with no public transport, 80 kilometres with no public transport? There is a variety of different things. Is a student living on the outskirts of Melbourne considered for a relocation allowance if he or she cannot get to university on time?

**Ms Shannon**—Senator, as I indicated earlier, we are looking to use the existing criterion that applies for the away-from-home rate for Youth Allowance.

**Senator HANSON-YOUNG**—You are not looking at tweaking it? It would be as it is at the moment?

**Ms Shannon**—We are obviously in the process of developing the legislation for the scholarship and we will be looking through all of these issues, but our starting point will be to look at the existing criterion for the away-from-home rate. I can give you some examples of some of the bases on which students can establish that they are eligible for the away-from-home rate, and they would be the sorts of considerations that we would be looking to.

**Senator HANSON-YOUNG**—Could you table that?

**Ms Shannon**—What I can do—

**Senator HANSON-YOUNG**—Is that a protocol?

**Ms Shannon**—It comes, I think, from the *Guide to the social security law*. That is a public document. I will get the correct references and I can provide that information.

**Senator HANSON-YOUNG**—That would be great.

**Ms Shannon**—You do not want me to run through them?

**Senator HANSON-YOUNG**—No, that is fine. If you can table that, that would be great in the interests of trying to save time. We are not exactly sure yet what those criteria will be. They would be based on the current living away-from-home criteria. So it is still really difficult, isn't it, to say what people will be entitled to and what they will not? Even if they do go online, check out the facts sheets, ring the hotline, people are still very confused about whether they will be better off under these changes. I understand overall we are talking about thousands of people will be accessing something which they have never had access to before. Students who have been working for a good six months or so trying to earn \$19,500 to get the independent rate, which they know is \$371.40, were banking on getting Youth Allowance and thought they would be eligible for other scholarships because, whether they are government funded scholarships or not, often being the recipient of Youth Allowance is a criterion of eligibility. Many of the privately run scholarships have that specification. It is very difficult for students who have drawn up their plans not to know at what level they will fit and which parts of the scholarship they will get, how it is all going to add up and what the total is as a fortnightly amount.

**Ms Paul**—Yes, it is complex. We have tried our best through the fact sheets and the website calculators and all that, but there is no doubt that it is important to try to get our information and Centrelink's information clear so students can do all the adding up to find out what their bottom line is.

**Senator HANSON-YOUNG**—If I was sitting outside listening I would be thinking: well, surely that is why you build in that grace period for those people; surely that is why you should make all the changes consistent with the time frame of 2011. Wouldn't that make much more sense? Then we could work through, we could educate students, Centrelink could go into the schools and give students the right information. It would make much more sense to make it consistent in terms of getting it right and not keeping people short.

**Ms Paul**—We appreciate the challenge.

**Senator HANSON-YOUNG**—I want to move on to the issue of removing the two workplace participation criteria that you can do within that 12-month period, so students who have deferred for 12 months. The University of Melbourne yesterday put out a public statement saying that it would be considering changing its deferral rules because it was worried that students who had fought really hard to get into Melbourne uni would be disadvantaged because of the changes. Do you think it is appropriate that individual universities are having to tweak their deferral time frames because government has not factored it in?

**Ms Paul**—We said before that all the policies are the universities' policies, and that is the way they like it, of course. It really will be up to them to consider whether they wish to make a change, as that university appears to be suggesting, because they want to have those policies themselves.

**Senator HANSON-YOUNG**—It makes it difficult for us to action the rhetoric of opening up the education sector to all people regardless of where they come from if they end up having to choose a university based on its deferral regime as opposed to the course they wanted to get into. That is what you can see happening, particularly for those students who are perhaps a little bit older and need to do that for two years rather than depend on their parents because they have already moved out. I think that will be a consequence if we do not deal with some of those issues.

**CHAIR**—Senator Hanson-Young, I know you have strong opinions about this, but we really need to get back to questions.

**Senator HANSON-YOUNG**—My question is: is it really appropriate, and what mechanisms will be put in place to encourage universities to work with the system and ensure that the government is not funding students to choose certain universities based on the deferral rules as opposed to the courses?

**Ms Paul**—It is appropriate because universities want to be able to run their own policies. They all have their own approach to how they wish to attract students. Of course, we will work with universities, particularly through Universities Australia. We have already had conversations about these matters and we will continue to do so.

**Senator BACK**—I will be brief. I wanted to come back to the issue associated with the asset value of farming properties, which was the discussion prior to the luncheon break. Do you know whether the figure for farmers—I think it is \$2.28 million for primary producers—a

net asset figure or a gross asset figure? In other words, is it the farmer's equity in the asset or is it the total value of the property, ignoring the farmer's ownership of it?

**Ms Milliken**—The advice I have is that it is the current market value net of business or farm related debt.

**Senator BACK**—'Net of debt'—so it is net asset. Thank you. Just for clarification, I think it is important that people in the room have some understanding of the value of the assets of Australian farming properties. I am going to quote very briefly from ABARE's results for the last three years for Australia. The average value in Australia in 2007-08 of farm capital per property was: \$3.7 million for wheat properties; \$3.6 million for mixed cropping and stock; \$2.9 million for sheep properties; \$4.3 million for beef properties; and \$3.3 million for dairy properties. The cash income before other costs came out of each was: wheat, \$147,000; mixed cropping, \$67,000; sheep, \$36,500; beef, \$25,000; and dairy, \$66,800. I will not go into the profit figures but I am happy to table this because the profits vary, one could argue, but, nevertheless, they are paltry. In the sheep and beef industry in 2007-08 they were negative figures. I contacted some of my own farming clients from Western Australia. Just to give you some understanding, in Western Australia—

**CHAIR**—Senator Back, you have got a question though?

**Senator BACK**—If you would indulge me for one moment, I was just going to go back to see whether you had been able to help with the question on average. Whilst I apologise that it is not directly related, I think it is important that people do understand this, if I may have just another 20 seconds.

**CHAIR**—All right.

**Senator BACK**—By the time you take into consideration the value of the land, plant and equipment, sheds et cetera, the value of broadacre farming properties in Western Australia is not less than \$8.5 million. The income and profitability from those at the moment is ridiculously low. The risk is very high, and I think it is important that you understand that figure right across broadacre farming. I come back to the question, Dr Morehead. It would be of assistance if you could tell me that the 30 hours per week was an average and not a minimum weekly figure.

**Dr Morehead**—It is a minimum weekly figure.

**Senator BACK**—In other words, a kid of that age who cannot find 30 hours work a week in rural Australia, or anywhere else in Australia for that matter, will not qualify?

**Dr Morehead**—Over a two-year period.

**Senator BACK**—Over a two-year period?

**Dr Morehead**—For 18 months over a two-year period.

**Senator HANSON-YOUNG**—It is 18 months assisted.

**Senator BACK**—Eighteen months. So it is not 2,250 hours, which is what a 30-hour week equates to. If they did 90 or 100 hours while the crop is going in or when the crayfishing

season is on or whatever, that would not count for more than 30 hours in that week, and in the weeks that they cannot find 30 hours of paid employment then they effectively do not qualify?

**Dr Morehead**—I think that they would not qualify for the independent rate of youth allowance. You have to go back to the family incomes that you spoke about.

**Senator BACK**—How then can they get assistance?

**Dr Morehead**—They would look at those family incomes that you mentioned and see whether or not their parents, against the parental income test, would be able to have their child receive income support as a dependant rather than as an independent student.

**Senator BACK**—Thank you, Chair. I appreciate your indulgence on that, but I do ask you to understand what the values are. They are not the values of a PAYG taxpayer.

**Senator CASH**—I just have two additional questions on the same subject. The first is: if a student is currently receiving youth allowance as an independent, so they qualify, having completed the workforce participation criteria, and they transfer from an arts degree to medicine, at the end of next year will they then be assessed under the new criteria and potentially lose the youth allowance or will they continue to receive the youth allowance until they finish their new degree?

**Ms Shannon**—A student who has established eligibility for youth allowance as an independent will retain that.

**Senator CASH**—If I change courses, I will not lose?

**Ms Shannon**—It is not connected with your course; it is connected with your income.

**Senator CASH**—If I have qualified, I have qualified?

**Ms Shannon**—It is the same principle as any income support. It depends on your income as it goes up and down or your parents' income.

**Senator CASH**—Thank you for that clarification. It is something that was raised over the break with me when I also made some calls. Senator Hanson-Young, once again, took you through the issues that arose when I was asking about consultation. I raised two issues with you, which were: given the situation facing rural and regional students, did the minister or the department ever consider quarantining the proposed measures from rural and regional students or, alternatively, did you consider delaying the production of the proposed measures until 1 January, 2011? I was advised that it was advice to government and the questions could not be answered. I am not going to the content of that advice. I am just asking: have you ever provided advice of that nature?

**Ms Paul**—No, you did go to the content. I am sorry.

**Senator CASH**—I did not realise I had and I did not mean to.

**Ms Paul**—You could ask the question: have you advised on a range of issues to do with—

**Senator CASH**—Including the two issues that—

**Ms Paul**—No, you cannot ask that.

**Senator CASH**—Sorry. Have you ever advised the government—

**Ms Paul**—I am not able to tell you whether or not we have advised the government on those issues. You can ask whether we have advised on these matters. Yes, we have, but I cannot say which matters we have advised on.

**Senator CASH**—When you say ‘these matters’—

**Ms Paul**—Have we advised on this overall measure of income support? Yes, of course we have many, many times, but in terms of whether we have advised specifically on, say, a delay or whatever, I cannot answer that. I am not able to answer that, sorry.

**Senator CASH**—Does the minister agree with that analysis of the situation?

**Senator Carr**—Yes.

**Senator CASH**—Thank you, Chair. I will not proceed any further.

**CHAIR**—All right. I do not think we have any further questions, apart from international students, in the higher education sector. As I indicated after the lunch break, we will move to the international students sector and, when that is completed, I think that will complete higher education in totality and we will then move to VET. That is the plan. It is a good plan.

[2.13 pm]

**Senator CASH**—In terms of Australia’s export industry, where does education rank as a dollar amount?

**Mr Walters**—Drawing on the data which we get from people like the ABS, currently we think that the international education sector is third in terms of export earnings after iron ore and coal, and last year was estimated to have brought to the country some \$15.5 billion.

**Senator CASH**—\$15.5 billion. Thank you.

**Mr Walters**—That was for last year.

**Senator CASH**—What is Australia’s reputation in relation to international education?

**Mr Walters**—Answering that is like asking anybody about their own reputation. We think it is very high. We think we give extremely good value. We think that our universities are among some of the finest in the world and that we have a very good reputation for accommodating people in a multicultural society where the vast majority of the population is very welcoming and most overseas students feel at home. In brief, we think we are a very attractive proposition, and that is the reason why in recent years we have become one of the leaders in international education worldwide.

**Senator CASH**—I have been made aware of reports that the reputation of Australia as a destination for international students is again under scrutiny. Are you aware of those reports?

