



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION  
LEGISLATION COMMITTEE

ESTIMATES

**(Supplementary Budget Estimates)**

WEDNESDAY, 2 NOVEMBER 2005

CANBERRA

BY AUTHORITY OF THE SENATE



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**SENATE**

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

**Wednesday, 2 November 2005**

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

**Senators in attendance:** Senator Troeth (*Chair*), Senators Adams, Barnett, George Campbell, Crossin, Evans, Forshaw, Johnston, Nash, Nettle, Trood and Wong

**Committee met at 9.03 am**

**EDUCATION, SCIENCE AND TRAINING PORTFOLIO**

**In Attendance**

Senator the Hon. Amanda Vanstone, Minister for Immigration and Multicultural and Indigenous Affairs, representing the Minister for Education, Science and Training

**Australian Nuclear Science and Technology Organisation**

Dr Ian Smith, Executive Director

Dr Ron Cameron, Director, Government and Public Affairs

Mr Steven McIntosh, Government Liaison Officer

**Commonwealth Scientific and Industrial Research Organisation**

Dr Ron Sandland, Deputy Chief Executive

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

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

**Department of Education, Science and Training**

**Cross Portfolio**

Ms Lisa Paul, Secretary

Dr Wendy Jarvie, Deputy Secretary

Mr Grahame Cook, Deputy Secretary

Mr Ewen McDonald, Acting Deputy Secretary

Mr Jim Davidson, Deputy Secretary

Mr Craig Storen, Chief Finance Officer, Finance Branch

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

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

Ms Margaret Pearce, Acting Group Manager, Corporate Strategy Group

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

Ms Gillian Mitchell, Acting Branch Manager, Parliamentary and Communications Branch, Corporate Strategy Group

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

Mr Tony Kwan, Chief Information Officer, Information Services Group

**Strategic Analysis and Evaluation Group**

Ms Lisa Paul, Secretary

Dr Wendy Jarvie, Deputy Secretary

Mr Grahame Cook, Deputy Secretary

Mr Ewen McDonald, Acting Deputy Secretary

Mr Evan Arthur, Acting Group Manager, Strategic Analysis and Evaluation Group

Ms Oon Ying Chin, Branch Manager, Economic Analysis, Growth and Evaluation Branch, Strategic Analysis and Evaluation Group

Mr Paul Mills, Acting Branch Manager, Skills Analysis and Research Strategy Branch, Strategic Analysis and Evaluation Group

Ms Wendy Whitham, Acting Branch Manager, Transitions and Attainment Branch, Strategic Analysis and Evaluation Group

Ms Judy Cook, Acting Branch Manager, Student Income Support, Strategic Analysis and Evaluation Group

Mr Paul Balnaves, Director, Demographics and Lifelong Learning Section, Strategic Analysis and Evaluation Group

Ms Anne Gregory, Director, Economic Analysis, Growth and Evaluation Section, Strategic Analysis and Evaluation Group

Ms Anne Broadbent, Economic Analysis, Growth and Evaluation Section, Strategic Analysis and Evaluation Group

Mr Lucio Krbavac, Director, Transitions and Attainment Branch, Strategic Analysis and Evaluation Group

Mr Robert McHugh, Director, Transitions and Attainment Branch, Strategic Analysis and Evaluation Group

**Science Group**

Ms Lisa Paul, Secretary

Mr Grahame Cook, Deputy Secretary

Ms Jessie Borthwick, Group Manager, Science Group

Mr Steve Irwin, Branch Manager, Science and Technology Policy Branch, Science Group

Ms Heather Dyne, Acting Branch Manager, International Science Branch, Science Group

Ms Kylie Emery, Branch Manager, Science Programmes Branch, Science Group

Mr Patrick Davoren, Director, Radioactive Waste Management Section, Science Group

**Higher Education Group**

Ms Lisa Paul, Secretary

Mr Grahame Cook, Deputy Secretary

Mr Colin Walters, Group Manager, Higher Education Group

Ms Lois Sparkes, Branch Manager Quality Branch, Higher Education Group

Mr Rod Manns, Branch Manager, Funding and Student Support Branch, Higher Education Group

Ms Anne Baly, Branch Manager, Teaching, Equity and Collaboration Branch, Higher Education Group

Mr Matthew Hardy, Director, Higher Education Information Management System, Business Development Section, Information Technology Development Branch, Information Services Group

**Innovation and Research Systems Group**

Ms Lisa Paul, Secretary

Mr Grahame Cook, Deputy Secretary

Dr Evan Arthur, Group Manager, Innovation and Research Systems Group

Ms Leanne Harvey, Branch Manager, Research Systems Branch, Innovation and Research Group

Ms Anne-Marie Lansdown, Branch Manager, Innovation and Research Branch, Innovation and Research Group

**National Training Directions Group**

Ms Lisa Paul, Secretary

Mr Jim Davidson, Deputy Secretary

Mr Ben Johnson, Acting Group Manager, National Training Directions Group

Ms Susan Macpherson, Acting Branch Manager, New Apprenticeships Services Branch, National Training Directions Group

Ms Catherine Vandermark, Acting Branch Manager, Funding and Performance Branch, National Training Directions Group

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

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

Ms Aurora Andruska, Group Manager, National Training Directions Group

**Industry Skills Development Group**

Ms Lisa Paul, Secretary

Mr Jim Davidson, Deputy Secretary

Ms Rebecca Cross, Group Manager, Industry Skills Development Group

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

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

Mr Andre Lewis, Branch Manager, Vocational Education and Training Quality Branch, Industry Skills Development Group

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

**Indigenous and Transitions Group**

Ms Lisa Paul, Secretary

Dr Wendy Jarvie, Deputy Secretary

Mr Ewen McDonald, Acting Deputy Secretary

Mr Tony Greer, Group Manager, Indigenous and Transitions Group

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

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

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

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

**Schools Resourcing Group**

Ms Lisa Paul, Secretary

Mr Ewen McDonald, Acting Deputy Secretary

Mr Chris Evans, Group Manager, Schools Group

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

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

Ms Christine Dacey, Branch Manager, Schools Resourcing and Infrastructure

**Schools Outcomes Group**

Dr Trish Mercer, Group Manager, Schools Outcomes Group

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

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

Mr Greg Cox, Acting Branch Manager, Performance and Targeted Programmes Branch, Schools Outcomes Group

**International Education Group**

Ms Lisa Paul, Secretary

Dr Wendy Jarvie, Deputy Secretary

Ms Fiona Buffinton, Group Manager, International Education Group

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

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

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

Mr Anthony Zanderigo, Acting Branch Manager, International Policy and Recognition Branch, International Education Group

**CHAIR (Senator Troeth)**—Good morning. I declare open this meeting of the Senate Employment, Workplace Relations and Education Legislation Committee. I welcome the minister, who is about to join us, Senator the Hon. Amanda Vanstone, who represents the Minister for Education, Science and Training, the secretary, Ms Lisa Paul, and officers of the Department of Education, Science and Training and agencies as well as observers to this public hearing. The committee has agreed that we will commence today with the education, science and training portfolio. The committee examined the budget expenditure of this portfolio at its hearings on 1 and 2 June 2005 and will today be considering matters of which senators have given notice. The committee has resolved that answers to questions on notice are to be lodged with the committee by Monday, 5 December 2005. Any written questions on notice should be lodged with the secretary by midday on Monday, 7 November 2005.

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



parliament has expressly provided otherwise. Officers shall not be asked to give opinions on matters of policy and shall be given an opportunity to refer such questions to superior officers or to the minister. The giving of false or misleading evidence to the committee may constitute a contempt of the Senate.

When officers are first called upon to answer a question, they should state clearly their name and position. Oral evidence and documents in estimates proceedings are part of the public record. Today's proceedings will be suspended for breaks as indicated on the agenda and we will finish questions of this portfolio by 6.30 pm. I welcome the minister and ask you, Minister, if you would like to make an opening statement.

**Senator Vanstone**—Thank you, Madam Chairman. The only thing I would like to say is that it is a pleasure to be here as always and I hope we get on as expeditiously and civilly as we did last time.

**CHAIR**—I am sure we will. Ms Paul, would you like to make an opening statement?

**Ms Paul**—It has been our custom to update the committee on where we have got up to with answers to questions on notice. If you would like me to, I will do so. At the hearings on 1 and 2 June, we took 445 questions which had 1,806 parts. We have answered all but two of those. To name those two, one is No. E108\_06 from Senator Allison on capital infrastructure grants. That has been finished and is being checked now, so I am sorry that is not here. It is a big job to go through all of the grants. The other is No. E092\_06 from Senator Carr. It was about overspends and underspends in the science division. That forms part of the answer to a question from the 2004-05 estimates, which is 852. It was a list of all administered programs. That is still being finalised now because we had to wait for the 2004-05 financial results and that is all our administered programs, so it is a huge job. But that is being finished now and should be with the committee shortly.

We still have two questions remaining from previous estimates other than those ones. One is No. E408 from Senator Carr which was listing membership meeting locations, all costs including travel accommodation, sitting fees, food and beverages for all advisory committees and review committees from 2001-02, 2002-03, and 2003-04. We are just finishing drawing all that together. The other is No. E645\_03 from Senator Carr which was similar. It asked for details of all advisory committees, task forces and other reference groups established in the portfolio since March 1996. The committee has interim advice on that but the cessation of ANTA has caused a bit of delay so I think we have to update the final.

[9.08 am]

#### **Department of Education, Science and Training: Cross Portfolio**

**CHAIR**—We will start with cross portfolio issues. Senator Wong, I understand you have some questions?

**Senator WONG**—Thank you, Madam Chair. Ms Paul, on the issue of the questions on notice, I understand that there are two questions still outstanding?

**Ms Paul**—That is correct.

**Senator WONG**—Then you referred to some other ones. Are they from previous estimates?

**Ms Paul**—Yes. There are two outstanding from the hearings of 1 and 2 June and there are three outstanding from previous hearings.

**Senator WONG**—From the hearings prior to the budget hearings?

**Ms Paul**—Yes.

**Senator WONG**—Of those five, have they all been provided to the minister's office?

**Ms Paul**—No, I do not think any of them have yet. Each one of them has been a huge compilation task.

**Senator WONG**—I will talk about the compliance—or half compliance, I suppose—with the due date of answers of 22 July. I think by the 26th, an additional four days, you had provided around 293 answers to the committee which is just over half. Can you give me an indication of the delay on the remainder?

**Ms Paul**—We finalised the form of answers with the committee secretariat on 20 June—this is what I have here. The due date was 22 July. By that point, 62 per cent of the answers had been provided to the committee on behalf of the whole portfolio which represented half of the department's answers.

**Senator WONG**—The committee has provided me with a disaggregate which has 277.

**Ms Paul**—I am sure that is true. By 10 August, we had increased that to 74 per cent with another 52 answers and, by 26 August, we had got up to 84 per cent.

**Senator WONG**—That is an answer about proportions; I am asking about why there was a delay beyond 22 July.

**Ms Paul**—I beg your pardon. Usually, the delays would be because they require a lot of information. As I said, there were 806 parts. Often we get questions, as you will have seen, which require information over a number of years or have many parts. When they go past me, I can see that many of them have required quite a deal of aggregation of data and so on.

**Senator WONG**—Can you tell me, of those which were received—and you will have to take this on notice, I assume—after the end of July, so I am being generous, the dates on which they were provided the minister's office?

**Ms Paul**—Yes, we probably can, but I should note that we do not clear all of our answers through the minister's office.

**Senator WONG**—Of those that were cleared through the minister's office, can you provide the date on which they were first provided to the minister's office, so that is all those for August, September, October and November?

**Ms Paul**—Sure. We will see what we can do.

**Senator WONG**—I go back to the other answers which are outstanding from previous hearings. The committee has kindly provided me with some indication of those. One of these from Senator Carr goes back to February 2003 and another to December 2004.

**Ms Paul**—Yes, question E645\_03 goes back to February 2003, which was about all advisory committees, task forces et cetera since 1996. We have provided an interim response to the committee. I think it was minus the Australian National Training Authority information.

**Senator WONG**—When was that provided?

**Ms Paul**—Some time ago.

**Senator WONG**—What about the December 2004 question, asking you to please list membership; meeting locations; costs, including travel, accommodation, sitting fees and food and beverages for all advisory groups and review committees convened by the department? Presumably, you attract that sort of expenditure?

**Ms Paul**—Yes, but I do know that that question has involved an enormous amount of tracking back through records, piecing records together and so on. Unfortunately, we did not have a single database to draw on. That one is close to finalisation. We could update it endlessly, and we would be happy to do so if the committee wants, but we need to get to the committee what we have to date.

**Senator WONG**—It has taken 11 months to work this out?

**Ms Paul**—Yes. It has been extremely complex.

**Senator WONG**—You do not track the public expenditure?

**Ms Paul**—Not in a single data set.

**Senator WONG**—But presumably divisions or sections of the department would track that expenditure.

**Ms Paul**—That is right, and they would have had to go back to historical files and so on, given that the question asks for sitting fees, food and beverages, travel, accommodation, membership and meeting locations. I would imagine that people would have to go to minutes of meetings and so on. It would be quite an extraordinarily complex task. I believe the answer comes to over 100 pages and should be with the committee soon.

**Senator WONG**—That is a lot of expenditure, isn't it?

**Ms Paul**—It is a lot of information.

**Senator Vanstone**—It is certainly a lot of expenditure in extracting that information.

**Senator WONG**—You do not think that these sorts of expenditure questions are of public interest? Is that the implication?

**Senator Vanstone**—Senator, I am sorry if you have had a glass of lemon juice for breakfast. I did not say that at all; I simply said that there is a lot of expense in extracting that sort of information.

**Senator WONG**—Ms Paul, when do we expect that?

**Ms Paul**—I gather it is within the next couple of weeks. We will check on that and, if that is not right, I will correct it while we are here.

**Senator WONG**—Will that be to date, or to the date of the question, which is now a year ago?

**Ms Paul**—I will have to check that, Senator.

**Senator WONG**—If it is to the date of the question, I will ask perhaps a further question on notice to have it updated to date to include the additional year.

**Ms Paul**—Certainly.

**Senator WONG**—I go to the issue of the annual report. I understand that the department's was tabled on Friday—is that correct?