**Senator Carr**—You will need to be a bit more specific than that, I think. This is the international education industry.

**Senator CASH**—Absolutely. Perhaps I could refer then in particular to what are referred to as education agents and their reputation. In light of this, did the government make provision in its recent budget to bring education agents under closer supervision?

**Mr Walters**—The arrangements for supervising agents at the moment remain as they have been for a number of years. Of course, most education agents are operating overseas in many countries and in many regions of those countries. Through the national code of practice for registration authorities and providers of education and training, we place an onus on providers to ensure that the marketing of their education and training services is professional, accurate and maintains the integrity and reputation of the industry, and there are other requirements. There is a thing called standard 4, which requires:

Registered providers take all reasonable measures to use education agents that have an appropriate knowledge and understanding of the Australian international education industry and do not use education agents who are dishonest or lack integrity.

The provision goes on. To spare the committee I will not read out the whole of it, but there are a lot of provisions there. The government takes action to investigate complaints when it receives them. If providers are found to have breached those provisions, which, as I say, have been substantially in place for a number of years, providers can be penalised for that.

**Senator CASH**—If I could go back to my question, did the government make provision in its recent budget to bring education agents under closer supervision?

**Mr Walters**—No.

**Senator CASH**—Thank you. Would you explain to the committee in layman's terms what the job of an education agent is.

**Mr Walters**—Obviously education agents are not the agents of the government; they are the agents of education providers, and their basic job is, as I understand it, to promote the offerings of those providers and to recruit students for them.

**Senator CASH**—How does one become an education agent within Australia?

**Mr Walters**—One is appointed as an education agent by a provider.

**Senator CASH**—Is it a process that one needs to go through or could I merely appoint myself as an education agent?

**Mr Walters**—You would have to persuade a university or a college to give you that work, and in giving you that work the university or the college would have to be conscious of its responsibilities under standard 4, which go to its continuing ability to recruit international students.

**Senator CASH**—Is there a qualifying course that an education agent would have to undertake or is it merely by appointment and satisfying certain criteria under standard 4?

**Mr Walters**—The provider is responsible for recruiting its education agents. There is a course, however, provided which education agents can go through, and once they have gone through that—

**Senator CASH**—Can go through or are obliged to go through?

**Mr Walters**—They can go through. If they go through it, though, they go on a register of the providers who have gone through that course. Recently we have been, as part of the Study in Australia 2010 campaign, ramping up our efforts to educate providers about the requirements of the code and their obligations here and the ability to go through that course.

**Senator CASH**—But no funding has been allocated to those?

**Mr Walters**—We have reallocated internally additional funding to promote that area of work.

**Senator CASH**—Could you take me through the course that someone has to do to become an education agent.

**Mr Walters**—We do not have the details here. We would have to take that on notice.

**Senator CASH**—If you could do that, I would appreciate it. Could you also take on notice whether self-assessment is part of that course and whether that is something that the government is going to be looking at in light of the recent reports that education agents require closer supervision? How is the industry regulated?

**Mr Walters**—The overseas education industry is regulated primarily in terms of quality through the normal quality controls which operate through the states and territories and apply to providers. At the higher education level, of course, the universities are what are called self-accrediting institutions. The way in which that operates is subject to the working forward of the Bradley committee recommendations, which set up a new quality agency and what underpins that. Then you move on to private higher education providers and the VET sector. There are other sectors. One is called ELICOS, which is English language intensive courses for overseas students, and there is also a school sector, because quite a lot of school students come to this country. In all of those cases the quality regulation lies with the states and territories. It varies according to the level of the provider and the level of the course, but basically that is the responsibility of the states and territories, and various ministerial councils exist in order to handle that.

For international students there is also a system whereby providers are regulated to offer their courses to international students, and, again, the universities do participate to a different degree. But basically there is the Education Services for Overseas Students legislation, which is Commonwealth legislation. That was reviewed under the previous government and re-enacted, and that is the legislation which the National Code of Practice sits underneath and provides standards for providers. It basically adds to the requirements about quality which are embedded in the state and territory legislation, requirements concerning consumer protection. It takes the view that overseas students are not in the same position as domestic students to look at course quality and all the rest of it and they need additional protections. It basically provides a system for the protection of overseas students' money in the sense that, if the provider is unable to complete the course, the student either gets an alternative course, and there are elaborate procedures for that, or gets their money back. That legislation also regulates the immigration aspects of the recruitment of overseas students and ensures that providers meet the immigration requirements in various ways. Those are the main respects in which that provides an overlay to the regulation which the states provide on quality issues.

**Senator Carr**—Mr Walters, can I just add something for the senator's benefit. I think there needs to be a sharp distinction drawn between the regulations and accreditation of education agents and immigration agents of which I am sure you are only too well aware.

**Senator CASH**—Absolutely. Thank you.

**Senator Carr**—Whereas an education agent is essentially a recruiter, an immigration agent has powers and, in fact, an education agent cannot undertake certain activities to do with visas that a registered immigration agent can. This is where the distinction sometimes needs to be focused very clearly. In terms of the concerns that have been raised recently about how to strengthen and to enhance our quality and measures to protect students, the minister has announced that the government will review the Education Services for Overseas Students Act in consultation with the state and territory governments, with the sector and with other students. That was announced in parliament, if I remember rightly, on 26 May of this year. These questions, I would presume, as has occurred in all the other ESOS matters, have been canvassed. I would also draw your attention to the fact that Minister Evans, who is responsible for the regulation of visas and immigration, will be working very closely with the Deputy Prime Minister to strengthen student integrity measures to support genuine students who come to Australia to realise the benefits of the Australian education system.

**Senator CASH**—I thank you for that, Minister. One of the concerns that I have purely through reading the press reports is, as Senator Mason would also acknowledge, that we have such an internationally recognised reputation within our education system and it is disappointing that you read in press reports that what have been called shonky agents are making representations to students that it is a permanent way to get into Australia and thus devaluing the education system. I am certainly not criticising. I am trying to flesh out whether or not any action will be taken to ensure that these people are being brought to account.

**Senator Carr**—This is a longstanding question within the international education industry, and there are certain actions which are clearly illegal.

**Senator MASON**—Minister, you highlighted these when you were in opposition. I recall that.

**Senator Carr**—All I am saying is that the government is highly conscious of the importance of the connection between the sustainability of the industry and quality assurance. I do not think you should be under any illusion about how strongly the government feels about that. The question is: from time to time there needs to be a review of the current legislative framework, which has been done on a periodic basis every five years, from my recollection, over the past 20 years since the original act was introduced around 1990, I think. That is because the nature of the industry because it is such a dynamic industry changes and there needs to be an examination of how effective the regulatory arrangements are.

The other layer of complication is that the Commonwealth has to interact with the states, so there are measures there that states are responsible for, particularly in regard to premises and the registration of providers, which sometimes means that there is not the same interlocking set of relationships that people would like. Those measures will all be canvassed through this review.

**Senator CASH**—That is where I am coming from. The government is alive to the issue and you will be taking action to address that.

**Senator Carr**—Yes, that is right.

**Senator CASH**—Thank you very much for that. Just turning very briefly to the very unfortunate attacks on Indian students, has the department had any discussions with universities regarding the recent cowardly attacks on Indian students in Australia?

**Ms Paul**—Yes, of course, Senator.

**Mr Walters**—I have just come from a Universities Australia gathering and, depending on how long this evidence session takes, I am due to talk to them at four o'clock, but that may not be possible. I am in your hands, Senators.

**Senator CASH**—You will absolutely be talking to them at four o'clock. What has been the nature of the discussions?

**Mr Walters**—They are incomplete in the sense that people are trying to digest what has been a bit of an avalanche of publicity over the past few days. It would be dishonest not to say that. The nature of the discussions is that we have been communicating with the universities so that there has been a good information flow about what has been happening. Our counsellor in Delhi, who arrived there last Thursday and walked into this on Friday, has been working non-stop to get a supply of information over here about what is being said there, and over there obviously trying to get things in perspective, and dealing with delegations from universities who are in India at the moment and all that sort of thing. That is one arm of our business. The other is to keep the universities informed about the various statements that have been made by members of the government on the issue. You have seen statements by the Prime Minister, by the Foreign Minister, by the Deputy Prime Minister and by the Minister for Trade, and probably by others too. There have been various actions there. We have kept the universities and, indeed, the other agents in so far as we could in a fast-moving situation, informed of what has been going on, and, of course, there have been discussions about how some of the issues which have come out of all that are going to be taken forward. Many of them are primarily state and territory issues but we coordinate with the states and territories on the response. We are already working on some of them and due to discuss them with the states and territories at a meeting of the committee called the Joint Committee on International Education which is due to take place on 29 July at the current stage.

The latest information I have is that the matter might be discussed between Commonwealth and state ministers next week at a ministerial council called the Ministerial Council for Vocational and Technical Education, and Victoria is taking the lead in stimulating a discussion at that. There is all of that and a huge amount of other activity which we have been talking to the universities about and participating in the debate which is taking place within the sectors on what the responses have been to some of the many issues raised so far and, in light of the comment that has been made and in light of some of the evidence that has been coming out, whether the time scales need to be adjusted and so on.

**Senator CASH**—Thank you for that. Just following on, I know that Minister Crean was recently noted in the media as saying that the attacks were putting our foreign student sector at risk. He further said that we have a responsibility to ensure their safety, and nobody disputes that. Just following on from the answer you have just given to the previous question, what steps is the government taking to ensure the safety of all international students, and especially Indian students, in light of the very unfortunate attacks?

**Mr Walters**—I think the state governments concerned, and primarily the Victorian government, have taken this extremely seriously. In fact, they established a task force on the student experience, broadly spoken, because safety as narrowly defined is about policing, I guess, but there are broader issues around accommodation and so on. That taskforce was established last September and reported in December. The New South Wales government has established a similar taskforce that has just started, and South Australia too this week. We were due to review the lessons coming out of all those things in terms of student safety and accommodation at the meeting of the JCIE in July and see if there were lessons of general applicability. The Victorian government has been particularly active in terms of new initiatives being taken out of its police community relations side. I think those are still being rolled out and they have been intensified in some respects in the last few days as a response to some of the issues that have arisen.

In terms of the Commonwealth government, you will have noticed that a taskforce has been established under the chairmanship of the National Security Adviser. That is particularly helpful to us because that links in with the police side, which, of course, as an education department we have no direct responsibility for. It is making sure that all the dots are joined up as far as the nation is concerned between the Commonwealth and the states and territories. In the few days since this latest bout of publicity has arisen, that taskforce has been established, we have intensified discussions with the states and territories and would hope to bring all that to a head. Ultimately, safety, as narrowly defined, is down to what happens in particular parts of our cities and is a matter which has to be for the police and for the local authorities. The contribution we can make is to coordinate that, make sure lessons are learned and make sure good practice is spread around the country, and we are doing that as vigorously as we can.

**Senator CASH**—As a result of these very unfortunate attacks, has there been any impact upon international students wanting to come to Australia or is it anticipated that there will be?

**Mr Walters**—I think it is simply too early to say. It would be naive and silly to say that there could not be. I think some of it depends how far this goes on. It is not the only factor at large. There is the global financial crisis too. Decisions to study overseas—

**Senator MASON**—That may even assist the cause of tertiary education, as we have discussed, in a paradoxical sense.

**Mr Walters**—Yes. Who knows, Senator?

**Ms Paul**—More domestically.

**Senator MASON**—But even potentially.

**Ms Paul**—We have been concerned about whether the global financial situation would mean that parents do not feel able to support their young person to come to Australia to study. But until now we have not seen any decline.

**Senator MASON**—We have not seen it yet.

**Ms Paul**—But, of course, we are concerned now.

**Senator MASON**—I accept that.

**Mr Walters**—What we are hearing from India is that there is concern. There has been a huge amount of publicity. In the past two days I think we have seen a bit of balance coming back into that as some of the Indian organisations in Australia have said, ‘Actually, some of us have been here a long time and we have had successful careers and been well treated by the community.’ So a bit of balance has come back in, but the longer term impact, who can tell?

**Senator CASH**—Quite so. I am going to turn briefly to international student numbers. Did Senator Mason or Senator Hanson-Young have questions on the Indian situation?

**Senator HANSON-YOUNG**—Yes.

**Senator MASON**—I just have one quick question, Mr Walters. This might sound like a perverse question, but is there any empirical evidence that Indian students are more at risk?

**Mr Walters**—I really do not think that is an issue that we have any expertise in as the education department. I have read what people who know more about the issue such as from within the Victorian police have said in the newspapers, and we are all conscious of that. We are conscious that every student should feel safe.

**Senator MASON**—No, I accept that, but I raised the point because sometimes—

**Mr Walters**—If one said yes, then it would invite something happening tomorrow which would prove the opposite.

**Ms Paul**—I do not think we have seen any evidence. Of course, we would not have access to that evidence. It would be more a police matter.

**Senator MASON**—Thank you.

**Senator BACK**—I only have one observation rather than a question. I spent a good deal of this last decade working in India, and I am pleased to say that from my observation Australia had become second to America in terms of popularity for Indian students, bypassing the United Kingdom. Australia now is a critically important venue for overseas students from India wanting degrees. I make the plea, like everyone else, that we see that they are safe. I also suggest that whoever is in charge of this does not underestimate the value of cricket in possibly mending these relationships. In Indian business you always start with a mention of cricket, and I can assure you that Australians are very highly regarded. I am not being flippant. If we do need to mend those bridges, do not overlook the value of Australian and Indian cricketers in trying to re-establish that goodwill. It is there, and we want to retain that second place to the United States as a destination for Indian students for tertiary studies.

**Senator HANSON-YOUNG**—I have some questions also about student safety. As you have pointed out, a lot of attention has been focused on the issue because of the attacks on Indian students, but a number of the student representative groups around the country say that this is not necessarily something that is experienced only by Indian students. A raft of other international students choose Australia as a place to study for the very good reason that we have good universities. My question is: how long has the government been aware of issues surrounding student safety and in particular in relation to international students? How long has it been on your radar?

**Mr Walters**—For several years, because every time there is an unfortunate incident affecting a student, it tends to provoke a bit of a difficulty. At times over the last few years there have been issues with different communities. The department has moved into action and discussed the situation, and it has attracted different responses. One of the things to bear in mind is that there has been a very considerable rise in the number of overseas students in recent years. There are now half a million international students in this country every year. That is greater than the population of Canberra. The larger the population, the larger the proportion with a certain amount of crime in the background, then the more likely it is, unfortunately, that students will be victimised. That is what we have seen. It is not a new issue. The way it has come to us in the past couple of weeks is certainly new, but the Victorian task force has been working for a number of months and it has been discussed. Indeed, just to come back on one of the earlier questions, when I spoke to the Universities Australia conference earlier this year, I think in March, I specifically said I thought that student safety was one of the big issues out there and while we were thinking about the global financial crisis we really had to look at that. So everyone has been conscious of this for quite a time.

**Ms Paul**—I note quite a lot of change and improvements, in particular in terms of their own safety, but, of course, it is hard to control that beyond the bounds of the campus.

**Senator HANSON-YOUNG**—The campus boundary, yes, absolutely. The trade minister, Simon Crean, said on Monday that he and Minister Smith had raised the issue of student safety with the states in July last year—that is an indication of it being on your radar even that long ago—owing to concerns that had been specifically raised by the Indian high commissioner. Have the representatives of other nations with a high number of international students come directly to the government and raised these issues as well?

**Mr Walters**—I think it is fair to say that whenever an incident occurs affecting a foreign national it tends to involve that national's embassy or high commission straightaway and they tend to talk to us. Of course, there have been some very unfortunate incidents over time. So, yes.

**Ms Paul**—Fortunately not for a while until now, but that is right. Even just one incident, of course, naturally will be a focus.

**Senator HANSON-YOUNG**—We know the Indian high commissioner spoke to the government and ministers prior to July last year. Who else has raised issues in this regard?

**Ms Paul**—You would have to go back some time, I guess.

**Mr Walters**—No-one recently has raised it specifically with us, Senator. I am a bit reluctant to create a new story by saying that something has been raised with us. I would say simply that whenever there is an incident involving a foreign national then people come to us. We talk to the diplomatic community as a whole about safety issues all the time and assure them that we do what we can. Diplomats are well aware wherever they serve in the world that people have unfortunate experiences. This happens to Australians around the world. They are used to dealing with this. At lunchtime today there was a diplomatic reception for diplomatic staff by Universities Australia. The lead Vice-Chancellor on International Affairs, Daryl Le Grew, the Vice-Chancellor of the University of Tasmania, gave quite a long speech in which he outlined all the different measures being taken by the universities and the concern that they feel. There is a continuous interaction with the diplomatic community, and it would be surprising if they did not say to us that one of the things they are concerned about is the safety of the students and all the other foreign nationals that visit this country as tourists as well. We regularly hear that.

**Senator HANSON-YOUNG**—We know that there are a large number of international students, and probably that was where Senator Cash was going in getting some of those numbers on the record, but there has been a bit of a boom in student numbers and growth of the export market. They are not all going to universities, though. Talking to Universities Australia is a great way of talking directly to universities and in particular the key ones that host a lot of international students, but in what ways are we talking to colleges and private educational institutions that we know a lot of international students are attracted to?

**Mr Walters**—Moving outside, there are peak bodies that represent the private higher education providers. They are very small in number. The number of students is small. Outside that, there is a body called English Australia, which represents most of the English language colleges. I spoke with English Australia in Sydney about 10 days ago and we had a discussion of this very issue before all this hit. We all agreed that action on this front was important, and I briefed them on the discussions taking place with the states and territories and what we were doing in July.

An organisation called ACPET represents most of the private providers. Like any peak organisation, you never seem to get 100 per cent, but ACPET represents most of them. It put out a media release this week on some of the things they have been discussing with its own people. We are in regular touch with ACPET and I have been giving it some of the feedback from India. It is extremely conscious of the importance of these issues. That leaves the schools and the public vocational education and training sector, which is owned by the state governments. The state governments are part of the discussions we are having that we will bring to a head next July and I think also at the ministerial meeting next week. They are directly in control of the TAFE system, and that is a good means of communication. So I think we have a very good reach by different means throughout the education sector.

**Senator HANSON-YOUNG**—That is good, and it is great to get that on the record, because I think, particularly in relation to this week's discussions, people assume that international students are all going to universities, and that is not necessarily the case, as you know.

**Mr Walters**—No, that is right.

**Senator HANSON-YOUNG**—What do you think needs to be addressed to ensure that we are doing everything we can to uphold safety and protect students? Policing public transport has been brought up in talking of these particular incidents, but what can the federal government do to work with educational institutions to identify measures that would work towards better student safety?

**Mr Walters**—The report of the Victorian task force, which we can provide if you like, went through the area fairly thoroughly. So far as you have students on the ground in Melbourne or anywhere else, then you have a localised issue which the students share with the community at large. Safety in a suburb of Melbourne affects everybody to a greater or lesser extent, and the local authorities, the police and the housing authorities have strategies for dealing with that. The question is how you make students aware of their rights, how you look after people new to the country and who do not necessarily know their way around. We have a role there through the ESOS legislation and through our offices in a number of countries overseas, particularly in Asia, to make sure that the provisions of the national code are observed and that accurate information is given to students to help them understand local conditions. Some of that is about what any of us would do if we were travelling overseas or anywhere. We all take care if we are travelling in overseas cities. Some of the advice is commonsense and the kind of advice you give anybody, but we have to make sure that happens.

The other big issues of safety on transport, on the streets, with accommodation and so on are largely a matter of local best practice and state legislation. We have the Victorian task force, there is one in progress in New South Wales and there is going to be one in South Australia. What we are doing with the states and territories is to bring that all together to see what lessons there are perhaps of national application. Most of it concerns local state responsibilities, but we are looking actively at Commonwealth level to see if we can bring that together and help them to push those forward.

**Senator HANSON-YOUNG**—What enforcement is there of the guidelines, the quality standards that we expect? Do we say that a university that does not provide affordable, adequate, close accommodation will not get X funding for the next year? How do we enforce these guidelines?

**Mr Walters**—The guideline does not say that on accommodation at the moment. Bear in mind what the Senate has said: the ESOS legislation environment will be looked at, there will be a review, but the current situation requires—

**Senator HANSON-YOUNG**—Can I clarify if that is through the roundtable or through the task force?

**Mr Walters**—The roundtable will have an important input, but what the Deputy Prime Minister announced is that there will be another review of the ESOS legislation, as the senator said. It is been reviewed several times, but this will be another review that will take place in 2010-11. That was what was announced last week. The code of practice for providers, which sits underneath that, requires universities to make available information about

accommodation. It does not require them to make any particular accommodation available. That is a matter of local practice.

The Victorian task force recommended that there be compulsory provision of accommodation for all students for the first few months. There is an interesting issue for debate as to how far we put compulsion about accommodation into the system. Some students pick quite good accommodation. For example, I have been told that in Canberra a lot of the students like the new accommodation that is being provided that is quite expensive because they get broadband, IT and all the latest facilities, but other students choose a cheap option. When I was a student I went for a cheap option and shared some fairly basic accommodation. That is a choice some people make. There is no minimum standard at the moment and it is a question of what standards operate in the states.

**Senator HANSON-YOUNG**—What is the enforcement mechanism for the other standards, though?

**Mr Walters**—The enforcement mechanism is that providers sign up to this code as a condition of their registration. They are registered by the states. If we get complaints that they are not meeting the provisions of this code, they will be investigated and the provider can be penalised or struck off.