**Ms Paul**—Yes.

**Senator WONG**—I will come to that in a minute. Are there any agencies or other entities within the portfolio which have not yet tabled theirs of which you are aware?

**Ms Paul**—I have certainly seen copies of the tabling letters from all the agencies, so my guess is that they are all on track, but we will need to check that for you.

**Senator WONG**—Will we be able to deal with that later today?

**Ms Paul**—Yes, we should be able to do that.

**Senator WONG**—Was the tabling of the annual report of the department something that was discussed with the minister's office?

**Ms Paul**—Not other than my letter of transmittal in the normal way.

**Senator WONG**—When was that transmitted?

**Ms Paul**—I have dated it 4 October.

**Senator WONG**—Do I understand that to mean that it was with the minister between 4 October and the 28th, the tabling date?

**Mr McDonald**—The delay between the transmittal letter of Ms Paul and the tabling of the report was printing the document, which takes up to three weeks. That was the reason for the delay. The report needs to be tabled by the end of October, and it was tabled on the 28th.

**Senator WONG**—Do I understand your answer to mean that what was transmitted on 4 October was not the printed version?

**Ms Paul**—That is right. My letter of transmittal goes into the final version.

**Senator WONG**—Presumably you await printing until you get authorisation or sign-off from the minister's office?

**Ms Paul**—Yes.

**Senator WONG**—When did you receive that?

**Ms Paul**—Virtually the same day, I think.

**Senator WONG**—You think?

**Ms Paul**—I will check for you. Printing takes a couple of weeks, so it was a very short period of time.

**Senator WONG**—Mr McDonald says three weeks. I just wondered if it were possible—

**Ms Paul**—We can do a timetable, a chronology, for you.

**Senator WONG**—Would that be later today or is that a question on notice?

**Ms Paul**—We should be able to do it later today.

**Senator WONG**—I understand that the report was released late on Friday. We did not see it on the web site at about four o'clock that day. Do you know what time it was released?

**Mr McDonald**—We can do that in the chronology; I am not sure of the exact time on Friday.

**Senator WONG**—Who made the decision to release it late on a Friday?

**Mr McDonald**—It was tabled as soon as it was printed and available. There was no decision to make it available at four o'clock on a Friday.

**Ms Paul**—I think it was just when the natural timing took us; it was not a particular decision.

**Senator WONG**—Is the report drafted internally?

**Ms Paul**—Yes.

**Senator WONG**—Is any of it outsourced?

**Ms Paul**—Of the drafting of it?

**Senator WONG**—Yes.

**Ms Paul**—I think we have it edited, but the drafting is done internally by each of the groups. Then we have it professionally edited.

**Ms Brain**—The report is drafted internally, but we do have some assistance from a consultancy company to go over the draft for us.

**Senator WONG**—Who is the consultancy company?

**Ms Brain**—Dunn and Dunn Consulting.

**Senator WONG**—How long have they had this role?

**Ms Brain**—They certainly had this role last year and this year.

**Senator WONG**—Was this a contract that went to tender or was it a selection process?

**Ms Brain**—No. It was one written quote. Because the contract is valued between \$10,000 and \$50,000, we are only required to get one written quote.

**Senator WONG**—On what basis were Dunn and Dunn selected?

**Ms Brain**—On the basis that they did this work for us last year and we were very happy with the quality of the work.

**Senator WONG**—So on what basis were they selected last year?

**Mr McDonald**—I think it is value for money and the quality of the product they have produced in the past. It is an area where they have done work for other agencies as well in terms of proofreading the annual report. The availability of a lot of people who can write and check annual reports is not extensive.

**Ms Paul**—If you wanted to know the reasons for the first selection—I do not know whether that was last year, the year before or whatever—we would be happy to take it on notice.

**Senator WONG**—Ms Brain just said it was last year.

**Ms Paul**—Let us assume the first time we hired them was last year.

**Senator WONG**—You do not have that information here today?

**Ms Paul**—Probably not.

**Senator WONG**—I think, Ms Brain, you said they were selected this year because they did it last year. Was last year's selection for a two-year period or is it an annual agreement?

**Ms Brain**—I will need to take that on notice.

**Senator WONG**—You do not know that?

**Ms Brain**—I believe that it is an annual agreement, but I would like to take it on notice.

**Senator WONG**—What was the cost this year?

**Ms Brain**—The cost this year was \$14,454 including GST.

**Senator WONG**—And last year?

**Ms Brain**—I do not have last year's costs.

**Senator WONG**—If you could take that on notice for me I would appreciate that. What is the nature of their work?

**Ms Brain**—They look at the initial drafts. They attend relevant meetings, from time to time they might investigate and locate some additional information for us and they do some redrafting when required.

**Senator WONG**—I will turn to page 218 of the annual report. As you know, Ms Paul, this is my first time dealing with this side of the portfolio in toto. Have we had a question covering the historical spend over a number of years by your organisation on advertising, public relations, marketing, direct mail and market research?

**Ms Paul**—I think so.

**Ms Pearce**—Could you repeat that question?

**Senator WONG**—Was the committee provided at the last estimates with a historical analysis of your advertising and public relations spend?

**Ms Pearce**—No. I think the information that is in here is pretty similar to the information that was given last year. This information is by requirement.

**Mr Kriz**—What we have had is one of these very detailed questions which is periodically updated to do with all consultancies which the department has, which has been run at least once a year, if not twice a year, for at least four or six years. It basically sets out all the data in each year and we update it as required by the committee. That would have included, obviously, these sorts of consultancies. It was not anything specific to do with this but it was part of the broader question.

**Senator WONG**—That is fine. On notice what I would like to see is the total spend in the department on advertising, public relations, marketing, direct mail and market research since the 1995-96 financial year.

**Senator FORSHAW**—In what you just provided us with about consultancy, were you talking about all consultancies across the department?

**Mr Kriz**—Yes.

**Senator FORSHAW**—That is the requirement, isn't it, that you are obliged to meet as a result of the Senate order? Is that what has to be posted on the web site every six months or whatever or is this something in addition to that?

**Mr Kriz**—This is something in addition.

**Senator WONG**—That would be the Senate order—

**Senator FORSHAW**—It relates to contracts.

**Senator WONG**—that relates to contracts.

**Senator FORSHAW**—Or consultancies.

**Senator WONG**—So are you saying this is additional to that?

**Mr Kriz**—Yes. This is something that Senator Carr has asked on a number of occasions over a number of years. It goes into much more detail than what is colloquially referred to as the Murray order, which we obviously put up.

**Senator WONG**—Can you also either now or on notice—I am presuming you cannot do it now—give me the total advertising, public relations, marketing and direct mail spend on the New Apprenticeships and higher education reforms, also over the same period?

**Ms Paul**—I actually think we may have that. Anyway, we will certainly get it to you.

**Senator WONG**—Senator Carr had another question on notice—E162\_06—which was in regard to New Apprenticeships. I was particularly asking about higher education reforms. Can I have the same set of data for the same period also in relation to Discovering Democracy, Investing in our Schools, school literacy voucher initiatives and the Australian technical colleges?

**Ms Paul**—Okay.

**Senator WONG**—I notice from some previous documentation that the market research agency Worthington DiMarzio has been given a number of contracts. Can you tell me what they actually do for you?

**Ms Pearce**—They do market research. They usually do the research before a campaign begins to work out what sort of messages you need to cover and they usually do the post campaign tracking research, which is to see how the campaign has gone.

**Senator WONG**—Have you used any other market researchers in the last few years?

**Ms Pearce**—For the major campaigns, not to my knowledge. I have been here two years.

**Senator WONG**—Essentially, they have been the sole market research provider to the department of the major campaigns in recent times.

**Ms Pearce**—There is other research—for example, Colmar Brunton has been used by Questacon and so forth. If you are talking big campaigns, I only have experience of two of them and Worthington DiMarzio did those.

**Senator WONG**—Were they New Apprenticeships and higher education?

**Ms Pearce**—Yes.

**Senator WONG**—How much money over the same period has been spent in payments to Worthington DiMarzio?

**Ms Pearce**—I do not have a total here, but I am happy to provide that to you.

**Senator WONG**—Going back to 1995-96, did you use them before as well?

**Ms Pearce**—I have only been in this job a few years.

**Senator WONG**—Okay.

**Mr Kriz**—The market research and polling organisations are reported in the annual report at table 3.2 and that identifies a number of other agencies other than Worthington DiMarzio.

**Senator WONG**—I already have that page open, thank you. The point I am making is in relation to particular campaigns. The Social Research Centre did the survey of New Apprenticeship outcomes. How were they chosen? Did that go to tender?

**Ms Pearce**—We do a select tender from the GCU list. That is how they are chosen.

**Senator WONG**—How many people were on the list at the time they were chosen? Would it be one or two or 20?

**Ms Pearce**—Half a dozen, probably.

**Senator WONG**—Can I ask why they particularly were chosen? Did they come in cheaper?

**Ms Pearce**—Value for money, know the portfolio and have done a very good job.

**Senator WONG**—I am asking for something more specific. Were they the cheapest tender?

**Ms Pearce**—I would have to look at the records. I am sorry, I do not know that.

**Senator WONG**—Does anyone know that?

**Mr McDonald**—Criteria would be established for the selection, which independent people look at and then make a recommendation to the delegate. We could check the criteria for the selection but it would have been—

**Ms Pearce**—It would have been adhered to.

**Mr McDonald**—Yes, and that gives a value-for-money decision.

**Senator WONG**—The total spend at least for this financial year on the higher education reforms included market research, public relations and advertising? How much was the total?

**Ms Pearce**—The total spend on the higher education reforms campaign?

**Senator WONG**—Yes.

**Ms Pearce**—We have provided a total of \$1.9 million.

**Senator WONG**—\$1.9 million?

**Ms Pearce**—GST exclusive.

**Senator WONG**—So this is the answer provided in response to a question from Senator Carr numbered E007\_06?



**Ms Pearce**—That is right.

**Senator WONG**—\$1.9 million to date?

**Ms Pearce**—That is right. I would have to check the date on which the question was provided—this year, 2004-05.

**Senator WONG**—And you have another million dollars appropriated for this?

**Ms Pearce**—That is right.

**Senator WONG**—So the government is looking at a \$3 million campaign on its higher education reforms?

**Mr Storen**—The government made a decision in the 2004-05 financial year that provided the department with \$3 million to conduct the higher education campaign. Of that, we used \$1.9 million, rounded to \$2 million, in the 2004-05 financial year. Because it is a departmental expense, the funds carry through into the department's base, and there will be some further expenditure in the 2005-06 year. I doubt that it will go to the full million-dollar balance, but it is still under way and we have not finalised all spending.

**Senator WONG**—Can you find things to spend it on, Mr Storen?

**Ms Paul**—There is another part of the campaign to come. There is a final part which is about some kits and so on which Ms Pearce can explain.

**Ms Pearce**—Printed materials.

**Ms Paul**—Ms Pearce could give some more detail on that. So there is a part yet to be spent, but it will not take the full amount, as Mr Storen has said.

**Senator WONG**—What is yet to come?

**Ms Pearce**—There are some kits for careers advisers, printed pamphlets and so forth which are just basically information.

**Senator WONG**—About what?

**Ms Pearce**—About HECS, essentially.

**Ms Paul**—It is about what assistance is available. The campaign was about promoting the Going to Uni web site, and that is what these do as well.

**Senator WONG**—In Senator Carr's question to which we have been referring, regarding the market research tracking report, it is indicated that this campaign is yet to be finalised. I presume that is something that is different to what you are referring to?

**Ms Paul**—That is right. We have this last part, which is happening now, basically.

**Senator WONG**—What is being referred to in the answer to that question?

**Ms Pearce**—The campaign is yet to be finalised.

**Senator WONG**—This is question E007\_06. It related to the market research tracking report. Senator Carr requested a copy of 'A Research Report on Higher Education Reforms Communication Campaign, Developmental Phase, Study No. 04/05/3552'. It is stated that, as indicated in the June hearings, the release of any reports is dependent on the finalisation of

this campaign, and that this campaign is yet to be finalised. Is this the printed material that you were referring to?

**Ms Pearce**—That is correct.

**Senator WONG**—You have finalised the report which was requested?

**Ms Paul**—Correct.

**Senator WONG**—But you are not releasing it because you are going to spend more money this year on printed pamphlets?

**Ms Pearce**—We have released this. We have provided it to Senator Carr.

**Senator WONG**—That has been provided, has it?

**Ms Paul**—Yes, it has.

**Senator WONG**—How much of the million dollars outstanding will go on the pamphlets?

**Ms Pearce**—I would have to take that on notice because we work with our higher education group on that side of it.

**Senator WONG**—I referred before to question E162\_06, which relates to advertising on New Apprenticeships and other skills shortage related matters.

**Ms Paul**—Sorry, what is the question?

**Senator WONG**—\$3.63 million for New Apprenticeships and none for skills shortage related matters over the last seven years—is that correct? Ms Paul, you are nodding, but obviously Hansard cannot pick that up. I presume that is a yes?

**Ms Paul**—I was nodding in Ms Pearce's direction in terms of confirming those figures, which sounded right to me but I probably need to confirm them.

**Senator WONG**—I won't hold you to your nodding!

**Ms Pearce**—Senator, I am finding it quite hard to hear you from here.

**Ms Paul**—I think the senator is finding it hard to hear Ms Pearce in return.

**Senator WONG**—You never found it hard to hear Senator Carr. He probably didn't need a microphone!

**Ms Paul**—I couldn't possibly comment!

**Senator WONG**—I am afraid I am not quite so loud—or perhaps not as forceful. I turn now to the E162\_06 question. I am referring to the question that was asked on what your expenditure was for advertising over the last seven years, in relation to New Apprenticeships and other skills shortage related matters. I want to confirm that there was no expenditure specifically for advertising related to skills shortage related matters, and only \$3.363 million for the current financial year.

**Ms Paul**—My understanding is—and if this is not right we will correct it as soon as we can—that that is absolutely correct: that that is the expenditure. There is no other expenditure. When we say there has been no expenditure specifically for advertising related to other skills shortage matters in the last seven years, that is not to say that this campaign did not have a skills shortage focus.