**Senator HANSON-YOUNG**—Has any provider ever been struck off the list?

**Mr Walters**—A lot of providers have been taken off for various reasons, some of them relating to the national code. Ms Chaudhury would probably have some of those stats but you might want us to take them on notice.

**Ms Paul**—We do not need to go into too much detail, but in brief, the department has a very active compliance area. It is a regulatory function which we hold inside the department. Ms Chaudhury is in charge of that. We vigorously pursue any provider who breaches the act and take action, including taking their registration away. When you read about colleges closing, it would be because of the action that we or we in combination with a state government have taken. I do not know that we need to go further in the interests of time.

**Senator HANSON-YOUNG**—If you could take on it notice, I would like to see a list of centres or providers that have been struck off the list and some examples of the types of things that you have had to chase up and issue some sort of penalty for.

**Ms Paul**—Sure.

**Senator HANSON-YOUNG**—That would be great.

**Senator CASH**—Mr Walters, you said that the number of foreign students in Australia was approximately half a million. Is that correct?

**Mr Walters**—It varies according to the time of year, and you will appreciate that people come and go during the year and some people are subject to multiple enrolments, but if we take the end-year data for 2008, the total number of enrolments for the year was 543,898. The data is all on the website.

**Senator CASH**—Thank you. What percentage is made up of Indian international students?

**Mr Walters**—For the year, it was 17.8 per cent of enrolments.

**Senator CASH**—Is that figure increasing or decreasing?

**Mr Walters**—In recent years that has been increasing.

**Senator CASH**—When you said it was on the website, can I ask you, because I will have a look at the website, what the website is?

**Mr Walters**—It is our AEI website, [aei.gov.au](http://aei.gov.au). AEI stands for Australian Education International.

**Senator CASH**—Thank you. In previous estimates I have followed the issue of enrolments by international students. You have just given a figure of 543,898. Is that an update since February of this year?

**Mr Walters**—That is the end-year figure for 2008. There is a year-to-date statistic, which is on the web as of yesterday, for the end of April. The total there is 436,895 year-to-date, and India 81,520, which is 18.7 per cent.

**Senator CASH**—If I am looking at that correctly, that is a substantial decrease in the numbers?

**Mr Walters**—No, because that is the year-to-date to the end of April, and the figures I gave you before were 2008.

**Senator CASH**—Is there any indication from the universities when talking to the department where they see international student numbers going over the next few months?

**Mr Walters**—Until recently the numbers for higher education were 12.3 per cent up at the end of April and the total was 21.1 per cent up. I have talked extensively to the sector and until the last few days there has been cautious optimism that despite the global financial crisis the numbers would continue to rise. In our largest markets, particularly China and, of course, India, the indications were that those numbers will continue to rise for all the reasons that we went into in some detail at the last estimates session. The picture has not changed but, as I said, of course we have to wait and take stock of recent developments.

**Senator BILYK**—I have some questions in regard to the overseas issue but from a slightly different perspective, and you might not be the person able to answer them, but I will try. There have been some changes to the overseas helpline program that provides financial assistance to eligible Commonwealth supported students who wish to undertake part of their studies overseas. Could you tell the committee about these changes?

**Mr Walters**—Are you talking about OS-HELP?

**Senator BILYK**—Yes, OS-HELP.

**Mr Walters**—That is a program operated by higher education. It is a loan scheme for Australian students to go overseas. It is not my subject but I know that the loan fee, which was a 20 per cent loading on top of the fee, has been removed in the budget. That will make the cost of borrowing in order to study overseas cheaper. That is in the budget papers.

**Ms Paul**—That is for the reverse. That is for an Australian student going overseas.

**Senator BILYK**—Yes, that is what I said. I was not quite sure if it was the right area to ask.

**Ms Paul**—That is the nature of the budget measure. It is to make it easier for people to take the loan.

**Senator BILYK**—They will not have to pay any interest?

**Ms Paul**—They will now not have the loan fee.

**Senator BILYK**—That is good. Thank you for that.

**CHAIR**—Thank you all. That finishes our questions on international students. I must say, Mr Walters, it is very concerning to see an officer of the department come to estimates and so obviously enjoy himself.

**Mr Walters**—I wish there was a subject for enjoyment, if I might say so, but it is always stimulating to appear before senators.

[2.55 pm]

**CHAIR**—We will now move on to program 3.5, VET. Senator Abetz.

**Senator ABETZ**—I thank Senator Back for allowing me to question officers now as I seek to appear in some other committees as well. My questions concern Automotive Training Australia. First of all, how much is being provided this year to Automotive Training Australia? Whilst you are getting that figure, how much did it get last year?

**Ms Dacey**—I do not have that information. I will have to take that on notice, I am sorry.

**Senator ABETZ**—Do you have a rough idea? I will not hold you to it.

**Ms Dacey**—I would not be prepared to take a stab in the dark, I am sorry.

**Senator ABETZ**—All right. Please take both those questions on notice: how much is being provided this year and how much last year.

**Ms Dacey**—Sure.

**Senator ABETZ**—As I understand it, this is to be substantially changed with a recent announcement by the minister, Ms Gillard. Is it correct that the Federal Chamber of Automotive Industries provided about \$125,000 to Automotive Training Australia?

**Ms Dacey**—Senator, I am aware that it provided some funds but, again, I do not have the details of what specifically went to ATA. I can give you information on what the funding arrangements going forward are, but I just do not have that with me. I apologise.

**Senator ABETZ**—All right. The Motor Traders Association of Australia also makes a contribution, does it not?

**Ms Dacey**—Again, I will have to take that on notice.

**Senator ABETZ**—You can confirm it makes a contribution; you are not sure of the amount?

**Ms Dacey**—My understanding is that it ran a program which was about donating parts to TAFEs. I am not sure if it was a cash or in-kind contribution.

**Senator ABETZ**—In relation to these questions when I am asking about the provision of an amount of money, if it was in-kind support that has a dollar value attached to it as well, that would be very helpful, thank you.

**Ms Dacey**—Sure.

**Senator ABETZ**—Has the ATA been abolished yet or is it in the process of being abolished to be replaced by Manufacturing Skills Australia?

**Ms Dacey**—Manufacturing Skills Australia is the industry skills council that the minister announced would assume responsibility for the automotive sector. I am not exactly sure of the status of ATA. I know that there was some discussion going on internally about what its future would be.

**Mr Robertson**—I can maybe give a little of background. Some years ago under the Australian National Authority there were arrangements to establish a group of industry skills councils. They cover a range of areas, not just manufacturing, as you mentioned. At that time a number of industry sectors chose not to come into the industry skills council arrangement, and ATA was one of those. It may well be that some of the funding that was coming from those organisations was probably to support ATA whilst it was not part of an industry skills council now that the government has made the decision to draw the responsibility for training package development that supports that particular industry sector into that skills council that you mentioned.

**Senator ABETZ**—Was the automotive sector consulted before this decision was taken?

**Mr Robertson**—That was before Ms Dacey's time, but extensive consultations were held throughout both the manufacturing side and the supply chain side of the industry.

**Senator ABETZ**—And strong opposition throughout the supply chain manufacturing side to this move?

**Ms Dacey**—I do not think that is quite correct.

**Senator ABETZ**—Wait a minute. You were not about, I was just told, but you can comment?

**Ms Dacey**—I am telling you about the decision post-17 March.

**Senator ABETZ**—No, beforehand. Before the decision was made I understand there was strong opposition from the automotive sector, be it the product manufacturers, the Chamber of Commerce and Industry, the MTAA and the Federal Chamber of Automotive Industries.

**Mr Robertson**—It would be fair to say that there was a wide range of views expressed both positive and negative. One would expect that, given that they had resisted joining the network of industry skills councils that had been established for the specific purpose.

**Senator ABETZ**—Are you telling me that there was any doubt about the position of the FCAI? It was opposed to this move.

**Mr Robertson**—I would have to check specifically in relation to that organisation, but—

**Senator ABETZ**—And the Australian Chamber of Commerce and Industry?

**Mr Robertson**—It again expressed a view.

**Senator ABETZ**—Against?

**Mr Robertson**—It was against.

**Senator ABETZ**—That is right. The MTAA as well?

**Mr Robertson**—Again, I would need to go back and check the records.

**Senator ABETZ**—The same with the FAPM and the Tractor and Machinery Association. Who in the vehicle space actually supported this move?

**Mr Robertson**—Again, I would have to take that on notice, but there was strong support from the manufacturing side of the automobile industry.

**Senator ABETZ**—So which organisation of the manufacturing side of the automobile industry was it? I thought I had covered the lot with that list.

**Mr Robertson**—I have read those notes, but it was some time ago, so I would need to take that on notice.

**Senator ABETZ**—Interestingly enough, it was not only the employer organisations; the vehicle industry union was also opposed to this move. When you have this rare amalgam of unions and employers coming together, I find it passing strange that you should suggest that there were elements in the automotive space that supported this move. If you could take that on notice and tell us who they were, I would be very interested and, might I add, somewhat surprised. How much is being provided to MSA and when will it start?

**Ms Dacey**—A contract of variation will be issued. We fund MSA under a long-term contract in its role more generally. In terms of this decision specifically, an increase in funding of \$600,000 per annum will be paid through the contract variation.

**Senator ABETZ**—What is the total?

**Ms Dacey**—I am sorry, I just do not have that level of detail.

**Senator ABETZ**—All right. It is an increase from what?

**Ms Dacey**—That is what I am saying to you. I did not bring the specifics of the whole contract. I concentrated on the additionality around this decision, which is the \$600,000 that I have mentioned to you.

**Mr Robertson**—To give you a—

**Senator ABETZ**—Wait a minute. Sorry, let me get back to basics. How much is it costing us to establish the MSA?

**Ms Dacey**—That is what I said to you. I do not have the individual contracts for the 11 ISCs here. I do not have that amount. The briefing notes that I have refer to the amount that was attached to this decision.

**Senator ABETZ**—I am only asking about Manufacturing Skills Australia. Is this amalgamating the 11?

**Ms Dacey**—No, each of the individual 11 ISCs has a contract.

**Senator ABETZ**—Yes.

**Ms Dacey**—Let us say that, if the MSA contract was \$10, \$600,000 is the additionality that it will get. That is the contract variation over the base that it already has in its contract. I just do not have that base amount for you.

**Senator ABETZ**—What has happening with those 11?

**Ms Dacey**—Nothing.

**Mr Robertson**—Senator, under the Skilling Australia for the Future policy, in which this government indicated that it would continue to support the 11 Industry Skills Councils, a certain amount of money goes to them, and roughly that is split across the Industry Skills Councils in view of the size of the industry sectors that they serve as well as—primarily because they are developing VET qualifications through training packages—the number of training packages that they operate. Therefore, with automotive moving into MSA, there would be an additional amount of money going to MSA to cover (a) the sector and (b) the training packages that are covered.

**Senator ABETZ**—But that \$600,000 will not only be for the automotive aspect?

**Ms Dacey**—That is right.

**Mr Burmester**—Senator, can I just clarify something? The MSA has existed for a number of years. We are just adding an extra component to its responsibilities to cover the automotive industry. Its base funding has been around for a number of years—I do not know how long—and the \$600,000 is on top of that.

**Ms Dacey**—I have just found the base funding, Senator.

**Senator ABETZ**—Thank you.

**Ms Dacey**—It is \$11.8 million from 2008 to 2011.

**Senator ABETZ**—It will now get an extra \$600,000, but you still cannot tell me how much Automotive Training Australia gets?

**Ms Dacey**—No, Senator, I am sorry.

**Senator ABETZ**—Because that funding will then cease.

**Mr Robertson**—That is correct.

**Senator ABETZ**—We do not know when that funding will cease?

**Ms Dacey**—That is right, Senator. I just do not have it in my folder.

**Senator ABETZ**—No-one along the table knows? No. All right. You can take that on notice. One of the great things about these—what do I call them?—institutes, training centres—

**Mr Robertson**—Skills councils.

**Senator ABETZ**—skills councils or whatever—is the partnerships that can be developed with industry and the educational side. What rate of success have we had to get partnering with the industry sector in this move?

**Ms Dacey**—Do you mean formal partnering? I am not sure I understand the question.

**Senator ABETZ**—You were able to tell me that with Automotive Training Australia, whilst you were not certain of the amount, the FCAI was going to make a contribution and the MTAA had been making contributions. As I understand it, because of their concern about this move, they will no longer provide that financial support. Can you confirm that?

**Ms Dacey**—Senator, I cannot speak for either of those organisations because it is a matter for them whether they continue that support. What I can confirm to you is that those issues have been raised with Manufacturing Skills Australia and that discussions are ongoing about the fact that that sort of support needs to continue and in what form and how that will happen.

**Senator ABETZ**—Who is railroading this when in the past there was a good partnership and the private sector was, on my instructions at least, willing to make about a quarter-of-a-million-dollar contribution but is now so upset that you are in discussions as to whether it will contribute even one dollar in the future? Who has driven this? This was a government election promise that you guys are having to implement—is that the score? Where are we at?

**Senator ARBIB**—Senator, the decision was made by the minister.

**Senator ABETZ**—Yes, but was it an election promise?

**Mr Robertson**—The commitment that was entered into in the time that ANTA existed was to create 10 or 11 Industry Skills Councils, and at that point automotive did not choose to go into the Industry Skills Council arrangements. ATA continued to the training package for that period of time, but it was a government commitment to establish this network of 10 or 11 Industry Skills Councils.

**Senator ABETZ**—It is the one size fits all, even if one, I would have thought, very important sector, the automotive sector, does not want to.

**Ms Paul**—The plan to have 10 has been around for a long time—as long as I have been in the education space.

**Senator ABETZ**—It may well suit those 10. There is no dispute there; no representations. If it suits 10, that is fine. But Automotive Training Australia, as I understand it, has worked well, has employer support, has union support, not only in word of mouth but also hard cash and support in kind, and it is being pushed into something where its impact will be substantially diluted. Automotive Training Australia is saying, ‘Well, in those circumstances, we will keep our money in our pocket.’ How is that a good investment for the taxpayer, especially when we need these trained people and these skills and we have been motoring along, if I can use that term, very well with Automotive Training Australia?

**Mr Robertson**—Senator, the long-term objective has been to establish this discrete set of Industry Skills Councils. It would be worth noting that other Industry Skills Councils operate

across quite a diverse range of industry sectors. Equally, in terms of this move into MSA we have strong obligations on MSA that they connect with all industry sectors whom they serve. We expect that they will do that and, in fact, we know that they are establishing those connections now.

**Senator ABETZ**—Please take on notice the question of who supports this change, other than the minister, of course: whether the FCAI, MTAA, the VACC, and the vehicle industry union—all the players which have been making contributions, and, as I understand it, valuable contributions in the past—support this.

**Senator ARBIB**—Senator, I also make the point that this decision followed from the Bracks report. You might find some useful information in that.

**Senator ABETZ**—I am aware of the Bracks report, and it is a pity, with no disrespect to you, Parliamentary Secretary possibly soon to be minister—we will wait to see—that you replaced Senator Carr, who, of course, has had representations made to him very, very strongly—

**Senator ARBIB**—Unfortunately, Senator Carr was unable to—

**CHAIR**—Do we have any more—

**Senator ARBIB**—He would have liked to have stayed, he told me, Senator.

**Senator ABETZ**—He had strong representations made to him by the vehicle sector in relation to this matter. Just in case the record would suggest I am suggesting Senator Arbib for Defence, I just thought with the reshuffle he might get something else.

**Senator JACINTA COLLINS**—I thought you were promoting Senator Carr.

**Senator ARBIB**—Thanks, Senator Abetz. I do appreciate that sign of confidence, but I will leave that to the Prime Minister.

**Senator ABETZ**—Senator Arbib, my prediction this morning about a certain event was right. I am not sure my prediction this afternoon will prove to be as right.

**Senator BACK**—My question is to do with the Productivity Places Program, if I can address that question. Firstly, when did that program come into existence?

**Ms Dacey**—Senator, the program was an election commitment and training commenced by Commonwealth delivery in April last year.

**Senator BACK**—The Commonwealth continues to run the program or have you passed it on?

**Ms Dacey**—We continue to direct deliver jobseeker places until 30 June this year. After that time we will continue to direct deliver a number of NEIS places and structural adjustment places and then progressively the states and territories pick up what I call mainstream program, existing worker and job seeker places delivery.

**Senator BACK**—What has been the degree of enthusiasm by the states and territories to pick up this challenge?

**Ms Dacey**—Quite high. The national partnership was negotiated and agreed last year and early this year. States and territories are well advanced in their planning. They are already delivering some existing worker places and are quite willing. We are in regular discussion with them about the approaches that they will take. They are already starting to find out some of the things that we found out through our direct delivery, Senator.

**Senator BACK**—Is the program fully funded by the federal government or is it shared funding between—

**Ms Dacey**—Job seekers are 100 per cent funded by the Commonwealth government. Existing worker places are 50 per cent funded by the Commonwealth government, 40 per cent by the states and territories and 10 per cent by private contribution.

**Senator BACK**—Private being the employer and the employee?

**Ms Dacey**—Correct.

**Senator BACK**—Thank you. I understand that on 22 May this year Ministers Gillard and O'Connor issued a joint media release indicating 110,000 Australians had enrolled in productivity places. Is that figure of 110,000 correct?

**Ms Dacey**—That is right, Senator. It is actually 111,677 as of 25 May. That is the most up-to-date figure I can give you.

**Senator BACK**—That is correct. They did say more than 110,000, so thank you for correcting that. They also stated that of that figure, which I now believe to be 111,677, 86,912 had commenced a Productivity Places Program. Is that figure still valid?

**Ms Dacey**—The 25 May figure is 88,048.

**Senator BACK**—Of those who have yet to commence the program, which I guess is about 23,000, have they failed to commence or did they fail to commence within what I understand is the three-week window they have between being offered a program and having to take it up?

**Ms Dacey**—Senator, I would have to take that away, but you are right, there is a period of time between when the places are allocated and when the training needs to commence. I would need to take that away.

**Senator BACK**—Sure.

**Mr Robertson**—Senator, I think we talked about this last time, but we need to be clear that what happens is that a provider enrolls a student but, of course, that student may well in the meantime, before he or she commences training, secure work and therefore withdraw from the training.

**Senator BACK**—You will be able to supply us with information giving us an understanding of the reasons why they have not yet taken up the offer?

**Ms Dacey**—We will go back and see what level of reporting we can get to you. We will give you as much as we can.

**Mr Robertson**—The press release that you refer to mentions the enrolments and also mentions the commencements.

**Senator BACK**—What I will be particularly interested to receive when it does come through on notice is how many, if any, did not take it up because of delays in the commencement of the program. That is the particular issue that I am concerned with and interested in.

**Ms Dacey**—All right. We will take that away.

**Senator BACK**—Thank you. I understand that there are 711,000 places in the program, of which 392,000 are allocated to existing workers who want to upgrade their skills and 319,000 to job seekers. Is that correct?

**Ms Dacey**—That is correct.

**Senator BACK**—Of those who we were just speaking about—the 23,000 roughly—if they do not commence in the program, will they still be counted in the 711,000 or will they drop off and new people will take up their unfulfilled position?

**Ms Dacey**—The arrangements are set out in the program guidelines about what is counted as a qualification commencement versus an enrolment. If you would like, I can get you that information on notice as well.

**Senator BACK**—I would be very keen to have that because obviously we would want to see as close to the maximum number as possible being funded. I understand that for this current financial year 10,000 places were offered in the structural adjustment places. Is that correct?

**Ms Dacey**—Yes.

**Senator BACK**—Now that we are near the end of the financial year, how many of those 10,000 have been taken up?

**Ms Dacey**—As at 15 May, 5,315 have been allocated. The minister has before her, as we are in front of the committee, another 1,497 places which have been applied for. That would take the total to about 6,800.

**Senator BACK**—Almost 70 per cent.

**Ms Dacey**—Correct.

**Senator BACK**—Has the department been made aware of newly redundant workers having difficulty taking up positions as a result of their Job Network members not having sufficient details of the program? Is that something that has come through to the department?

**Ms Dacey**—No, Senator. In fact, quite the opposite. Because the referral mechanism for job seekers has been through employment service providers, that would come as quite a surprise to the department.

**Senator BACK**—That is encouraging if that is the case.

**Mr Robertson**—There is a priority, however. From 1 July it will be with the states and territories. We have to set up connections at that level as well.

**Senator BACK**—I imagine you will have a mechanism in place to audit that process.

**Ms Dacey**—For newly redundant workers in particular there is a different set of arrangements. But can I just tell you too, Senator, that referrals through employment service providers are at 70 per cent, so I would be quite surprised if there was a lack of awareness out there.

**Senator BACK**—I refer to the structural adjustment places. Do I understand that that term has now been replaced by another, the targeted productivity places program? Am I speaking of different programs or are they the same?

**Ms Dacey**—‘Structural adjustment places’ is the right terminology. I think targeted productivity places is just something that was used for a very short period of time. But people understood the terminology so—

**Senator BACK**—During the transition?

**Ms Dacey**—That is right.

**Senator BACK**—I am asking this question in relation to newly retrenched workers, and we have discussed the 10,000. Is this a ‘first come, first served’ type process to make up the 10,000?

**Ms Dacey**—In essence, that is right. The way that the places are applied for is that an employer or a representative of the employer writes to either the department or to the minister seeking access to these places.

**Senator BACK**—Is this a state minister or the federal minister?

**Ms Dacey**—To the Deputy Prime Minister.

**Senator BACK**—To Minister Gillard.

**Ms Dacey**—Yes. We have targeted as priority areas automotive and manufacturing, but essentially we have been able to provide all the places that have been requested so far.