**Senator WONG**—Which campaign?

**Ms Paul**—The New Apprenticeship campaign that we are talking about here. The most recent part of the New Apprenticeships campaign actually did focus on attracting people into apprenticeships in skills shortages areas, and you might remember there were some television ads about, ‘It’s amazing where a New Apprenticeship can take you,’ in hairdressing and commercial cookery and so on, which are areas of skills shortage. But the nature of the campaign, as it has been over many years, is basically to try to attract young people into apprenticeships in the broadest sense.

**Senator WONG**—So the government is proposing to spend up to \$3 million on advertising higher education reforms; it has certainly spent \$2 million over this financial year on media buy alone—is that right? Sorry—\$1.2 million on media buy alone?

**Ms Pearce**—That is right. Yes.

**Senator WONG**—And nothing, other than New Apprenticeships, on any other skills shortage matters?

**Ms Paul**—As I say, the major part of the New Apprenticeships campaign most recently—certainly, as I recall, over 2004 and, I think, over 2003, just in terms of the media buy—was targeting skills shortages. There were four particular areas, and there was quite an extensive media buy of TV.

**Senator WONG**—In the 2004-05 year, according to the question I have been putting to you, the estimate for the advertising on New Apprenticeships is only \$0.1 million.

**Ms Paul**—Yes. The major campaign on New Apprenticeships was running during 2003 and 2004, to my recollection.

**Senator WONG**—Didn’t the department or the government think that the skills shortage required the government to actually put more money into this area, as opposed to its higher education reform campaign?

**Ms Paul**—There has been \$1.3 billion of new initiatives into the skills shortage area quite directly, following the 2005 budget. They go to a range of new initiatives in the New Apprenticeships incentives area. There is a range of ways to try to attract young people into apprenticeships—the technical colleges. There are a large number of new initiatives, all targeting areas of skills shortage.

**Senator WONG**—Ms Paul, I am comparing your media buy, in terms of your higher education reforms, which is nearly \$1.3 million, and your total advertising costs on New Apprenticeships last year, which are, on the figures you have given me, \$0.1 million. It just seems to me, from this side of the table, to be a very unusual set of priorities—to target the higher education reforms and ignore the skills shortage area, which appears to be quite a significant issue for the employers in this country.

**Ms Paul**—Let me put it in context—

**Mr Storen**—I can provide an update to E162 06. At the time the question was asked, it had asked how much we had spent during 2004-05, and the answer provided was that \$0.1 million had been spent. But, according to my quick calculations of some detailed records I have got,

the final 2004-05 spend on New Apprenticeships advertising was in the order of \$2.3 million, in 2004-05.

**Senator WONG**—Between when you provided this—on 7 June it was asked; this is 04-05, not 05-06.

**Mr Storen**—That is correct. That is what I just quickly checked through.

**Senator WONG**—How much is that?

**Mr Storen**—\$2.3 million.

**Senator WONG**—When was this answer provided?

**Mr Storen**—There is no date on the—

**Senator WONG**—I am sure the committee can advise us when the answer E162\_06 was provided. It might be in my index.

**Mr Storen**—It would have been asked in the early June hearings.

**Ms Paul**—It would have been asked in the June hearings, and presumably Mr Storen is referring to the update arising from the close of books at the end of the financial year.

**Senator WONG**—That is not just an update. We are talking about a difference of \$2.2 million.

**Mr Storen**—But spend on some of the advertising campaigns comes in reasonably large amounts and, if any spend occurred in the second two-thirds of June it would not have been picked up in the \$0.1 million to date when the answer was provided.

**Senator WONG**—When was the answer provided?

**Ms Paul**—In September, which probably means we were still working through the finances.

**Senator WONG**—So you provided it in September and you were \$2.2 million out.

**Ms Paul**—We will have to find out for you when the expenditure came and how that related to the close of books. I am sure that will be the reason—that we had to close the books at the end of the financial year and update the expenditure, but we will find out why.

**Senator WONG**—It is not just updating; it is a very substantial difference between what has been provided to the committee after the close of the financial year and what you are telling me today—a difference of over \$2 million.

**Ms Paul**—I appreciate that.

**Senator WONG**—What was that spend on?

**Mr Storen**—My descriptions are quite broad, but it is New Apprenticeships marketing and national marketing activity activities.

**Senator WONG**—Does anybody know what that means? I am not being rude to you, Mr Storen, but—

**Mr Storen**—Our New Apprenticeships marketing campaign is largely managed through our vocational education and training people.

**Senator WONG**—So I should ask VET about that, should I?

**Ms Paul**—Could we do that when they are on the program?

**Senator WONG**—Yes. Did I ask you to give me an indication of Worthington DiMarzio's contracts over the last nine years? I did.

**Mr Storen**—Can I just clarify our answer on that: in 1999 we switched over our financial management system from the previous system to an accrual one—

**Senator WONG**—I do know that, Mr Storen.

**Mr Storen**—so getting the data back to 1999 is an administrative task that we will be able to undertake. Pre 1999 we will have to have a look at how difficult it is to go to the archived computer system and check the vendor record there.

**Senator WONG**—It is simply contracts and/or consultancies with Worthington DiMarzio for that period that I would be keen on knowing about, and the value of them.

**Mr Storen**—There will be a fair amount already published in annual reports that we will be able to go to.

**Senator WONG**—I am sure.

**Mr Storen**—Perhaps for the 1996 to 1999 period we may go to the published material rather than delving into the financial system.

**Senator WONG**—Can we go back to the Social Research Centre. Is this the only consultancy or contract you have with them?

**Ms Pearce**—You would have to talk to the VET people about that.

**Senator WONG**—All right. Let me turn now to corporate hospitality—the hospitality expenses which were provided to Senator Carr. It is question E510\_05. Can you tell me—I do not know if you are the person to ask, Mr Storen—what the total spend is to date? I think the 2004-05 figure finishes at February.

**Mr Storen**—Yes. I will update you. The previous answer went to February 2004-05. The final 2004-05 figure is \$263,700 and the September year-to-date figure for 2005-06 is \$46,302.

**Senator WONG**—Do you have the details of that expenditure here in a similar format to that question on notice answer?

**Mr Storen**—Yes. I can provide that.

**Senator WONG**—Is that being tabled?

**Ms Paul**—It is—slowly but surely.

**Senator WONG**—While that is occurring, I will go back to the unexpended money in the 2004-05 financial year and the higher ed reforms campaign of over \$1 million, a proportion of which you say will be spent this year.

**Mr Storen**—That is correct.

**Senator WONG**—You do not have any indication of the approximate amount that is likely to be expended out of that appropriation?

**Mr Storen**—I have a number of numbers running through my hand. The best figure I can give you today is up to \$800,000. But a lot of this material will be dependent on final bills from the last range of activities that come through.

**Senator WONG**—Is that tabled document being copied?

**Ms Paul**—It has left our ken, so it must be.

**Senator WONG**—Can we go back to any of the issues that you said you would get back to me about, Ms Paul, while we are waiting for the photocopy?

**Ms Paul**—No, I will need to speak with various people to get those pieces of information. I will try to do that in the break and come back to you.

**Senator WONG**—Going back to the Social Research Centre contract, you were not able to give me details of what that was for. You want me to ask the VET group—is that right?

**Ms Paul**—We can deal with that when the VET people are here.

**Senator WONG**—In terms of the updated figures, can you explain why we have had such a jump? For 2001, it is \$70,000. You are then over \$200,000 for the following three financial years on hospitality.

**Ms Paul**—That was when the portfolio changed its structure. That was when DEST was actually created and, in particular, science functions came in—Questacon and so on. So it basically reflects machinery of government change.

**Senator WONG**—General science increased, though, as a component as well. Questacon activities were none in the 2002-03 year but it was still over \$200,000.

**Ms Paul**—The expansion of the department through machinery of government would flow on to a range of other areas as well.

**Mr Storen**—If you want to look at 2004-05, for example, the Prime Minister's science prizes, Questacon activities, the PMSEIC and general science were not part of the portfolio for the whole of 2001-02. If you add those up, you get close to \$180,000 of the 2004-05 budget which was not part of the portfolio in 2001-02. To get a comparable number, you are looking at about a \$70,000 to \$80,000 increase four years later.

**Senator WONG**—So there is a suggestion the numbers have increased because Questacon do a lot of entertaining, Ms Paul?

**Ms Paul**—The expenditure in here for Questacon is around their events—the *Strike a Chord* exhibit, which is one of the most recent ones, or when they launched Mini-Q, for example, for the noughts to sixes, and so on. It is for the public events.

**Senator WONG**—Which comprise \$77,000 and \$68,000 respectively of over a quarter of a million dollars of corporate hospitality. Even taking that away, it is still a substantial amount.

**Mr Storen**—Then, if you remove the science related expenditure that was not in the portfolio for the whole of 2001-02, that is a further \$120,000.

**Ms Paul**—That would cover things like the science prize, some of the international delegations, the PMSEIC, CRCs, the general science area and so on.

**Senator WONG**—Can I move on to staff numbers and costs. In the last estimates round Senator Carr was asking about the departmental expenses associated with running, I think, the literacy voucher initiative, and we were told by Ms Weddell that departmental expenses were about \$0.94 million, for about five or six staff. Is that still the correct figure and number of staff?

**Ms Paul**—That would still be the same.

**Senator WONG**—And what about the staff allocated to working on the Australian technical colleges initiative?

**Ms Paul**—It would still be the same.

**Senator WONG**—I am asking what it is.

**Ms Paul**—I am sorry. It is a branch, probably of about 15 people, but we can confirm that too when the schools people are here today.

**Senator WONG**—And the Investing in Our Schools Program?

**Ms Paul**—Similarly, it is a branch.

**Senator WONG**—Perhaps you could provide the information on notice. What I am interested in is in the number of staff and the associated administrative costs.

**Ms Paul**—Sure. That's fine.

**Senator WONG**—Thank you. The answer we are referring to in relation to corporate hospitality: are you able to do an historical answer for me on that, going back prior to 2001-02?

**Mr Storen**—We can have a look at the information available. My initial reaction is that back to 1999 is achievable. Pre-1999, I think it will run to—

**Senator WONG**—Problems?

**Mr Storen**—significant resources in terms of archives and accessing staff who actually know how to 'unarchive' material and interrogate it, but we will come back to you with what we can do and an explanation of what we cannot do.

**Senator WONG**—Okay. Perhaps you could at least provide the data for 1999 to 2001-02. I would think hospitality is always an issue that is of interest; there must be some data to which you could refer to extrapolate for the committee from 1995-96 to 1999.

**Mr Storen**—Extrapolation will be interesting, because in the mid-nineties the employment function was part of the portfolio, so we are going to encounter similar machinery of government problems as with the historical series—but we will see what we can do.

**Senator WONG**—What I am interested in is corporate hospitality. I understand there are other items listed under the general group in that expenditure category. Is that right—in that general group and state hospitality?

**Mr Storen**—So you are interested in the items, if you like, below the line—

**Senator WONG**—I am interested in corporate hospitality.

**Mr Storen**—Our classification system is ‘hospitality’. Do you have a clear definition of what you mean by corporate hospitality?

**Senator WONG**—What do you mean your classification is hospitality? What does that include?

**Mr Storen**—It includes events—

**Ms Paul**—Launches, delegations—is that the sort of thing you are interested in?

**Senator WONG**—Yes.

**Ms Paul**—Yes. That will be covered.

**Mr Storen**—attended by people outside the department and people within the department.

**Ms Paul**—That is covered in these figures.

**Senator WONG**—You did provide, in E407\_05, hospitality/entertainment answers. I am interested in the equivalent items.

**Ms Paul**—For the previous years.

**Senator WONG**—Yes.

**Ms Paul**—We understand; that is fine.

**Senator WONG**—In E019\_06, you responded to Senator Carr regarding his request for a breakdown of corporate hospitality and entertainment for the financial years 2001-02, 2002-03, 2003-04 and for the then financial year. That is the category that I am interested in.

**Ms Paul**—Okay. Thank you, Senator.

**Senator WONG**—That completes my questions on cross-portfolio matters.

**CHAIR**—I indicate that the program shows that at this point Senator Stott Despoja wanted to ask questions of the Australian Research Council. Senator Stott Despoja will not be present at today’s hearing. Do other senators have questions for that part of the portfolio?

**Senator CROSSIN**—Yes.

**CHAIR**—I understand that all questions for the Australian Research Council have been put on notice. We will now move on to the Australian Nuclear Science and Technology Organisation.

[10.05 am]

#### **Australian Nuclear Science and Technology Organisation**

**CHAIR**—I welcome the officers from ANSTO.

**Senator FORSHAW**—Firstly, I would like to put on the public record that, as you are aware, I had the opportunity to visit the new reactor or, as some call it, the replacement reactor site, a couple of months ago. I appreciated very much the opportunity and thank you and your staff for giving us the tour and the briefing sessions. Can you give us a quick update on where you are now at with completion of the new reactor and the other facilities? What is your anticipated time line from here to full completion? Also, where do you understand the application for an operating licence to currently be at? Obviously, ARPANSA will be



appearing in other estimates later today, but could you tell us where ANSTO understand that process to be at.

**Dr Smith**—At the moment, the reactor project is going well. It is running ahead of the schedule that INVAP had for their completion date. The current schedule looks like we will finish the pre-commissioning tests of equipment during this calendar year. Hopefully we will complete the cold commissioning, which is testing of the reactor systems, somewhere around the end of February next year. At that point, ARPANSA will be the next issue. It will need an issue of an operating licence before we can load fuel into the reactor. I will come back to ARPANSA. Once we do that, on the current schedule, we would expect to take full possession of the reactor as a fully operating reactor some time around the end of October 2006.

**Senator FORSHAW**—You have applied for an operating licence but that is only for the precommissioning. Could you clarify what specifically the current application for licensing entails? Is it just the one application which ultimately will allow you to operate the reactor?

**Dr Smith**—It is just one application. The first issue of the licence will have some conditions that we will have to meet which are for proving the reactor's performance during the hot commissioning process. But the issue of the operating licence is effectively the last event in licensing the reactor after we meet the other conditions.

**Senator FORSHAW**—Do you have an expectation as to when you will get a decision from ARPANSA about the initial precommissioning or commissioning stage—I do not know what you call it—to undertake that work?

**Dr Smith**—We received a time line from ARPANSA. That time line accommodates our expectations for the operating time scale for the reactor now.

**Senator FORSHAW**—What is the time line?

**Dr Smith**—We would expect ARPANSA to make a decision about the operating licence in the period around the end of March next year.

**Senator FORSHAW**—I am still trying to clarify. Is that to enable you to do what you called the hot commissioning? Getting this terminology correct is not always easy.

**Dr Smith**—It is one licence. The operation licence allows us to go to hot commissioning and then to operation.

**Senator FORSHAW**—In March next year. Thank you. I will leave it at that. I have some other questions but I know Senator Crossin and Senator Moore want to pursue matters.

**Senator CROSSIN**—What can you tell me about the National Store Advisory Committee?

**Dr Cameron**—Again, that is a process which has been run by the department, so it is probably more appropriate you refer that question to the department.

**Senator CROSSIN**—Did ANSTO have a member of that committee?

**Dr Cameron**—Yes.

**Senator CROSSIN**—How long did the committee operate for?

**Dr Cameron**—Again, the terms and conditions of the committee are questions for the department. It is an ongoing process, and it is an advisory committee.

**Senator CROSSIN**—It is ongoing. So the committee still exists. Is that correct?

**Dr Cameron**—Yes, as far as we understand.

**Senator CROSSIN**—Who is your representative on it?

**Dr Cameron**—I am.

**Senator CROSSIN**—How often does it meet?

**Dr Cameron**—I think it meets as and when advice is required to be given.

**Senator CROSSIN**—So you do not have a monthly or three monthly meeting—you just get together as needed.

**Dr Cameron**—Yes.

**Senator CROSSIN**—When was the last time that you met?

**Dr Cameron**—I would probably need to take that on notice. I am not quite sure what the date was. I believe the committee had a certain requirement for advice and that advice has been given. I am not sure whether the committee will operate again. That is a question for the department. We just give advice as and when we are asked.

**Senator CROSSIN**—Can you take on notice or, if you can, in the next half an hour find for me when you would have last met?

**Dr Cameron**—Yes, we can probably find that. It would have been a few months ago. As I say, I am not sure when or if the committee is going to meet again. That is an issue for the department.

**Senator CROSSIN**—What advice have you provided to the government on the developments in the Northern Territory?

**Dr Cameron**—We have provided a range of advice that relates to the technical issues of handling and storing radioactive waste. We are able to bring advice not just out of our own capability. We have been safely handling radioactive waste for over 40 years so we have a lot of experience of that. We have a lot of international experience and international involvement, so we are able to bring advice on how such processes are handled overseas and what the international regulations are. We are certainly able to bring advice on what will be the consequences of any issues to do with handling that and whether or not there is any risk in those various processes, including transportation. We are also able to bring advice on the design and operation of repositories overseas.

**Senator CROSSIN**—In the estimates in June when Senator Carr asked a question about this, your answer was that the technical advice at the time just went to the criteria of the sites. Can you provide me with more detail about that technical advice now that the three possible sites are known?

**Dr Cameron**—We have over some years been able to provide advice that comes from the international regulations to do with the handling, storage and disposal of radioactive waste. That is freely available. It is not just available via ANSTO; it is available internationally on web sites. It relates to how you assess a site for suitability and what sort of criteria might be

used. That advice is in documents issued by the International Atomic Energy Agency. We are able to provide that type of advice, and, as I say, it is not unknown advice.

**Senator CROSSIN**—What particular criteria would have been advised in relation to the three sites that have been named?

**Dr Cameron**—As yet, of course, we have not got to a process of assessing the site. That will be done by a consultant who is appointed by the department. The department has taken advice on the information that we need to collect. We need to collect information to do with the stability of the soils, the geology of the sites, what we know about dispersion rates and what we know about rainfall—all those issues which are fairly normal in an assessment of a radioactive waste repository.

**Senator CROSSIN**—Are ANSTO actually involved in assessing the three sites that have now been named in the Territory?

**Dr Cameron**—No, we are not. That will be done by a consultant. The information that will be required will be collected by a consultant and reviewed.

**Senator CROSSIN**—We may have a situation where, at the end of the day, all three of the sites that have been named are unsuitable—is that correct?

**Dr Cameron**—We know that it is possible to site a store in many locations in Australia, and that would include sites in the Northern Territory as well. The issue really is that we need to look at whether the site is suitable as a repository. As I said, you could build a store—a store is an engineered facility that can be monitored and reviewed—but the question is really whether a site is suitable as a repository where we bury the material. That is the issue that is still to be determined.

**Senator CROSSIN**—But we may well get to a stage where, after the three sites that have been named have been assessed, none of those three sites are suitable. That could be a possibility—is that correct?

**Dr Cameron**—It is a possibility, but you have to realise that, in countries overseas, they have much more adverse conditions to deal with than we have in Australia. Australia is very fortunate because of the geology that we have in many areas of the country and the stability of the soil. Many other western countries have to contend with site conditions which are much more adverse than we would expect to find in Australia.

**Senator WONG**—On that, in the answers that you gave to Senator Carr and to which Senator Crossin has referred you indicated that your technical advice goes to the criteria—that is, general criteria for the site. You have referred to various international standards, instruments et cetera which you say are publicly available and which comprise those criteria. At any point prior to the announcement of the three potential points, were ANSTO asked to evaluate those potential sites against those criteria?

**Dr Cameron**—No, they were not.

**Senator WONG**—Were ANSTO aware of the selection of the three potential sites prior to their announcement?

**Dr Cameron**—The selection of the sites was entirely done by the department in conjunction with its advisers and did not refer to ANSTO.

**Senator WONG**—So at no point have you been asked to identify whether the criteria are met by any of the three sites.

**Dr Cameron**—We will be providing advice on whether the information—

**Senator WONG**—No, I am asking a retrospective question; I am asking about up until now. I am not asking about the future. Prior to the announcement of the three sites, was any analysis by ANSTO undertaken—

**Dr Cameron**—There was no analysis undertaken by ANSTO of those three sites and no advice provided to the department on those three sites against technical assessment criteria.

**Senator WONG**—Does that surprise you?

**Dr Cameron**—The process for deciding those sites is a process that has been decided by government. We are happy to provide advice, as and when requested to do so.

**CHAIR**—Senator Crossin, have you finished your questions?

**Senator WONG**—We are tick-tacking.

**CHAIR**—Senator Nettle has questions, and I would like to allow her an opportunity shortly.

**Senator CROSSIN**—Okay. If you could give us a good 20-minute run, then we will go to Senator Nettle.

**CHAIR**—I am happy, as long as I know how it will work.

**Senator CROSSIN**—Dr Cameron, ANSTO is a member of the national store advisory committee. I have a list here in front of me of over 20 sites. Are you aware of that? It is headed 'Shortlist with NSAC comments/final'.

**Dr Cameron**—I apologise; I think there has been some confusion between two advisory committees. The committee was formed to look at possible sites for the store and location. We were not a member of that committee. I was referring to another high-level committee formed recently to advise the department. I apologise if that was unclear. We were not a member of the group that looked at those possible sites.

**Senator CROSSIN**—That is what I wanted to clarify.

**Senator FORSHAW**—Did you provide any advice in any event or did you have any interaction with the committee or the department in regard to the list of sites that was prepared and considered?

**Dr Cameron**—We do provide occasional advice when information is requested, but not with particular reference to the working of that committee that looked at those sites.

**Senator WONG**—Could you take on notice the question that Senator Crossin asked you about identifying precisely the technical criteria?

**Dr Cameron**—Yes, we are happy to do that.

**Senator CROSSIN**—What is the latest time line for OPAL's construction and operation? Is that what we went through with Senator Forshaw then?

**Dr Smith**—That is correct.

**Senator CROSSIN**—Are any delays anticipated?

**Dr Smith**—No. The project is running ahead of schedule at the moment.

**Senator FORSHAW**—Is that a schedule that was laid down some years ago or is it running ahead of a revised schedule? There were some delays.

**Dr Smith**—It is ahead of the revised schedule that took into account delays due to geotechnical problems and the vigour of the ARPANSA regulation.

**Senator FORSHAW**—It is always helpful if you can move the end date out, so that you can then get ahead of that.

**Senator CROSSIN**—Since the operating licence application was lodged in September 2004, what correspondence have you had with ARPANSA relating to the waste management for OPAL?

**Dr Cameron**—There have been some interactions because ARPANSA has a number of committees, and one of them is the nuclear safety committee. That committee has visited ANSTO. The nuclear safety committee was tasked by the CEO of ARPANSA with providing advice on particular issues. One of those issues related to waste, and they have visited us and posed a series of questions about how waste is handled and how waste is intended to be handled by ANSTO when we operate OPAL.

**Senator CROSSIN**—So the only contact you have had with ARPANSA is through this committee?

**Dr Cameron**—No, we have very regular contact with ARPANSA. As part of the whole construction process, of course, they have asked for information on how we will handle waste at the facility, and we provide that advice. But it relates to ANSTO's construction of the facility and how we are handling waste.

**Senator CROSSIN**—What sort of advice have you provided to ARPANSA about that?

**Dr Cameron**—In a sense it is not advice; it is information. ARPANSA, as the regulator, requires us to produce information at various points and of various types. We produce that willingly and freely.

**Senator CROSSIN**—What information have you provided to them? What have you actually said you are going to do with the waste management at the reactor?

**Dr Cameron**—We have indicated very clearly that we have the capabilities of handling waste safely on site. One of the issues for ARPANSA is whether, with the new facility, we can still continue to handle waste safely on site, and we have certainly provided evidence that we are quite capable of doing that.

**Senator WONG**—But it is not ANSTO's position in relation to the new reactor that waste management on site is appropriate. That has certainly not been the indication from ARPANSA, has it?

**Dr Cameron**—In issuing a construction licence, the regulator needs to be assured that there is an ability to handle the waste that results from that new construction. We have provided that information to them on a number of occasions. It might be of interest that the nuclear safety committee's report to the CEO of ARPANSA on the waste issues is available on the ARPANSA web site. That contains a lot of the information that we provided to ARPANSA.

**Senator CROSSIN**—Rather than you providing that advice to that committee, we can find that on the link you have just provided?

**Dr Cameron**—Yes, you can find it on the link. They give quite a good description of how waste issues are to be handled on site.

**Senator CROSSIN**—Has ARPANSA made any comments back to you about your waste management strategy, particularly in light of the extension until 2016 of the US spent fuel return agreement?

**Dr Cameron**—When we submitted the licence, which was our application to operate the reactor, we provided them, as we are required to do, with a waste management plan. We also provided them with a plan for how we will handle spent fuel on the site. Because of the timing of that process, we were able to include in that the information on the return program of the spent fuel to the United States for the first 10 years of operation of OPAL.

**Senator CROSSIN**—What was the nature of those comments?

**Dr Cameron**—We provided them the information because, as I said, the process of an application is that the applicant provides the information and the regulator assesses the information. The regulator has over a period of time been assessing all that information. To this point, they have not raised with us significant issues to do with the information we provided on waste and spent fuel.

**Senator CROSSIN**—What sort of issues would they have raised with you?

**Dr Cameron**—I think that is a question you need to ask to the regulator.

**Senator CROSSIN**—Okay. We shall ask that this afternoon. Have they sought any further documentation or undertakings from you since the OPAL licence application was lodged?

**Dr Cameron**—No.

**Senator CROSSIN**—Are you aware of an expiry date of the end of 2006 for HIFAR's operating licence?

**Dr Cameron**—That is correct.

**Senator CROSSIN**—Can you explain why ARPANSA might deny an expiry date on any of its licences?

**Dr Cameron**—Sorry, I do not understand the question.

**Senator CROSSIN**—You have an operating licence at HIFAR, I understand, until it expires at the end of 2006. Is that correct?

**Dr Cameron**—The licence was granted for a period of time. That period of time ends on 31 December 2006.

**Senator FORSHAW**—Does that mean it expires?

**Dr Cameron**—Yes. Unless it is renewed, it expires.

**Senator FORSHAW**—Do you have to apply for that to be renewed?

**Dr Cameron**—We would have to reapply for a renewal.

**Senator FORSHAW**—In the event you wanted to continue to operate HIFAR, you would have to make an application?

**Dr Cameron**—That is correct.

**Senator FORSHAW**—When would you have to do that, given what you would normally expect would be a time frame for ARPANSA to consider it?

**Dr Smith**—Dr Loy has indicated we should indicate that to him as soon as we make any decision.

**Senator WONG**—Has he indicated being amenable to a further licence for the operation of HIFAR?

**Dr Smith**—We have not indicated to him we would wish to apply.

**Senator CROSSIN**—Your annual report, which was only released last week in fact, states: We will to continue to keep HIFAR operating safely and with good reliability until its final shutdown after the new OPAL reactor is fully commissioned. After that, HIFAR will be decommissioned.

**Dr Smith**—That is correct.

**Senator CROSSIN**—Have you changed your mind in a week?

**Dr Smith**—No.

**Senator CROSSIN**—How can you keep HIFAR fully operating safely if you do not have a licence beyond December next year?

**Dr Smith**—Until we have the new reactor operating, which is October 2006; there is an overlap period. OPAL will be fully operational before we shut HIFAR.

**Senator CROSSIN**—Are you intending that that will become fully operational in October of next year?

**Dr Smith**—Yes.

**Senator CROSSIN**—What if it is not?

**Dr Cameron**—That is an issue that we will have to handle if it becomes a reality. Dr Smith has indicated that we believe that there is overlap enough in our current schedule for us to be confident that we will be closing HIFAR down at the end of December 2006.

**Senator CROSSIN**—Why is that statement in your annual report, then?

**Dr Cameron**—We do not understand what your difficulty is with the statement. Would you like to explain that?

**Senator CROSSIN**—You say:

We will to continue to keep HIFAR operating safely and with good reliability until its final shutdown after the new OPAL reactor is fully commissioned.

**Dr Cameron**—Correct. We anticipate its final shutdown will be in December 2006. We will keep HIFAR operating safely and with good reliability until December 2006.

**Senator WONG**—Can I just clarify something. Perhaps I do not understand. Is it the case that the licence in fact expires in 2006 or is it simply that there was a condition in the licence that, if you wanted to go beyond 2006, you would have to seek authorisation from ARPANSA by January this year?

**Dr Cameron**—There is a condition that says that, if we want to go beyond that date, we have to apply for an extension of that licence and that we have to let ARPANSA know as soon as it is in our mind that we might want to do that.