**Senator BACK**—Are these released on a monthly basis? Is there some format or is it in response to demand?

**Ms Dacey**—It is basically demand driven.

**Senator BACK**—If most of them have been taken up, is it expected that additional places may become available if it is so popular?

**Mr Robertson**—That is a matter for government.

**Ms Dacey**—A further 10,000 places commence on 1 July. When these 10,000 places, which go to 30 June, expire, roll over or what have you, there is additional capacity for structural adjustment in a further 10,000 places. They were announced on 24 February.

**Senator BACK**—Was that consistent with the figure of \$75 million that was allocated for that purpose?

**Ms Dacey**—Yes.

**Senator BACK**—That is excellent. That would then equate, if my maths is correct, to about \$7,500 per course? Would that be correct?

**Ms Dacey**—The way the pricing for those was done was certificate III and IV at \$5,000 a place. There are 5,000 places at \$5,000. Then there were 5,000 places at the diploma level. That gets you to the 75. I would stress that those were the notional allocations that we put on that figure. There would be considerable flexibility within that envelope, so we may potentially end up funding more than 10,000 places if that is where the demand exists.

**Senator BACK**—Certainly. I can see that—to that maximum figure. Can you tell us the cost of a certificate II course?

**Ms Dacey**—Certificate II is \$2,500.

**Senator BACK**—And IV?

**Ms Dacey**—Certificate III and IV are both \$5,000.

**Senator BACK**—So you call the diploma certificate IV?

**Ms Dacey**—No, diploma is a diploma.

**Senator BACK**—Different again?

**Ms Dacey**—Yes.

**Senator BACK**—But still \$5,000?

**Ms Dacey**—No, diploma is \$10,000.

**Senator BACK**—You just mentioned 5,000 places.

**Ms Dacey**—Sorry.

**Senator BACK**—That is \$10,000. Can you tell me how many job seekers have now, firstly, enrolled—if you cannot give me the figure, take it on notice—for and successfully undertaken a certificate II qualification under the program? And I will ask the same question for III.

**Ms Dacey**—Certificate II enrolments, 44,111.

**Senator BACK**—And successful completions?

**Ms Dacey**—Completions, certificate II, 19,177.

**Senator BACK**—So 44,000 enrolled and 19,000 completed?

**Ms Dacey**—That is right.

**Senator BACK**—Does that mean that some of them might not yet have completed it or are we looking at a 55 per cent loss rate?

**Ms Dacey**—No, there will be some still in the system.

**Senator BACK**—When will the final completion number and percentage be known—the end of June?

**Ms Dacey**—It is almost like a rolling target because people are continually going into the program.

**Senator BACK**—But you must report to the minister at some point in time the overall—

**Ms Dacey**—We do point in time, so this would be our point in time, noting that people are always in training as we go.

**Senator BACK**—And for certificate level III commencement and completion?

**Ms Dacey**—I will give you an enrolment figure so we are comparing apples with apples. Certificate III is 54,763 enrolments, and the completions are 19,360.

**Senator BACK**—You were saying to me that the program started in April 2008 and you will hand it over basically at the end of June.

**Ms Dacey**—That is right.

**Senator BACK**—Do you yet have the figure of what proportion of graduates in the program were employed after completing their training by previous employment status? This comes straight from COAG's KPIs in the budget statements: 'The National Agreement for Skills and Workforce Development incorporates the following agreed Council of Australian government's effectiveness', and this, of course, is one of them.

**Ms Dacey**—I have some information here on employment outcomes: 5,215.

**Senator BACK**—Is what?

**Ms Dacey**—The employment outcomes. The educational outcomes are 174.

**Senator BACK**—What is the difference? Explain it to me. One is an employment outcome. Does that mean that 174 have not yet found employment?

**Ms Dacey**—No. They are going on and doing more study.

**Senator BACK**—Excellent. Would the vast proportion of those be going on and doing that?

**Ms Dacey**—Yes. That is what an education outcome is.

**Ms Paul**—It means you have to have sustained full-time work or probably full-time study for a considerable period. I am not sure what the period is. It means you have reached sustainability basically.

**Senator BACK**—Do you or have you tracked the percentage of graduates who have reported improved employment status as a result of the training? Do you have that figure or would you have an indication?

**Ms Paul**—What do you mean by that, sorry?

**Senator BACK**—What is the extent to which people feel they have enhanced their employment prospects as a result of the training?

**Ms Paul**—I do not know. We would need to do an attitudinal survey to get that information. I do not think we have done one yet, but it is not a bad idea for the future. It is probably a little bit early, but it is a good idea. We can take that on board and have a think

about it. I am sure if we surveyed the Job Network providers, soon to be Job Services Australia, or the job seekers themselves we would get an idea of that. Of course, what you want most of all is a sustainable employment outcome in its own right or a sustainable educational outcome in its own right.

**Senator BACK**—Obviously I agree with you but, of course, it becomes a very strong effectiveness indicator, doesn't it, because some of the information that may flow back could help modify the planning and delivery of the programs to enhance them further?

**Ms Paul**—That is a good point.

**Senator BACK**—Certainly I think the community would be very keen and pleased to learn that. How many job seekers have undertaken more than one of these courses?

**Ms Dacey**—If you just keep going, I will see if I can find that.

**Senator BACK**—My next question relates back to the last, and that is: if and when this post-program monitoring is undertaken by the department—and I understand it is premature at the moment and you may not have done it—will the results of those surveys or monitoring be made publicly available for the community?

**Mr Robertson**—Generally it would. Just by way of a little bit of background, the VET sector generally do a similar attitudinal survey. They survey both employers and students post their training experience to get a measure of whether they have been better off and moved up into a better job or further education. To the extent that these PPPs are part of the vocational education and training system, this will be picked up there. We may not be able to separately identify them, and we will need to consider whether we wish to separately identify them somehow.

**Senator BACK**—Certainly it would be very useful information.

**Ms Dacey**—Senator, I have that piece of data for you. The number of people who commenced enrolments in certificate II and went on and enrolled in certificate III is 3.1 per cent. That number is reasonably low because the expectation is that most people will pursue a job when they finish their training.

**Senator BACK**—There would be all sorts of reasons why they might not, I agree. I now turn to job seekers. Could you give the committee any indication of how many, and as a percentage also, job seekers have dropped out of a Productivity Places Program? Is that information available?

**Ms Dacey**—Can I just be very clear: all that information I just gave you was about job seekers.

**Senator BACK**—It was?

**Ms Dacey**—Yes.

**Senator BACK**—Thank you.

**Ms Dacey**—The attrition rate is about 25 per cent.

**Senator BACK**—I trust you will not be able to answer this question without taking it on notice but I am interested to know the major qualifications that have been taken up by job seekers. I have the figure of 60, so I trust you are not going to answer the question with 60. I am interested to know where most of the job seekers are moving towards in terms of seeking assistance under this program.

**Ms Dacey**—I have the list of the top 10 here. I will just take a minute to find it.

**Senator BACK**—Thank you.

**Mr Robertson**—I have them. I will read them out from the press release, and I am assuming they have not moved that much since 22 May. Certificate III in aged-care work, certificate II in security operations, certificate II in transport and logistics, certificate IV in training and assessment, certificate III in transport and logistics, certificate II in retail, certificate II in transport and logistics road transport, certificate II in customer contact, and certificate II in transport and logistics road transport.

**Senator BACK**—That is 10?

**Mr Robertson**—Yes, that is 10.

**Senator BACK**—If additional information is available, I would be very appreciative to receive that. That then leads me to this question: can you tell us how many job seekers have commenced and completed a mining related qualification? Again, if you wish to take this on notice, that will be fine.

**Ms Dacey**—Sure.

**Senator BACK**—I ask the same question about the construction industry, plumbing, hairdressing and picture framing. If you could tell me how many certificates have been undertaken in plumbing, hairdressing and picture framing, I would be appreciative.

**Ms Dacey**—Sure.

**Senator BACK**—The next question is: how frequently are industry skills councils reviewing the list of skills which are in demand? Is that something that the department seeks from industry or that industry supplies to you?

**Mr Robertson**—In the initial set-up for this program we developed a priority occupations list. That was developed based on some survey work that we do internally in the department but then ratify through industry skills councils. We have repeated that with industry skills councils but, now that we are in the process of transitioning this to the states and territories, we are waiting for that to settle down. There is a requirement for the states to take account of the advice from industry skills councils. Just so that you are also aware, industry skills councils do what they call an environmental scan, so they will give you a bit of a sense in the particular industry sectors where the skill requirements are.

**Senator BACK**—Does that data tend to mirror the migration occupations in demand dataset?

**Mr Robertson**—It tends to be a bit broader.

**Senator BACK**—Broader?

**Mr Robertson**—Yes.

**Senator BACK**—My question is: since the other one is available, do you use both?

**Mr Robertson**—It is slightly different methodology because we are trying to create a broader skill base. Again, that is why the selection of occupations and qualifications is broader, but logically it would include the skills in demand list.

**CHAIR**—Senator Back, we are due to take a break. If you have only a couple more questions on this area we will let you finish that, but, if you have more than that, we will take a break.

**Senator BACK**—I do have more, so perhaps we might take a break, if that is convenient.

**CHAIR**—I am disappointed to hear that, but we will take a break and resume at 3.45 pm.

**Proceedings suspended from 3.32 pm to 3.44 pm**

**CHAIR**—We will recommence these estimates hearings, and we are on questions from Senator Back.

**Senator BACK**—I still protest, Chairman, that my \$50 given to Senator Humphries has gone, as has Senator Humphries. I have been advised by one of your colleagues that it was a mistake. I can now see that. The productivity places, can you give me an understanding, perhaps either to now or to the end of June, of the cost of the program to date since its commencement?

**Ms Dacey**—The approximate cost to date has been \$220 million.

**Senator BACK**—Is that to now or to the end of June?

**Ms Dacey**—To now.

**Senator BACK**—To 1 June, effectively. Thank you. Who monitors the attendance to ensure that job seekers turn up to the courses that they are enrolled in?

**Ms Dacey**—The payments are made to the registered training organisations, who have to keep records of people coming to their training, and when they complete, there is a completion payment as well. Essentially, it is the RTO that monitors them and issues them with their certificate.

**Senator BACK**—And who monitors the RTO?

**Mr Robertson**—Mr Walters was referring to it earlier in relation to international students, but that is a state and territory responsibility, and they all have bodies that we call registration and accreditation bodies that keep an eye on those providers.

**Senator BACK**—To give us an idea of the scale of the operation, what would be the average number of commencements in any month, and how many providers are there?

**Ms Dacey**—Senator, there are 844 RTOs that we have contracts with to deliver training. Some of those have multiple sites. I could not give you an average figure. It varies considerably, but each month about 3,700 places are released.

**Senator BACK**—Are they allocated based on some formula or is it state-based or is it a competitive bidding process from the RTOs?