**Senator WONG**—I have got the licence in front of me. Can you refer me to the clause where the time limitation is?

**Dr Cameron**—It is one of the licence conditions. I am not able to recall them directly, but we can—

**Senator WONG**—I mean the condition which we have just been discussing.

**Dr Cameron**—There is a special licence condition which means that we have only got the licence until 31 December 2006. We can take it on notice and supply that to you.

**Senator WONG**—You do not have it here?

**Dr Cameron**—No, we have not got the licence here.

**Senator WONG**—It is not a very long licence.

**Dr Cameron**—There is a lot of material we might have brought, but we did not bring that along.

**Senator CROSSIN**—If HIFAR were in fact to keep operating beyond December 2006, you would apply for a new licence. Is that correct?

**Dr Cameron**—Yes. Whether that becomes a new licence or ARPANSA extends the licence is their decision, but we have to make an application.

**Senator CROSSIN**—So your reason for not making that application is that you anticipate the new reactor to be operating and therefore you will no longer need HIFAR. Is that correct?

**Dr Cameron**—That is correct.

**Senator CROSSIN**—Is HIFAR in fact able to keep operating if you wanted it to?

**Dr Cameron**—In terms of the reactor's capability and safety and reliability, yes, but there are other issues to do with doing that, and those would all have to be looked at.

**Senator WONG**—What are the other issues?

**Dr Cameron**—There are issues to do with the fuel for the reactor and with the fact that we have staff who will be transferring to the new reactor. So there are resource issues and fuel issues that we would need to look at.

**Senator CROSSIN**—But there would be nothing stopping the reactor continuing if situations change and you need to keep going, other than that you would need to apply for a new licence or an extension of the licence. Is that correct?



**Dr Cameron**—We would have to make a case to the regulator that we could continue to operate it safely beyond that time, and that is not a simple case. The regulator would review that with some rigour.

**Senator WONG**—You are not suggesting that if, for example, December 2006 is when you want to close it, there would be substantial safety considerations between January and February, March, April or May 2007?

**Dr Cameron**—No, we are not suggesting that.

**Senator WONG**—You are just saying there might be a bit of work for you in establishing to the satisfaction of ARPANSA that those requirements are being met.

**Dr Cameron**—That is correct, but we have an imperative in the sense that we are building a new reactor and we are building a new reactor because we want to use it as soon as possible. We would certainly want to be transferring over to the new reactor as soon as we could.

**Senator WONG**—I understand from your answers to Senator Crossin that that is your desire. I have had a look at the licence. The only condition that I can find is the one to which I refer, in schedule 3:

Submit to the CEO no later than January 2005, an application for authorisation to operate HIFAR beyond 2006, if there is a proposal to continue the operation of HIFAR substantially beyond 2006, the currently planned shutdown date.

That does not read to me like a licence that only operates until that date. It is a condition on the basis of an indication from the applicant. Can I suggest to you that what ANSTO has in fact done is made a decision not to reapply for any extension beyond a shutdown date it has previously indicated to ARPANSA. Is that a more correct interpretation of what in fact has occurred?

**Dr Cameron**—No, that is not correct. I think it is because what you are reading is the original issue of the licence. The licence was subsequently amended by ARPANSA with a special licence condition inserted, and we can provide you with that special licence condition, which specifically refers to 31 December 2006.

**Senator FORSHAW**—What was the basis of the issuing of that special licence? Was that on application by ANSTO?

**Dr Cameron**—No. That was a decision by the regulator.

**Senator FORSHAW**—What was the reason for that decision by Dr Loy?

**Mr McIntosh**—My understanding—and this is something you would have to confirm with ARPANSA—was that they had legal advice that the existing condition which Senator Wong has read out was somewhat uncertain in its effect and that it would be desirable to have a provision that was more precise in a legal sense.

**Senator WONG**—So you are saying the provision I just read out was amended.

**Mr McIntosh**—Yes.

**Senator WONG**—Do you have the wording of that?

**Mr McIntosh**—We will provide that on notice. We do not have it with us.

**Senator WONG**—Can someone get it to us? It is a pretty germane issue, and I think Senator Nettle has some more questions, so we obviously will be here for a little while longer. Is it possible for someone to fax that through to the committee?

**Senator CROSSIN**—Apart from fuel considerations, are there any operational reasons that necessitate HIFAR shutting down?

**Dr Cameron**—There are no safety reasons why we would need to shut HIFAR down. As I said, our issues are more to do with resources, availability of fuel and issues of that type.

**Senator CROSSIN**—Do you have or can you source enough fuel for HIFAR beyond 2006?

**Dr Cameron**—We have enough fuel to take us to that period of time. If we are going to go beyond that period of time, we may have to look at measures to conserve fuel. But, as I said, we have every confidence that we will meet that particular time scale.

**Senator CROSSIN**—Do you anticipate any problems finding fuel for HIFAR if it needs to operate a few months past 2006?

**Dr Cameron**—As I said, if we were intending to do that, we would have to look at measures to conserve the fuel, given the period of time that we might be thinking about.

**Senator WONG**—You would preserve the fuel?

**Dr Cameron**—Conserve.

**Senator CROSSIN**—I understand that DEST has informed us in briefings we have had with them that a fuel source has been located for HIFAR. Do you know where that would be?

**Dr Cameron**—Yes. We have secured enough fuel to take us to the end of that period without the need to operate at lower power. There was a consideration earlier about operating at lower power to conserve fuel over the current period. We have sourced enough fuel to keep us going until the end of December 2006.

**Senator CROSSIN**—Who have you been engaged with in sourcing that fuel?

**Dr Cameron**—We have sourced that fuel from overseas. There are only a few manufacturers, and we have sourced that from a French source.

**Senator CROSSIN**—How long will it last?

**Dr Cameron**—That is a difficult question because how long the fuel lasts depends on at what rate you use it. That is why I said earlier that if we were to go beyond that period we would have to decide how much longer it would be and whether we would have to take measures to conserve fuel to make it last. We cannot answer that question directly, because it depends how we are running the reactor. For example, if we were operating at OPAL at the period of time when we were making isotopes out of OPAL then we would have had a lesser requirement for things at HIFAR to operate for the full period of time. There are lots of issues to do with the utilisation process that would need to be looked at.

**Senator CROSSIN**—How often does HIFAR shut down and for what purposes?

**Dr Cameron**—It shuts down essentially once a month, and it shuts down to change fuel.

**Senator CROSSIN**—If I asked you to provide me with details of all shutdowns since 1996, would there be anything in that list other than the regular monthly shutdown?

**Dr Cameron**—Every few years we do a major shutdown, where we shut down for one month. During that one-month period, we do a significant number of maintenance activities and sometimes complete changing out of pieces of equipment. Each shutdown, apart from the fuel, there are some maintenance activities undertaken. That might be a change of a pump, a new airconditioning system, or a new valve inserted; but generally every few years we do this major shutdown when there is a significant amount of maintenance undertaken.

**Senator FORSHAW**—I understand—correct me if I am wrong—that there was a major shutdown in the last couple of years. Wasn't that for a period of about three months?

**Dr Cameron**—It was more likely a period of about a month and a half. It is usually four weeks to six weeks.

**Senator FORSHAW**—Can you confirm? I think Senator Crossin has asked you for details of shutdowns since 1996, which would include an answer to my query, but I have a recollection that it was a longer one. I would be pleased to have that clarified.

**Dr Cameron**—Could I clarify whether the senator wants all shutdowns or just major shutdowns?

**Senator CROSSIN**—I would like all of them, thanks. Perhaps if we just take the last five years rather than nine years. During the shutdowns do you import isotopes from overseas?

**Dr Smith**—Yes, we do.

**Senator CROSSIN**—How often have you imported them? Each time you shut down?

**Dr Smith**—We have an arrangement with some suppliers to cover the period when the reactor is not producing the short-lived isotopes. Unfortunately, that is a period of unreliability for nuclear medicine in Australia. In the most recent shutdown I believe we had a failure of an attempt to import molybdenum-99 from South Africa, which meant that several hospitals did not receive the expected consignment of nuclear medicine. That is the problem when we have shutdowns: the transportation risk means that we sometimes fail to deliver the expected medication to our customers.

**Senator CROSSIN**—Did that occur because of the supply problems in that country, or could you have gone to another country for those isotopes?

**Dr Smith**—We have two choices. We can purchase from either Canada or South Africa. There is a shortage in the world of molybdenum-99, so it is not easy to get supplies. We have contracts with those people to obtain supplies, but it is not generally their problem in making the material; it is the problem of getting it on an aircraft and flying it here.

**Senator CROSSIN**—What is the problem?

**Dr Smith**—In Johannesburg, in the last case, there are some limitations at the airport. Depending on which runway and which direction the planes take off from, there are load limitations. When that happens usually the first thing that comes off is the heavy flask that contains the radioactive material. Sometimes it is an operational, weight of aircraft issue.

Some airlines use a pilot's choice arrangement and the pilot may decide that he does not wish to carry the radioactive material.

**Dr Cameron**—In addition to that, there is a limit on the range of goods that can be carried by an aircraft. If the particular aircraft we wanted to use has already got a hazardous chemical on it, then they will not carry the radioactive material as well.

**Senator CROSSIN**—Can you give me details, for the last five years, of how often isotopes have been imported, from where, and the quantity?

**CHAIR**—Senator Crossin, it is now 10.45 am. I propose to call a 15-minute break.

**Senator WONG**—Can we just clarify something?

**CHAIR**—Yes.

**Senator WONG**—Have arrangements been made to see if it is possible to get the revised condition?

**Dr Cameron**—We are just seeing if we can do that.

#### **Proceedings suspended from 10.44 am to 11.02 am**

**Dr Smith**—I would like to make a clarification to the earlier answer that I gave to Senator Forshaw about the operating licence. The overseas practice that we expect ARPANSA will follow is that they will issue us with an operating licence with a series of stop points at which we must demonstrate compliance. One of those stop points may well be at the first criticality, then, at various power levels. The licence comes with some provisions and stop points at which we must demonstrate compliance with the projected behaviour of the reactor.

**Senator FORSHAW**—So that is reliant upon it being segmented in that way before you can move to the next stage.

**Dr Cameron**—I would like to make a clarification to a previous answer from Senator Wong. The special licence condition for HIFAR says:

If the Licence Holder proposes to operate HIFAR beyond December 2006, the Licence Holder must, as soon as practicable, make a submission to the CEO of ARPANSA seeking the approval of the CEO to do so.

That was signed by John Loy on 26 July 2005.

**Senator WONG**—But then my point remains, Dr Cameron. That is not a licence for a fixed period; that is the licence saying, 'If you want to operate beyond a specific period of time, you have to make a further application.' Is that correct?

**Dr Cameron**—We have to make a further application, correct.

**Senator WONG**—So it is not correct to say you only have a licence to 2006. The issue is you have a licence, which would expire in 2006, but you have the right to make an application for the extension of that as soon as is practicable.

**Dr Cameron**—That is correct.

**Senator WONG**—Are you able to table that document?

**Dr Cameron**—Yes, Senator.

**Senator WONG**—I am not sir, nor is Senator Crossin, Dr Cameron.

**Senator CROSSIN**—I think it is just a manner of speech.

**Senator WONG**—You can call Senator Forshaw sir; he would like that.

**Dr Cameron**—It is Senator I am saying, not sir.

**Senator CROSSIN**—Dr Cameron, when you had difficulty transporting isotopes from South Africa, was any consideration ever given to bringing them here by chartered aircraft?

**Dr Smith**—That would be a very expensive option.

**Senator CROSSIN**—That is right but my question was: was any consideration given to that?

**Dr Smith**—Our radiopharmaceutical operation runs at a deficit and therefore has taxpayers' funds going into that operation to provide it. The choice of doing that might be difficult to justify under the Commonwealth Procurement Guidelines regarding value for money.

**Senator CROSSIN**—You might say the same thing about the WorkChoices campaign at the moment.

**Senator WONG**—Would it be less than \$55 million, Dr Smith?

**Dr Smith**—It would be less than \$55 million to charter a plane.

**Senator CROSSIN**—You might want to take this on notice: of the total quantity of isotopes that are used in Australia each year, can you tell me what proportion is imported?

**Dr Smith**—At the moment it would be something around 20 per cent. You are talking about medical isotopes?

**Senator CROSSIN**—I would like a breakdown of all sorts, not just medical.

**Dr Smith**—Do you want it isotope by isotope?

**Senator CROSSIN**—By category, I suppose. What would that be—medical, industrial and research? Are they the three main ones?

**Dr Smith**—We can provide that.

**Senator CROSSIN**—I would like to know what proportion is imported; of the other isotopes that are used in Australia, what proportion is supplied or produced by ANSTO; and whether there are any other sources.

**Dr Smith**—We will take those questions on notice.

**Senator CROSSIN**—The HIFAR waste currently in France has to return by 2011, as the minister and DEST have alleged. Can you tell me why this return date has changed from 2015 to 2011, as now claimed? Can you tell us categorically what date we are looking at?

**Dr Cameron**—It is a little hard to tell you categorically but the situation in these countries continues to change with pressure within the country to repatriate foreign waste. That is what has occurred in these countries due to increased demands by government and others. They have changed their arrangements about when their waste will be sent back. That is why the date moved from 2015 to 2011. As you might expect, in a number of these countries they also

have facilities which they wish to modify or change. In fact, in the case of the material from Dounreay, the intention is to close Dounreay after this process has occurred. Of course, there is pressure to get that happening as quickly as possible. So there is continued pressure on us to accept the material as early as possible.

**Senator CROSSIN**—Have you been in negotiations with COGEMA over the fuel return?

**Dr Cameron**—Yes, we have a contract with COGEMA for the return of fuel.

**Senator CROSSIN**—What is the date in that contract?

**Dr Cameron**—Again, there is a period of time in which they agree that the material will be reprocessed and the waste produced. Then there is an agreement that we should return it within a period of time after that, which is approximately five years after the period in which it is reprocessed. That was originally slightly later than 2011, but even in France the same pressures for return of foreign wastes are being experienced there.

**Senator CROSSIN**—So there is flexibility in the return date of the waste—is that what you are saying?

**Dr Cameron**—There is very little flexibility in the return date of the waste from Dounreay in Scotland because, as I said, they want to close the facility.

**Senator CROSSIN**—When do they want to close it?

**Dr Cameron**—As soon as possible. It is not an issue we can answer directly because as well as our waste they are dealing with waste from a number of other countries. They are beginning a reprocessing process to deal with that waste. It will then be packed, and from that point there will be pressure on us to take that waste back.

**Senator CROSSIN**—Can you tell us what will happen to the OPAL spent fuel waste? We understand that COGEMA may be taking the spent fuel from OPAL as well. Is that true?

**Dr Cameron**—As we referred to earlier, there is an agreement that, for the first 10 years operation of OPAL, the spent fuel will be sent to the United States and there will be no return of any waste from that process. After that period of time we will have to enter into contractual arrangements for reprocessing, in the same way as we do for HIFAR, and we expect that of course COGEMA will be one of those companies that we will be talking to about that.

**Senator CROSSIN**—So none of that will be going to France; it is all going to the US—is that right?

**Dr Cameron**—For the first 10 years the spent fuel will go the United States and after that we have to make agreements for reprocessing.

**Senator CROSSIN**—What is the earliest date that the OPAL spent fuel waste will need to be taken to the proposed waste dump?

**Dr Cameron**—The earliest time would be around 2025.

**Senator CROSSIN**—So 2025 would be the first time. Okay. And after the waste has been reprocessed and sent back from France? There is no waste going to France, is that right, or coming back?

**Dr Cameron**—It is all coming back.

**Senator CROSSIN**—It is coming back? This is the HIFAR waste, isn't it?

**Dr Cameron**—This is HIFAR waste.

**Senator CROSSIN**—Yes. So the spent waste from OPAL, for the first 10 years, is going to America.

**Dr Cameron**—That is correct.

**Senator CROSSIN**—And then we would need to store it here. Is that correct?

**Dr Cameron**—No, no waste will come back from that 10 years. The Americans will keep the fuel.

**Senator CROSSIN**—Okay, but after 10 years any waste that is generated—

**Dr Cameron**—After 10 years we will go into our normal process; that is, we will store it on site for a period of time, until we have got enough to form a shipment and to allow some cooling of the fuel to happen—that is approximately five years—and then it will be sent overseas for reprocessing. That reprocessing will take some time. Again, after reprocessing it gets cooled and then it gets packed and sent back, and that is why we estimate a period around 2025.

**Senator CROSSIN**—So is ARPANSA's decision on an operating licence for OPAL the source of the urgency of the bill that is in the House at the moment, not the return date for the French waste?

**Dr Cameron**—The major issue is that we have a legacy issue, which is the HIFAR waste that needs to be dealt with. That is due to return in 2011, and therefore there does need to be a store for that material to return to.

**Senator WONG**—Can I just clarify that. I thought the original contractual date for the COGEMA waste was 2015.

**Senator CROSSIN**—We just went through that.

**Dr Cameron**—Yes. The initial date was 2015. As I said, because of pressure in the country to return foreign waste, those dates have come forward. In the United Kingdom they have come forward to 2011.

**Senator FORSHAW**—Did we agree to a contractual change, or is it because they are reprocessing the spent fuel more quickly and therefore the five-year period comes early?

**Dr Cameron**—That is correct.

**Senator FORSHAW**—I have a bit of difficulty in accepting—

**Dr Cameron**—It relates to the date at which they reprocess.

**Senator FORSHAW**—So you are telling me that they are reprocessing it all a lot more quickly than they otherwise intended?

**Dr Cameron**—That is correct—because they want to close down that site.

**Senator CROSSIN**—Can you tell me whether ARPANSA have actually specified to you what their idea of progress on the waste dump exactly means?

**Dr Cameron**—No, they have not.

**Senator CROSSIN**—Have ARPANSA actually demanded the legislation that is currently in the House? Is that part of ‘progress’, do you know?

**Dr Cameron**—Handling and finding a secure store or repository for waste is a process that has been taken on by the department, and it is not ANSTO running that process, so I think those sorts of issues should be addressed to the department.

**Senator CROSSIN**—That is okay. That is fine. I have two other things I want to clarify quickly. You, Dr Cameron, will know that some commentators on the current situation have insisted that there is a deadline of April 2006, or isotope production will cease. Is there any truth in that statement?

**Dr Cameron**—As I said, we intend to keep our HIFAR operating until the end of 2006 and we will, around April 2006, hopefully have a licence to begin hot commissioning on OPAL. So that is the only place where April 2006 is an issue for us.

**Senator CROSSIN**—So the April 2006 date relates to the month in which you are expecting ARPANSA to give you the licence for OPAL; it has nothing to do with the fact that medical isotopes in this country will no longer be produced as of that month—is that correct?

**Dr Cameron**—It relates to the date we are expecting the licence.

**Senator FORSHAW**—Medical isotopes are produced at ANSTO’s reactor site. I understand they are produced in much lower quantities, but isotopes are also produced in cyclotrons.

**Dr Cameron**—Yes.

**Senator CROSSIN**—One last thing before we go to Senator Nettle: HIFAR and the new reactor, OPAL. Will they operate simultaneously for any period of time?

**Dr Cameron**—Yes, they will operate simultaneously because, as I said, we do need to keep HIFAR working to provide the isotopes and the neutron beams, as it currently does. We will have a period in which we are proving the operation of OPAL. We have to prove that we can produce isotopes of the same quality and satisfy TGA. That will be happening in parallel. So there will be several periods when they are both operating together.

**Senator CROSSIN**—Do you have any idea whether that is going to be three or six months?

**Dr Cameron**—Essentially, it will be a period that runs from probably July onwards, until we close down HIFAR.

**Senator CROSSIN**—July next year?

**Dr Cameron**—Yes.

**Senator CROSSIN**—If you need to have them co-operating beyond December, you would need to get a licence to keep HIFAR going, wouldn’t you?

**Dr Cameron**—There is the option to make another application.

**Mr McIntosh**—There is also a condition in the environmental approval for OPAL which says that, if we intend to operate them in parallel for more than six months, we need to get special permission from ARPANSA. Either way, assuming that July is the start of the process,



we have two cut-off dates in December 2006—the HIFAR licence plus the parallel operation period.

**Senator WONG**—But your licence for the parallel operation period does not specify a start date, does it?

**Mr McIntosh**—No.

**Senator WONG**—It just says that you have a period of six months in which you can operate them together, otherwise you have to make a further application—but that could be halfway through 2007, in terms of that particular condition. Is that correct?

**Mr McIntosh**—That condition is just for six months from whenever the six months start.

**Senator WONG**—Thank you.

**CHAIR**—Senator Wong, you had one question in relation to what was tabled.

**Senator WONG**—Yes. I noticed after we had received that the document was signed off by Dr Loy in July this year. Did ANSTO make application to have the condition changed or have any discussions with ARPANSA to change the conditions?

**Dr Cameron**—No, ANSTO did not make an application for a change.

**Senator WONG**—Informally or formally, did you have any discussions with ARPANSA?

**Dr Cameron**—Not that I can recall.

**Senator WONG**—If this changes the condition to which I referred earlier which would have required you to apply in January of this year if you wanted to go beyond December 2006, doesn't this condition essentially make it easier for you to go beyond December 2006 because you can in fact do it whenever it is practicable as opposed to having to do it by a date that has already passed?

**Mr McIntosh**—It makes it easier and harder. You have identified the part that makes it easier, because we no longer have a deadline to make the application. But, on the other hand, the earlier licence condition said 'significantly beyond the end of 2006' whereas this one lays down an absolute deadline.

**Senator WONG**—It said 'significantly beyond'?

**Mr McIntosh**—Something along those lines.

**Senator WONG**—I am not sure that is right, but I am happy to be corrected. It was 3.3, wasn't it?

**Mr McIntosh**—Yes.

**Senator WONG**—I see; that is what you were referring to. But essentially you can now make an application to do that, whereas until this condition was passed in July you could not do it between January and July. You had passed the deadline. This gives you an open deadline.

**Dr Cameron**—Yes. That is correct.

**Senator NETTLE**—There are a number of questions I could ask about your licence and your waste, but I will start, because I know our time is limited, with the most recent—I am

checking what you called it, Dr Smith—radiation leak. I think that was the language that you used. A worker was exposed.

**Dr Smith**—That is the language that appeared in the newspaper from a long interview. It is not a correct quote of what I said. That was the journalist summarising a 25-minute interview to get a headline.

**Senator NETTLE**—It happens, doesn't it?

**Senator Vanstone**—You surprise me—I am shocked!

**Senator NETTLE**—At that point I understand that there was an inquiry into why that worker had been exposed to the radiation. My understanding, and it is from the journalist's reporting, was that you said the only explanation at that point was a radiation leak. Is that still your view, or is there an inquiry and where is it up to?

**Dr Smith**—We are continuing to try to establish the facts. The only fact we have is that the film badge, or thermoluminescent detector, of this person was exposed to radiation. There is a question whether it was exposed to radiation when it was attached to the person. That is one of the possibilities we have to look at because in this case the person wore two detectors. They wore the film badge and a digital detector. The digital detector alarms at a certain dose rate and also gives a final reading. We have been told by the worker concerned that he never had a high reading and never had the alarm but the film badge was exposed. One possibility, as I said, is that the film badge was left somewhere inappropriate and received the dose. But we have to take the conservative view here, and the conservative view is that he may have got that dose. Therefore, we have acted in that way and we have conducted a full investigation, which is still ongoing.

What the journalist failed to understand in my interview was that at times it is possible in a nuclear hot cell, which is of course a work space which is designed to contain highly radioactive material, for there to be a beam of radiation entering that area from an adjacent piece of equipment. If that happened and it was a very narrow beam, one of the possibilities is that that narrow beam hit the film badge but did not hit the other detector. If that was the case, of course, that whole body dose would be much lower than the currently assumed dose. We have done a survey.

**Senator NETTLE**—If it is the case that it was the beam that hit the badge, the body dose would be—

**Dr Smith**—much lower.

**Senator NETTLE**—less than it is.

**Dr Smith**—The assumption is that all of the body received the same as the film badge, whereas, if one detector did not and the other did—

**Senator NETTLE**—I understand what you are saying about it being lower, but I wanted to check whether you meant it would be lower than what it is registered in the worker or just that it would be lower than if the whole body had been exposed to it?

**Dr Smith**—The whole body dose would be reduced to somewhere around 10 or 12 millisieverts, we believe.

**Senator NETTLE**—I was just checking what your reference of lower was to.

**Dr Smith**—If it was a narrow beam, the whole body dose would be likely to translate to 10 or 12 millisieverts rather than the higher number.

**Senator NETTLE**—I presume medical tests have been done of the worker.

**Dr Smith**—Yes.

**Senator NETTLE**—What was the level?

**Dr Smith**—We only know the badge level. The worker had the full chromosomal testing of his blood done in United Kingdom, and that shows no radiation effects.

**Senator NETTLE**—Has he had that test done since the badge—

**Dr Smith**—Yes. Part of the investigation was to take him through the full medical assessment. We are still working on this, but, as I said, the only fact that we really have on the table is that the badge certainly received the dose.

**Senator NETTLE**—When did that occur? When was the badge found?

**Dr Smith**—The ninth of August. That is when it was read.

**Senator NETTLE**—What is the expected completion date for the inquiry?

**Dr Smith**—This last weekend was the first time we could enter the hot cell to check whether there were any beams of radiation coming from another source in the hot cell. We have given an initial report to ARPANSA. I would expect our internal report to be finished within the next week or so, now that we have had the full survey of the cell.

**Senator NETTLE**—You said this weekend was the first time you could enter the hot cell. Is that because you were required not to enter the hot cell?

**Dr Smith**—It is a hot cell in which we manufacture iodine-131 capsules. These are capsules that are used widely around the country in treating thyroid cancer.

**Senator NETTLE**—As you probably know, I have visited the radiopharmaceutical areas and the hot cell.

**Dr Smith**—It was a matter of being able to enter the hot cell at a time when we were not manufacturing. We can really only do that on the weekends. That is when we have time that does not interfere with the supply of radiopharmaceuticals.

**Senator NETTLE**—When will your internal report be finished?

**Dr Smith**—I believe the end of this month is the target date.

**Senator NETTLE**—Then it goes to ARPANSA for their investigation inquiry—is that right?

**Dr Smith**—The first ARPANSA report has already been submitted.

**Senator NETTLE**—Your first report to ARPANSA has been submitted and you are completing your internal investigation in order to give a second report to ARPANSA.

**Dr Smith**—The final report will go by 30 November.

**Senator FORSHAW**—When did you advise ARPANSA of the incident after you became aware of it?

**Dr Smith**—We advised ARPANSA, I believe, somewhere around 13 or 14 September—the middle of September.

**Senator FORSHAW**—You first measured this reading on 9 August.

**Senator NETTLE**—When did you advise ARPANSA?

**Dr Smith**—Around the middle of September.

**Senator NETTLE**—So it was over a month later.

**Dr Smith**—Yes.

**Senator NETTLE**—I ask the date the badge was found for a reason. I understand and respect the process you need to undertake to conduct an inquiry, but it is concerning that you do not yet know how this occurred. I accept your explanations for the possible reasons it occurred, but the public need to have confidence that you know what happened. The situation is that there was radiation exposure and somebody's badge was found to have received a high dose of radiation. It is important for the public to know that you will be able to find out what happened. The badge was found on 9 August and I am trying to find out the date you expect to know how this occurred and what went on.

**Dr Cameron**—Can I make a point. There are various things we have to do when we have such a reading. One of things we do is to look at all the other workers who worked with this particular individual. All their badges were read and they showed no abnormal dose at all.

**Senator NETTLE**—Did they have any medical tests or was the reading of their badges the only check?

**Dr Cameron**—Their badges were all perfectly normal. They had very low numbers for that period of time. So that confirmed to us that it was something that this individual worker did that was not part of what the other workers were doing in that area.

**Senator NETTLE**—You have not done any medical checks of the other workers, you have only checked their badges—of course, you would get a medical check for the guy whose badge reading was up. It strikes me that it would be difficult to rule out whether anyone else was exposed if you do not get them a medical check.

**Dr Cameron**—The badges we use are very sensitive in measuring radiation. Radiation workers worldwide use these badges to measure dose. They are read every month to determine whether they have had a dose. These badges have shown no abnormal doses over all that period of time. This is the standard radiation protection methodology that is used everywhere.

**Senator NETTLE**—Without having done a medical examination, you are satisfied that there have been no negative health consequences for the other workers, and you are satisfied purely on the basis of the badges—is that correct?