**Ms Dacey**—The places are allocated to each state based on their proportion of working-age population, and then the RTOs bid if they have the business and if they have the students for the places that are available in their state.

**Senator BACK**—And how do they do that? Do they do it physically or electronically?

**Ms Dacey**—Everything is done online.

**Senator BACK**—Would it be likely, then, that somebody in a city would have some advantage over someone in a country location?

**Ms Dacey**—Senator, we have put in place some measures to make it the most level playing field we could in terms of only having one logon per RTO, by releasing things in a cascading way so that it is not all dumped out at the one time. So there were measures put in place to make it as fair as possible.

**Senator BACK**—Presumably they must meet some KPIs that relate to successful completion and then onwards to employment?

**Ms Dacey**—There's not an employment KPI per se. Obviously, when people are being referred by employment service providers they are getting assistance and support in a general sense, and training is just part of that package, and as Mr Robertson was saying in terms of their training, that is monitored through their registration with states and territories. In terms of getting people to commence their training, people do and do not study once they have been given the place for a lot of reasons and not all within the control of the registered training organisation. They do not get their completion payments if students do not undertake the training, so, clearly, their interest is in having them attend and do the training.

**Mr Robertson**—In addition, I should have mentioned that we do some spot audits, so to speak, to check on how some of the providers are going.

**Ms Dacey**—And desktop monitoring as well.

**Senator BACK**—Over time, then, there would likely to be some reporting back to the minister and hopefully on to the community of the effectiveness of the various training providers?

**Ms Dacey**—Not individual training providers per se.

**Senator BACK**—What if some are swinging the lead?

**Ms Dacey**—We take advice, obviously. The state and territories who register these would be responsible, and we certainly talk to them about the providers that we need to. We obviously take a keen interest in the ones that are providing lots of PPP training.

**Senator BACK**—That figure of \$220 million you referred to earlier, would that again be broken down by that 50 per cent, 40 per cent, 10 per cent?

**Ms Dacey**—No, these are all 100 per cent Commonwealth funded, so that number is the total Commonwealth contribution because these are all Jobseeker places that we are talking about.

**Senator BACK**—Effectively, that figure adjusted up to the end of June would take into account 2007-08 and 2008-09, would it not?

**Ms Dacey**—I would need to check that to make sure that I have got the totality for you, Senator.

**Senator BACK**—Certainly. And would you be good enough, when you check that and come back to us, to indicate what the funding is in the out years for the program, or do you have that now?

**Ms Dacey**—The total amount of Australian government funding through the national partnership is \$979 million, and that is money that is going for Jobseeker places and—

**Senator BACK**—This is Commonwealth money or this is the total money?

**Ms Dacey**—This is Commonwealth money, so this is the Jobseeker 100 per cent and it is the 50 per cent contribution to existing workers.

**Senator BACK**—Yes, you mentioned that earlier. You mentioned the basis of the states and territories picking up their balance and also—

**Ms Dacey**—And their balance is \$463 million. That is their contribution.

**Senator BACK**—And then there is a 10 per cent figure by private interests.

**Ms Dacey**—That is right.

**Senator BACK**—Of the 110,000 who have enrolled, how many of those are studying for what we would call a traditional trade apprenticeship as such? Would you be able to assist us with that?

**Ms Dacey**—I have some statistics on the traditional trades.

**Senator BACK**—Thank you.

**Ms Dacey**—And also, Senator, I can give you a couple of the numbers that you were asking for before, which was mining 8,790—

**Senator BACK**—That is those who have commenced?

**Ms Dacey**—Yes. I will just make sure that I get the right page for you.

**Senator BACK**—Thank you. And completed?

**Ms Dacey**—Sorry, I had the page and then I have left it.

**Senator BACK**—Not to worry, we can come back to it.

**Ms Dacey**—Here we go, in the trades, as at 1 May, 4,728 participants had enrolled in traditional trade courses, 3,925 have commenced training and 1,130 have completed. For building and construction, 1,304 have commenced—

**Senator BACK**—The figure you just gave me related to?

**Ms Dacey**—The trades.

**Senator BACK**—Traditional trades?

**Ms Dacey**—Yes.

**Senator BACK**—And we are now going to mention construction?

**Ms Dacey**—Yes, 1,304 have commenced and 1,611 have completed. And for mining, commencements are 6,790 and completions are 3,800.

**Senator BACK**—And referring back to the National Skills Needs List that we spoke about a few moments ago, can you tell me again the numbers of those who are enrolled leading towards an occupation, that is, on that National Skills Needs List?

**Mr Robertson**—We just need to be clear. The National Skills Needs List is a specific list for some other programs. There is a broader occupational listing or qualifications listing for PPP, and by virtue of giving you the question on notice earlier about the qualifications against those, the places that have been taken up against those qualifications show clearly what occupations are being taken up.

**Senator BACK**—I appreciate that and also, of course, the number of graduates. I understand that there have been 85,000 places set aside under the program for apprentices. Is that correct?

**Ms Dacey**—Yes.

**Senator BACK**—How many of those places for apprentices have been taken up?

**Ms Dacey**—Just bear with me. The number is 154.

**Senator BACK**—One hundred and fifty-four out of 85,000?

**Ms Dacey**—Yes. The number has been quite low, and we have been talking to states and territories and amongst ourselves about why that has been quite low. There are probably a couple of reasons because there are a couple of different pathways that people might take for apprenticeships. I am not an expert on apprenticeships. There are different funding options available that may provide more funding opportunities than the PPP, so it might not be the most obvious pathway for an apprentice. That said, we are doing some more work under the auspices of COAG, and my colleague Ms McKinnon might—

**Ms McKinnon**—The 85,000 apprenticeship places under the COAG apprenticeship taskforce will be one of the issues discussed with industries, states and territories and the Commonwealth about, as Ms Dacey said, some of the issues around the uptake of those places, but obviously in those sort of terms right now the commencement of apprentices in traditional trades is being impacted.

**Senator BACK**—It seems a phenomenal impact, because the figure that I have is that in 2008 88,000 commenced in traditional trades alone. Would that be correct, or am I getting wrong information?

**Ms McKinnon**—State and territory governments generally prioritise their own funding towards fully funded or mostly fully funded traditional trade places, so this would be in excess of their own commitment and activity in that area, which is considerable.

**Mr Robertson**—One thing by way of background, there is a program that operates at state and territory level called ‘user choice’, where an employer and apprentice can choose the type of study and their RTO, and that is probably a dominant mechanism in the community if you are going to take up training opportunities. So most likely they are using user choice, but we need to bear in mind that when this rolls out to the states and territories, they will have better capacity to connect the two. So we do expect that number to rise.

**Senator BACK**—I was, in fact, going to ask if the 85,000 places were an annual figure or whether they were over a three- or four-year period, but if only 154 have been taken up, presumably you will not be rushing to try to add to it.

**Ms Dacey**—It is over the life of the national partnership agreement, Senator.

**Senator BACK**—It is over the life of the partnership, so it is a four-year period then. The program aims to deliver, I think, according to some information in the national partnerships documentation 550,000-odd course enrolments and 402,000 qualification commencements under the national partnerships. Is that correct?

**Ms Dacey**—Under the national partnership agreement, the total number of qualification commencements is 402,881.

**Senator BACK**—I have a different figure. I have that figure for qualification commencements and I have a figure of 557,000 for course enrolments. Am I correct, at 556?

**Ms Dacey**—If you can just bear with me.

**Senator BACK**—I am intrigued to know what the difference is between a course enrolment and a qualification commencement .

**Ms Dacey**—A qualification commencement is someone who is new to VET training, and an enrolment is those new people plus people who were already enrolled in VET training. That is the difference.

**Senator BACK**—Thank you. Chairman, you will be pleased to know that I am coming to the end. He is not there even. It has been accused that Senator Carr went to sleep. In this particular case the Chairman has actually vacated unless he is under the—

**Senator JACINTA COLLINS**—No, the deputy chair is in the chair.

**Senator BACK**—Wonderful. I am delighted to see you here, Senator, because people were casting aspersions as to whether my \$50 or the balance was going to return.

**ACTING CHAIR (Senator Humphries)**—We will deal with it.

**Senator BACK**—It is not correct, then, to draw any comparison between that figure of 402,000 and the 557,000.

**Ms Dacey**—They are different figures.

**Senator BACK**—They relate to different figures. The expected cost of this national partnerships on the 557,000 and the 402,000, can you—

**Ms Dacey**—Well, as I said before, the Commonwealth's contribution is \$979 million plus \$319.8 million, which takes it to \$1.2 billion, because Victoria is not a signatory to the national partnership agreement; there is a separate set of arrangements. So \$1.2 billion is the total cost to the Commonwealth and then you could add the states' contribution to that if you wanted to.

**Senator BACK**—So that would then take it up. I do thank you very much for that information. It has been most valuable.

**ACTING CHAIR**—Thank you, Senator Back. Are there further questions in this outcome?

**Senator MASON**—Just a few. I will not detain the minister and officers for too long, Mr Chairman. I have a few questions on apprenticeship incentives, and I suspect that many of these questions may need to be taken on notice. Could the department provide the committee the total expenditure on apprenticeship incentives for the 2008-09 financial year? Can that be done now or is that something that needs to be—

**Ms Griffin**—The anticipated total expenditure on incentives and personal benefits for 2008-09 is \$816.45 million.

**Senator MASON**—Thank you. Ms Griffin, how many types of apprenticeship incentives are there currently or what programs are there that qualify as apprenticeship incentives? Do you have a list of those?

**Ms Griffin**—Yes, I do.

**Senator MASON**—How many programs are there?

**Ms Griffin**—I do not have the exact number, but I could count them up.

**Senator MASON**—Can you provide the committee with a copy of that? Is that all right?

**Ms Griffin**—Yes, Senator. There are several for employers and also several for apprentices. We refer to them as personal benefits. The payments to employers are incentives.

**Senator MASON**—Thank you. If you could provide a list of those that would be terrific. In relation to the two financial years 2007-08 and 2008-09, I have a series of questions, so let me run through them, and I understand that some of these you may not have on the top of your head. How many Australian apprentices at certificate II level training were supported by an employer incentive payment for commencement, first, in 2007-08, and, second, 2008-09? Can you tell us that now?

**Ms Griffin**—I only have the total employers assisted in 2007-08 through an incentive payment, and that was 89,530, but that is not by certificate level. That is total employers assisted.

**Senator MASON**—Could you give the committee the certificate II level, on notice? Would that be okay?

**Ms Griffin**—We should be able to do it, yes.

**Senator MASON**—Disaggregate the information, as it were.

**Ms Griffin**—Yes.

**Senator MASON**—I understand. That is for 2007-08 and 2008-09 if you have it.

**Ms Griffin**—Do you want the total for 2008-09?

**Senator MASON**—Yes, sure.

**Ms Griffin**—92,000 is the estimate.

**Senator MASON**—92,000 for 2008-09, and you will give a disaggregated figure for the certificate later.

**Ms Griffin**—Just certificate II, Senator.

**Senator MASON**—And also for certificate III, if you could disaggregate that.

**Ms Griffin**—Yes.

**Senator MASON**—Thirdly, how many Australian apprentices at certificate II level training were supported by an employer incentive payment for completion in 2007-08 and 2008-09?