**Dr Smith**—The medical examination sensitivity begins somewhere near 100 millisieverts. We are talking about people whose badges showed doses of one or that sort of number. Medical tests are much less sensitive than the badges.

**Senator NETTLE**—I might be wrong, but I thought the maximum dose allowed per year was 50 millisieverts.

**Dr Smith**—Yes.

**Senator NETTLE**—You are saying that you do not do a medical check until you get to 100 millisieverts.

**Dr Smith**—I am saying that the medical test does not show any biological effect until a dose is 100. You cannot test below 100. When you do a medical test, the answer you get is that the dose was below 100.

**Senator NETTLE**—Is that why you rely on the badge?

**Dr Smith**—Yes.

**Senator NETTLE**—The worker's badge reading was 66 millisieverts—is that right?

**Dr Smith**—Yes.

**Senator NETTLE**—The maximum dose per year is 50 millisieverts.

**Dr Smith**—Yes.

**Senator NETTLE**—Can we go back to when you might have an answer on the investigation to find out why that was the case. We were going through that process. There was the first report to ARPANSA and the second report to ARPANSA. What is the final date at which you might have an answer to this question?

**Dr Smith**—This matter will be concluded by 30 November, because that is when we will be giving the final report to ARPANSA.

**Senator NETTLE**—So it is a few months to find out why. Are you satisfied with that time frame? Do you see that as appropriate?

**Dr Cameron**—There are two issues. One is that you need to act to remove the worker from further working in that area. That is the initial protection. Then we want to do a thorough investigation. As Dr Smith mentioned, this involves trying to recreate what the worker would have done. We needed to wait for the hot cells to become available to do that. We have not found any reason in the hot cells why there would have been any additional exposure. That is consistent with the survey of the hot cell that was done before the worker went in to work there, to confirm it was safe to work there. We have checked all the other workers in the area and they have not revealed any abnormal doses. We do have monitors in the area itself, on the walls, and they have shown no doses. This is like detective work a little bit, but we have to eliminate each possibility to see where we really are.

**Senator NETTLE**—And the worker is still working in a non-radioactive area?

**Dr Smith**—Yes. He will be working in a non-radioactive area for the next 12 months. The condition you stated has a five-year limit as well. He has exceeded his one-year limit but not his five-year limit, so he can return to radiation work after one year.

**Senator FORSHAW**—Who is doing the investigation? Is it ANSTO staff?

**Dr Smith**—And ARPANSA.

**Senator FORSHAW**—There are ARPANSA personnel involved in the investigation?

**Dr Cameron**—What will happen is that ARPANSA will look at the ANSTO report. They will then carry out whatever investigation they deem appropriate.

**Senator FORSHAW**—But at the moment the investigation is being done by ANSTO?

**Dr Cameron**—They are waiting for us to provide them with all the data.

**Senator FORSHAW**—There is no outside agency engaged?

**Dr Cameron**—No.

**Senator NETTLE**—Have you had instances of the badges malfunctioning?

**Dr Smith**—The badge cannot malfunction. The badge can be inadvertently left in an inappropriate place by a worker. If somebody takes a badge off and leaves it beside a package of radiopharmaceuticals which is going to go out tomorrow and it stays there all night, clearly there is a disconnect between the dose that the badge receives and the dose that the person receives. I guess that is the weakness of the thermoluminescent detector or film badge, because it depends on the person making sure they look after the badge.

**Senator NETTLE**—I understand that it might be the badge, not the person, that is exposed, but my question was: have you ever had instances of the badges malfunctioning? I am not saying that that was the case in this instance, but have you had instances of the badges malfunctioning?

**Dr Cameron**—Not the badges themselves. They are just a simple crystal that absorbs energy when it gets irradiated. Then you just release the energy and measure it. It is a very simple but reliable process.

**Senator NETTLE**—How long have you been using these types of badges?

**Dr Cameron**—Probably 10 years.

**Senator NETTLE**—And there has never been an instance of a badge reporting a radiation dose that was not correct?

**Dr Cameron**—I am not aware of any such report. As I said, we always have the check of the other people working in the area, and that gives you some consistency, plus we have the monitors in the area, which would record any higher levels.

**Senator NETTLE**—We were talking about the two types of badges—the crystal one that you were describing and the digital one.

**Dr Cameron**—Yes, there is a digital one.

**Senator NETTLE**—How long have you been using the digital badges?

**Dr Cameron**—We have been using those for some considerable period of time. We have changed the type over a period of time. They are usually used for people who are working in a special environment where we want to be able to record the result at the end of the event. People who are working in general areas where there is no possibility of higher exposure would just have a TLD.

**Senator NETTLE**—So people in radiopharmaceuticals use the digital badge?

**Dr Cameron**—They use it very extensively when they are doing unusual or one-off tasks where we want to read it at the end of the task.

**Senator NETTLE**—Which is what this worker was doing?

**Dr Cameron**—Which is what this worker was doing.

**Senator NETTLE**—Are people in the reactor building using the digital badge as well?

**Dr Cameron**—They will be using it for the same issues—when they are doing unusual or one-off processes where we want to get the reading immediately, they will use a digital as well as a TLD.

**Senator NETTLE**—What was the unusual or one-off process that this worker was doing that led them to be using a digital badge?

**Dr Smith**—He was conducting maintenance inside the hot cell.

**Senator NETTLE**—Have you ever had any instances of the digital badges malfunctioning or not providing the correct reading of radiation exposure in the time that you have been using the digital badges?

**Dr Cameron**—Not that I am aware of.

**Senator NETTLE**—Can you take both those questions, about the crystal badge and the digital badge, on notice? I am trying to work out what is going on here. We all want to know.

**Dr Cameron**—Yes.

**Senator NETTLE**—Going back to the operating licence for the new reactor, with respect to the requirement of the licence that waste issues be resolved—we have already had that conversation—does that deal with all levels of waste? Is it required that you are able to give an explanation to ARPANSA about how you will deal with all levels of waste or only certain levels?

**Dr Cameron**—We have a waste management plan that sets out how we handle all our waste. We submitted that waste management plan as part of the operating licence. So that whole plan will be assessed by ARPANSA.

**Senator NETTLE**—Am I correct in saying that a condition of giving the operating licence is that ARPANSA is satisfied that you have an appropriate waste management strategy in place?

**Dr Cameron**—Correct.

**Senator NETTLE**—And that is for all levels of waste?

**Dr Cameron**—Correct.

**Senator NETTLE**—We were talking before about storage of what you would describe as low-level waste, and the spent fuel rods, which you would describe as—correct me if I am wrong—initially high-level and then, once you have left them in the cooling period, you would describe them as medium-level before you ship them to France. Is that right?

**Dr Cameron**—We have low-level waste, which is the vast majority of our waste. We have some intermediate-level waste, mainly from production of radioisotopes. We have spent fuel,

which we do not classify as waste because it is recyclable. So the spent fuel gets sent overseas for reprocessing, the uranium is extracted and reused, and then the material that comes back to us is intermediate-level waste.

**Senator NETTLE**—So with respect to the current process of determining the storage facility, is it required that a storage facility for the different levels of waste be determined before you are able to get your operating licence for the new reactor?

**Dr Cameron**—Dr Loy has said—the information has been quoted earlier—that he is looking for progress on a store for intermediate-level waste. That is the information that he issued at the end of his construction licence decision.

**Senator NETTLE**—You are telling me that there is no requirement for the government to have resolved issues about where a storage facility for the different levels of waste may be before you get your operating licence to create more waste. Is that what you are telling me?

**Dr Smith**—I think you should ask Dr Loy what ‘significant progress’ means.

**Dr Cameron**—That is the only condition that Dr Loy has made—those words. What is the imperative for the store and the repository, particularly for the store, is the return of the legacy waste from HIFAR.

**Senator NETTLE**—Can I ask you about the expense so far on construction and establishment of the new reactor. Do you have that information with you?

**Dr Cameron**—We do not have that precisely but we can certainly supply that information.

**Senator NETTLE**—Do you have an estimated final cost of the reactor?

**Dr Smith**—The estimated final cost is basically the cost that is in the documentation which has been coming forward to the Public Works Committee on a quarterly basis, but I am happy to give you a copy of that material.

**Senator NETTLE**—You don’t know that figure?

**Dr Smith**—The figure is a complicated figure because there is a mixture of 1997 dollars and 2004 and 2005 dollars. People talk about base rate costs, which is in 1997 dollars. So you have to do an inflation adjustment of costs. In round figures the expected cost in current dollars is \$360 million.

**Senator NETTLE**—So that is the current estimated final cost?

**Dr Smith**—Yes.

**Senator NETTLE**—Was the original estimated cost for the reactor \$320 million? Is that right?

**Dr Cameron**—No. Again, as Dr Smith says, it depends on the year. In 1997, it was around \$286.4 million. We have since had some supplementation, due to regulator delays, the period that we were shut down to deal with the seismic issue, and extra security costs after 9-11. So that has added to that. But at the base date of 1997 it was \$284.6 million.

**Senator NETTLE**—And currently, in 2005, it is estimated at \$360 million—is that right? So we started at \$286 million in 1997—

**Dr Cameron**—Yes, but—



**Senator NETTLE**—And we are now up to \$360 million.

**Dr Cameron**—Yes, but \$286.4 million inflated to 2005 would be \$320 million, or something of that nature.

**Senator NETTLE**—Yes, okay.

**Dr Cameron**—Then we have had supplementation of about \$25 million.

**Senator NETTLE**—Can you provide the committee with a figure for the additional security costs? You mentioned additional security since September 11—

**Dr Cameron**—We can provide that figure, yes.

**Senator NETTLE**—Do you know it?

**Dr Cameron**—We had a total of about \$25 million supplementation, and a portion of that was security costs, but I would like to confirm what exactly it was.

**Senator NETTLE**—You are not sure what part of that \$25 million was security?

**Dr Cameron**—No, not precisely.

**Senator NETTLE**—I understand that ANSTO has been having community discussion meetings in the local area—I do not know what you call them, but—

**Dr Cameron**—Yes.

**Senator NETTLE**—Can anyone go to those meetings?

**Dr Cameron**—Yes.

**Senator NETTLE**—Anyone can go to those meetings. All right. My question is about whether media could go to those meetings.

**Mr McIntosh**—We had a meeting last week at which there were no media. There were media present at either the previous one or the one before that—I have forgotten which. The facilitator raised the issue of whether people were comfortable with that. The facilitator will ask, ‘Are there media present?’, and then, ‘Are participants comfortable with being filmed or recorded in some manner?’ ANSTO does not have a view on that. That is up to the people from the community who come along as to whether they are comfortable or not.

**Senator NETTLE**—Does ANSTO have any problem with media attending those community meetings?

**Dr Cameron**—No.

**Senator NETTLE**—I am asking that because I have a constituent who attended the meeting and was told that recording of ANSTO’s answers at the community meeting was not allowed; that is why I am asking.

**Mr McIntosh**—I do not recall that, and I was at the meeting last week.

**Senator NETTLE**—Okay, but you said the meeting last week had no media at it—

**Mr McIntosh**—It had no media at it; that is right. My recollection is that at the earlier meeting some members of the community said they were uncomfortable with the concept of being filmed while they were asking questions, and therefore some filming was allowed

initially, during the ANSTO presentation, but then ceased. We have a presentation on a particular issue—for instance, we did science last week; the previous meeting we did waste, and we have done radiopharmaceuticals and OPAL—and then there is a Q and A period. My recollection is that the filming proceeded during the presentation period, but at least some community people said they did not want filming to occur during the Q and A period, and therefore it did not proceed.

**Senator NETTLE**—Can I ask you to check that for me? I just want to be clear that what you are saying to me is that ANSTO has no problem with media being at those meetings and filming, and that it is your understanding that the only reason why filming might not occur would be if a constituent or community member was concerned.

**Mr McIntosh**—Yes.

**Senator NETTLE**—I am correct on your position?

**Mr McIntosh**—Yes.

**Senator NETTLE**—You say your recollection is that, at the last meeting, the reason that the video was stopped after the ANSTO presentation was because people in the community were concerned. Could you just check that for me—it is fine to take this on notice—and get back to me if you find that that is not the case?

**Mr McIntosh**—I will confirm, but we do not keep written records or transcripts of what happened. So, again, I will just be checking other people's recollections.

**Senator NETTLE**—Okay, that is fine. How long after receiving the operating licence will the new reactor be fully operational? Is there any period: a week, or—

**Dr Smith**—The current scheduled projection is somewhere between six or seven months, which is a normal period of time during which we go through the periods of levels of power to prove operation.

**Senator NETTLE**—And those are the figures you were giving us before. You expect to get the licence in—

**Dr Smith**—April or so.

**Senator NETTLE**—and then to be operational by October.

**Dr Smith**—Yes.

[11.47 am]

### **Commonwealth Scientific and Industrial Research Organisation**

**CHAIR**—I welcome officers from the CSIRO.

**Senator WONG**—Dr Sandland, where is Dr Garrett?

**Dr Sandland**—Dr Garrett sends his apologies. Dr Garrett is currently overseas looking at a number of areas of strategy development et cetera and strategy implementation in preparation for a major strategic plan redevelopment in 2006 that begins in March. That is a significant input into that process. So he is overseas at the moment.

**Senator WONG**—Was he at the budget estimates?

**Dr Sandland**—The last estimates? Yes, he was.

**Senator WONG**—And in February?

**Dr Sandland**—He has been at all estimates since he has been chief executive, except for one other, which I chaired on behalf of the CSIRO.

**Senator WONG**—I look forward to meeting him at our next round. I had a look at your annual report. I am sure this comes as no surprise to you but clearly there is a deficit for the 2004-05 year of, I think, \$9.217 million—

**Dr Sandland**—That is correct.

**Senator WONG**—which is a significant jump from the deficit you had last year of \$5.27 million or \$5.3 million.

**Dr Sandland**—That is correct. We have over the past four years, in fact, run in surplus in the order of \$10 million.

**Senator WONG**—But not the last two.

**Dr Sandland**—Not the last two, correct.

**Senator WONG**—How long is a piece of string. In the last two you have had a deficit of \$14 million cumulative.

**Dr Sandland**—That is correct.

**Senator WONG**—This is for 2004-05: when was this advised to government?

**Mr Whelan**—Those results would have been reported to the department of finance in probably late July, early August as we had finalised our financial statements and they would have been reported more widely with the tabling of our annual report in parliament I think on Wednesday, 26 October.