**Ms Griffin**—Just a completion payment?

**Senator MASON**—No, were supported by employer incentive payment for completion in that financial year.

**Ms McKinnon**—There is no certificate II completion payment.

**Senator MASON**—When the certificate was completed, if it was completed in that year, I mean.

**Ms Griffin**—But for certificate II there is no completion incentive payment.

**Ms McKinnon**—All certificates have an incentive at the commencement, but certificate II has no completion payment.

**Senator MASON**—Is there incentive payment—

**Ms McKinnon**—For commencement for certificate II?

**Senator MASON**—Yes, I have asked that. How many Australian apprentices receive the tools for your trade initiative? Could you tell us that?

**Ms Griffin**—For which year, Senator?

**Senator MASON**—Last financial year.

**Ms Griffin**—For 2007-08, 55,240 estimated.

**Senator MASON**—Thank you very much. You would not have it for 2008—

**Ms Griffin**—We have an estimate. 65,000.

**Senator MASON**—Thank you. How many Australian apprentices were supported through a Commonwealth trade learning scholarship, over the last financial year and the current one if there is an estimate?

**Ms McKinnon**—We will have to take that one on notice.

**Senator MASON**—Okay, thank you. How many Australian apprentices were supported through the apprenticeship training fee voucher for the last financial year and the current one?

**Ms Griffin**—The estimate for 2007-08 was 12,000 and the estimate for 2008-09 is 55,000.

**Senator MASON**—How many Australian apprentices were supported through your apprenticeship wage top-up?

**Ms McKinnon**—My apologies. Can I just correct an answer: for the ATV, the Australian apprenticeship training fee voucher, the actual year to date in 2008-09 is 31,300.

**Senator MASON**—That is the year to date?

**Ms McKinnon**—Yes, and the previous year, 2007-08, was 11,000.

**Senator MASON**—Not 12,000?

**Ms McKinnon**—No.

**Senator MASON**—How many Australian apprentices in traditional trades were supported through a commencement payment to their employer?

**Ms McKinnon**—I think we will have to take that on notice in order to filter between traditional trades and other eligible qualifications. So we will do that on ASCO full.

**Senator MASON**—Thank you. How many Australian apprentices in traditional trades were supported through a completion payment to their employer?

**Ms McKinnon**—It is the same issue.

**Senator MASON**—Do you know how many Australian apprentices in traditional trades receive the Tools for Your Trade initiative?

**Ms McKinnon**—Tools for Your Trade does go to the National Skills Needs List, which is traditional trades and slightly broader. That is a restricted list, but it is, I think, broader than traditional trades but not much broader. It goes to, for example, apprentices in AgHort areas, and we have given you that number. That was the 55,240 in 2007-08, and the estimated 65,000 in 2008-09.

**Senator MASON**—How many Australian apprentices in traditional trades were supported through a Commonwealth trade learning scholarship?

**Ms McKinnon**—Sorry, we will take that one on notice.

**Senator MASON**—How many Australian apprentices in traditional trades were supported through the apprenticeship training fee voucher?

**Ms McKinnon**—We have given you those numbers for the whole cohort, and it is similarly targeted to skills shortage, which is largely traditional trades. I gave you that number which I corrected, I think. That is the one I corrected.

**Senator MASON**—You did, and, similarly, how many Australian apprentices were supported through the apprenticeship wage top-up?

**Ms McKinnon**—Are you talking Support for Mid-Career Apprentices?

**Ms Griffin**—We do not have the historical data.

**Senator MASON**—That is fine. How much was spent or is forecast to be spent on incentives for employers of apprentices—and this will increase forecasts here, so bear with me—in 2007-08, 2008-09, 2009-10, 2010-11, 2011-12 and 2012-13? What has been spent and what has been forecast to be spent on incentives for employers of apprentices?

**Ms McKinnon**—In terms of the total Australian Apprenticeships Incentives Program, in 2007-08 the total for it was \$816 million, but I have only have the numbers assisted.

**Senator MASON**—In relation to the other forecasts, are you able to provide—

**Ms McKinnon**—Do you want it split between personal benefits and employer incentives?

**Senator MASON**—Yes, incentives for employers of apprentices and also how much was spent or is forecast to be spent on the payments to Australian apprentices—so both.

**Ms McKinnon**—Do you want separate figures or the total?

**Senator MASON**—Separate figures, thank you. Thank you for your assistance—just a couple more. How many apprentices are expected to commence in 2009? What is the forecast? Do we know that yet?

**Ms Griffin**—We would; I just do not know if I can lay my hands on it.

**Ms McKinnon**—We will take that one on notice.

**Senator MASON**—All right. How many apprentices, similarly, are expected to commence in 2010—that is, forecast? Just a couple of last quick questions. In Budget Paper No. 2, on page 183, there is a table there, Reform of Australian apprenticeships incentive funding, combining three incentive programs into one program, Tools for Your Trade. There seems to be a discrepancy in funding—have you got that? Page 183.

**Ms McKinnon**—No, I do not.

**Senator MASON**—Let me ask the question and we will see how we go. The expenditure forecast for 2009-10 is \$1.6 million; 2010-11, \$7.2 million; 2011-12, \$7.4 million; and 2012-13, \$7.4 million. My question is: how do you explain the discrepancy between \$1.6 million in 2009-10 and \$7.2 million in 2010-11? What is the reason for that? There must be a good reason, I am sure.

**Ms Griffin**—Senator, that is the extra injection of funds in addition to the funds appropriated for the three programs that it is overtaking, and the first year, 2009-10, is a transition year so there are significant outlays under the original programs.

**Senator MASON**—I see. So when does Tools for Your Trade actually commence?

**Ms Griffin**—The new tools for your trade payment—1 January 2010.

**Senator MASON**—Next year. Okay. Why is there a delay?

**Ms McKinnon**—It goes to the apprentices' eligibility to claim, which happens within the first three months, but that is also a function of the contract being registered on the state training system. So the eligibility starts from three months from employment into their training contract.

**Senator MASON**—I understand that. So will apprentices be eligible for their tool kits or will they have to wait an extra six months to get them? When will they become eligible for their tool kits?

**Ms Griffin**—Under the current program?

**Senator MASON**—Yes.

**Ms Griffin**—Three months after they have started their apprenticeship, they are eligible to claim a voucher. Then it is issued by the supplier and then redeemed by their employer. If they are still in their apprenticeship at nine months, ownership of the tool kit transfers to the apprentice. So there are steps in the process.

**Senator MASON**—No-one is going to fall between the cracks here, are they?

**Ms Griffin**—No.

**Senator MASON**—They are going to be eligible all the way through?

**Ms Griffin**—Apprentices who commence their apprenticeship up to May 12 will continue to be eligible under the existing program, so they will be issued their vouchers, can get a tool kit, will have ownership transferred to them et cetera. For those who commence 13 May and later, their entitlement will be picked up under the new program. It does not roll out until 1 January but it is backdated for those who commence from 13 May.

**Senator MASON**—So there is delayed implementation but it is backdated?

**Ms Griffin**—It is delayed only because of the mechanics of the operation, Senator, and the time lag is not unduly greater than how long they wait now for their tool kit because of the three months and having to claim from their employer et cetera.

**Senator MASON**—Could you say that again?

**Ms Paul**—It is a similar time frame—about how long they wait now.

**Senator MASON**—So no trades will be excluded from eligibility under the new scheme; there will be no distinction?

**Ms Griffin**—No, eligibility is being opened up under the new scheme.

**Ms Paul**—It is broader, actually. I think there are about 14,000 more apprentices who will be eligible under this.

**Ms Griffin**—Yes, per year.

**Senator MASON**—We end with a whimper, Chair! Maybe I will put some more questions on notice if that is all right.

**CHAIR**—Thank you, Senator Mason. Just before I do adjourn the proceedings, I advise the committee and the department that this is in fact John Carter's last estimates as secretary of this committee. John has been officer of the Senate for 23 years and the last 11½ years as secretary of the committee. We believe, especially in the Senate—sometimes our House of Representatives cousins do not believe it—we do very good work in the Senate, and the committee process, of course, is crucial to that good work, not just our inquiries but also the estimates proceedings. What we all know as senators in particular is that we could not do that

work properly without the very professional work of the committee staff that we have and, in particular, the secretaries of the committees who do enormously professional work for the Senate and for the Senate committees. On behalf of the committee, John, I thank you for your service to the Senate, to the committees and certainly, over the time I have been chair, for the great support you have given me. I can say our estimates have always run very smoothly, so thank you.

**Ms Paul**—Chair, if I may add to that. On behalf of the department and all those of us who have appeared before this committee over so many years, Mr Carter, you have provided absolutely steadfast support to this committee. I think your wisdom and judgment, your integrity and hard work are of wide renown amongst the departments who have appeared over the many years and amongst the hundreds and hundreds of officials who have appeared before this committee over such a long time. I find it almost hard to believe that you are going; you are a kind of legend in terms of this committee. I have only been appearing in front of committee since 2003, so it hardly counts. Congratulations to you and all our very best as well.

**Secretary**—Thank you, Ms Paul.

**Senator HUMPHRIES**—Could I just associate myself and my coalition colleagues with those sentiments. With the exception of Senator Mason we are all relatively new members of this committee, but John's service to all of us has been marked and noted, and we are bracing ourselves at the idea of someone replacing him in that role. I am sure it will be a mutual experience for all of us. But we want to put on record our appreciation of the great work that you have done in that time on behalf of all senators.

**Senator Arbib**—On behalf of the government I also add my best wishes and thanks to Mr Carter for the work he has done on the committee. I have only served as a member of this committee for a short period of time but I have always found Mr Carter to be extremely professional and capable, and I enjoyed the time, so thank you very much and best wishes.

**Senator JACINTA COLLINS**—And on behalf of Senator Carr as well.

**Senator Arbib**—Yes, on behalf of Senator Carr as well.

**CHAIR**—I am sure we will all get another opportunity to say our farewells and to mark our appreciation. On that note—

**Senator Arbib**—Chair, could I just say this. There was a question raised by Senator Abetz and he asked us to take it on notice, and I have an answer for him concerning the MSA and automotive training. I am advised that change was supported by the AIG and the AMWU, and also the FCAI has been participating in the MSA consultations.

**CHAIR**—Thank you Senator Arbib. Thank you Ms Paul; thank you to all your officers that have gone through this process once again with us and thank you for your responsiveness and your cooperation. Thank you to those senators who engaged in this very important process. Thank you, Hansard, and thank you to the attendants who helped us through these two weeks. On that note I adjourn the proceedings.

**Committee adjourned at 4.18 pm**