**Senator WONG**—Was there any discussion with the minister's office prior to the notification to DOFA?

**Mr Whelan**—Not that I am aware of.

**Senator WONG**—Subsequent to that notification to DOFA, has there been any discussion with the minister's office in relation to the deficit?

**Mr Whelan**—Not to my knowledge.

**Senator WONG**—Would you be the person who would know or is this one of the things—

**Mr Whelan**—I am the chief finance officer. I would normally be involved in a briefing of that kind.

**Senator WONG**—So you do not know whether Dr Garrett has had any discussion with the minister's office on the operating deficit?

**Mr Whelan**—I know Dr Garrett conducts regular briefings with the minister. He may have discussed that matter with the minister during the course of those discussions. I am not specifically aware that he had.

**Senator WONG**—And you would not necessarily be at those discussions.

**Mr Whelan**—No, I am not.

**Senator WONG**—Can you take on notice, then, the dates on which the deficit was discussed with the minister's office by CSIRO officials?

**Dr Sandland**—If indeed those discussions took place.

**Senator WONG**—Obviously, if not, then there is nothing to ask, is there? What is the 2005-06 financial position looking like?

**Mr Whelan**—The position for 2005-06 is to run a break-even result. That is the PBS budget position. It is also the CSIRO budget position.

**Senator WONG**—After the operating deficit was advised to DOFA, were there further discussions as between CSIRO and DOFA?

**Mr Whelan**—Yes. We are normally required, on a quarterly basis, to provide any explanations from PBS variances. We provide them with a regular report on that. We have had a series of conversations with DOFA officials about that.

**Senator WONG**—Was that over the period between July and the tabling of the annual report?

**Mr Whelan**—Yes. As I said, we would have notified Finance as to the result as we were finalising our financial statements. In the course of them looking at those results, they would have asked us for a report on that, which I am sure we provided.

**Senator WONG**—Is there an additional appropriation from government being provided to deal with the \$9 million?

**Mr Whelan**—No. As I think Dr Sandland indicated earlier, the organisation has run accumulated surpluses over the last four years. Its retained surpluses exceed \$400 million. From time to time, there are timing differences for major transactions that may mean we run a small deficit or a small surplus. But, over the longer term, we aim for a break even financial result.

**Senator WONG**—So you call this a small deficit?

**Mr Whelan**—In the context of a \$935 million turnover, it is approximately 1 per cent. It is not a trivial amount of money in absolute terms but, in the scheme of CSIRO's appropriation, it is not a major deficit.

**Senator WONG**—In your discussions with DOFA, did they seek from you an indication of how you proposed to come from a growing surplus over two years to a break-even position? Did they ask for information as to what strategies you would engage in?

**Mr Whelan**—We regularly brief the department of finance on the organisation's strategy. I would have thought that was probably adequate for their purposes. To the best of my knowledge, they have not asked us for anything specific in that regard.

**Senator WONG**—I will turn now to the current year. I know what your objective is, but what are the current figures?

**Mr Whelan**—Based on the last report we did to the board, we were within \$1 million of our year-to-date budget position. So we were \$1 million behind our year-to-date budget position in our last report to the board in October.

**Senator WONG**—Have there been any negotiations with government for permission to run a further deficit for the current financial year?

**Mr Whelan**—The organisation had conversations with the department of finance about its forecasts for the year. Two factors that we have been looking at are an increasing depreciation cost as a result of an increase in valuation of buildings at the end of last year. Those depreciation costs are not always supplemented. We have been talking to the department of finance about that. We have also been talking to the department of finance about a range of legal costs. We are currently in discussions with them about it. No final decision has been taken.

**Senator WONG**—I will explore that a bit more later, but my question was: have you been negotiating with the government to run any deficit in the current financial year?

**Mr Whelan**—We have speaking to the department of finance about that matter, yes.

**Senator WONG**—So you are seeking permission. Is that required?

**Mr Whelan**—Yes. An agency would be required to seek permission to operate—

**Senator WONG**—So, to clarify: you are currently in negotiations seeking permission to run a deficit in the current financial year.

**Mr Whelan**—That is correct.

**Senator WONG**—What is the projected deficit that you are negotiating around?

**Mr Whelan**—I do not have a figure for that. We do not have a final number with the department of finance.

**Senator WONG**—For the purposes of the negotiation, you must have given Finance some indication of how much you intend to run in deficit.

**Mr Whelan**—We have indicated to the department of finance that we think depreciation costs will be higher by about \$7 million. At this point in time we have not finalised any figures for any of the other elements.

**Senator WONG**—I assume that one of your strategies for reducing the deficit would be to reduce expenditure.

**Mr Whelan**—Yes, it would be.

**Senator WONG**—The revenue side is another issue; we will come to that. What is CSIRO currently doing to seek to reduce expenditure in the current financial year?

**Mr Whelan**—The organisation has two major strategies to contain expenditure. The first of those has been to establish and roll out a series of national procurement contracts to reduce the price we pay for goods and services. We have had some success in that regard over the last couple of years, and that program continues. The second major factor is that we have been looking at the proportion of our investment we spend on research support services, which make up approximately one-third of the organisation's total expenditure.

**Senator WONG**—Is that code for your staffing levels in that area?

**Mr Whelan**—We spend about \$300 million a year on support services. We are currently undertaking a review that looks at \$150 million of those, and there are 780 staff employed in those areas.

**Senator WONG**—Let us get that figure in. There are 780 staff. What is the expenditure—\$300 million?

**Mr Whelan**—In total terms, we spend approximately \$300 million in support services. We are currently conducting a review that encompasses costs totalling \$150 million, and there are 780 staff employed in that area.

**Senator WONG**—I will come back to that review, but I want to ask this question. Is the million-dollar figure that you indicated to me in terms of your tracking of where your operating deficit is at this stage a cash figure or is that assuming savings into the future from any of these measures?

**Mr Whelan**—No, that was based on the year-to-date report we provided to our last board. We prepare fully accrued accounts for our board. That is not a forecast; that is our year-to-date actual position.

**Senator WONG**—Can I have the year-to-date figures, then?

**Mr Whelan**—I will seek to get them for you.

**Senator WONG**—Is it a deficit?

**Mr Whelan**—Yes.

**Senator WONG**—A million-dollar deficit as at what date?

**Mr Whelan**—It is a million-dollar variance from plans as at the end of August, which was last reported to our October board meeting.

**Senator WONG**—Can you say that again?

**Mr Whelan**—It is a million-dollar variance from our planned result as at the end of August. As I said, I will get a copy of that.

**Senator WONG**—And the planned result at the end of August would have you on track for what sort of financial position at the end of the year?

**Mr Whelan**—The planned result at the end of August would have us on track to have a break-even result at the end of the year.

**Senator WONG**—Is that planned break-even result dependent on savings measures, including procurement, depreciation and the \$150 million review?

**Mr Whelan**—It is dependent on the outcomes of the review.

**Senator WONG**—What sort of expense saving is assumed in your break-even forecast?

**Mr Whelan**—We had assumed a saving from that review this financial year of approximately \$5 million.

**Senator WONG**—\$5 million?

**Mr Whelan**—That is correct.

**Senator WONG**—Does that include the depreciation legal costs?

**Mr Whelan**—No.

**Senator WONG**—Does that include savings from the procurement process?

**Mr Whelan**—No.

**Senator WONG**—So that is \$5 million out of your budget of \$150 million, being 50 per cent of your research.

**Mr Whelan**—That is correct.

**Senator WONG**—So you are looking at a \$5 million cut in your research support services.

**Mr Whelan**—That was our budgeted position; that is correct.

**Senator WONG**—Is that in the annual report?

**Mr Whelan**—That figure is not in the annual report but the review is referred to in the annual report.

**Senator WONG**—Take me to that. While you are looking for that, was the review undertaken at the request of DOFA?

**Mr Whelan**—No, this review was flagged in the organisational strategy for 2003-07. We had a series of objectives. This particular objective—objective 6.4 in our strategic plan—is to reduce overhead and purchasing costs and manage the balance sheet for reinvestment. It is referred to on page 95 of the organisation's annual report.

**Senator WONG**—Has there been any discussion with the minister's office regarding the review of research support services?

**Mr Whelan**—We regularly brief the minister's office on the progress against the strategic plan. This would have been part of that reporting.

**Senator WONG**—What does that mean?

**Mr Whelan**—We regularly brief the minister's office on the organisation's progress against the strategic plan. There are 24 objectives, and we would have reported progress on this one.

**Senator WONG**—So the minister is well aware of the proposal to cut \$5 million out of the research support services.

**Mr Whelan**—It is in the organisation's operational plan for the year. The review has been discussed widely with CSIRO staff and stakeholders since May this year. I think I have produced 22 organisational updates on that. I have held four webcasts, and I provide an intranet service that advises people on the status of the review. So there is widespread understanding of the scope of the review.

**Senator WONG**—You were going to take me to the review. It is on page 95, is it?

**Mr Whelan**—Yes, and there is a cross-reference to—

**Senator WONG**—‘Major savings and support costs over the next three years.’

**Mr Whelan**—It is also referred to on page 93.

**Senator WONG**—Is the \$5 million for this financial year?

**Mr Whelan**—That is correct.

**Senator WONG**—What is the total savings over the three financial years?

**Mr Whelan**—In conducting the review, we have been looking at what the scope of the savings might be. We have set ourselves a target of 20 to 25 per cent over the next three years.

**Senator WONG**—Okay, so it is 20 to 25 per cent of the—

**Mr Whelan**—Of \$150 million over the next three years.

**Senator WONG**—So up to a quarter of \$150 million is \$35 million?

**Mr Whelan**—Somewhere between \$25 million and \$30 million a year.

**Senator WONG**—Even given that, isn't it the case that you have actually sought permission from government to run a substantial deficit in this financial year?

**Mr Whelan**—We have approached the department of finance, as I indicated earlier, to seek permission to run a deficit. I have outlined the size of the depreciation expense. I am not in a position to outline the legal expenditure, but I can take that on notice and provide it to you.

**Senator WONG**—Just remind me: what is the size of the deficit you sought permission for?

**Mr Whelan**—It would be of the order of \$14½ million.

**Senator WONG**—Is that \$14½ million after assumptions of your savings of \$5 million in the current financial year?

**Mr Whelan**—That is correct.

**Senator WONG**—So you are actually telling me that you have got to find \$5 million savings and you are already going to operate on a deficit of \$14½ million.

**Mr Whelan**—That is correct.

**Senator WONG**—About \$20 million.

**Mr Whelan**—I am not sure what the \$20 million is.

**Senator WONG**—The two together. From your current position, you have to find savings of \$5 million, and you are still going to be \$14½ million behind.

**Mr Whelan**—We have already started to find savings. From our current position, the result for the year would be of the order of \$14½ million. Our assumption is that we will identify savings this financial year.

**Senator WONG**—But the \$14½ million is on top of the \$5 million savings you are assuming.

**Mr Whelan**—That is correct.

**Senator WONG**—So it is a net difference to your expenditure for the previous financial year of around \$19 million.



**Mr Whelan**—There are a range of factors that have varied over the last financial year: movements in external revenue, movements in appropriation, movement in other expense items—I am not sure that I would net the two that way.

**Senator WONG**—What is the real deficit, then? From a lay person's perspective—you are obviously more versed in these financial matters than I am, Mr Whelan—I would think: they have got \$5 million worth of savings and a real deficit of around \$19 million and a bit.

**Mr Whelan**—No, Senator. The organisation has a range of revenue items that are growing. It has a range of other savings that it is making. These are normal practice for an organisation like CSIRO. The deficit we expect to run this year would be no more than \$14½ million, and we would expect, to the greatest extent possible, to try to keep it below that.

**Senator WONG**—Did you seek permission for a greater amount than \$14.5 million?

**Mr Whelan**—We spoke to the government around a range of other factors, and \$14.5 million is the number that we settled on.

**Senator WONG**—Did you seek permission from Finance to run a deficit greater than \$14.5 million?

**Mr Whelan**—Yes.

**Senator WONG**—What was that amount?

**Mr Whelan**—I do not have the exact figure with me. I can get that for you. It was certainly less than \$20 million, but I do not have the precise number.

**Senator WONG**—Was it \$17 million?

**Mr Whelan**—I do not have that number with me.

**Senator WONG**—When can you get that for me?

**Mr Whelan**—I can get it for you today.

**Senator WONG**—I would appreciate that. Have your staff been informed of the level of reduction in expenditure in the research support area, Dr Sandland?

**Dr Sandland**—We are committed to a process of negotiation and discussion with our staff over the November period. Therefore, the final amount of savings has not yet been finalised, as Mr Whelan said. Staff have been informed that there will possibly be a reduction in staffing numbers in the order of 175 over that period.

**Senator WONG**—Over the three years?

**Dr Sandland**—We have talked about 20 to 25 per cent. That is the figure that we have given to our staff, and we have assured them that any staff reductions would be found in the first instance significantly from natural attrition and natural turnover.

**Senator WONG**—Has the figure of 175 that you just raised been determined?

**Dr Sandland**—That has not been determined.

**Senator WONG**—Where did you get that figure from?

**Dr Sandland**—That is a calculation that was bandied about. A figure of 400 had been raised in the *Canberra Times*, which was clearly very wrong.

**Senator WONG**—Who came up with 175?

**Mr Whelan**—The ABC, as I recall, in response to an interview I did on their radio station last Friday morning. They published it on their web site.

**Senator WONG**—Dr Sandland was the one who said 175.

**Dr Sandland**—I was quoting the ABC rather than what we had quoted to our staff. The question you asked was what our staff had been informed of.

**Senator WONG**—Presumably you do not just inform them through the ABC.

**Dr Sandland**—In raising that figure, I was quoting the ABC rather than the accurate information that we had given our staff.

**Senator WONG**—Is the information you have given your staff that there would be a 20 to 25 per cent reduction in the research support services area?

**Mr Whelan**—Cost—that is correct.

**Senator WONG**—Have you informed them as to what proportion of that reduction is to come from staff attrition?

**Mr Whelan**—No, we have not.

**Senator WONG**—Have you made that decision?

**Mr Whelan**—No, we have not.

**Senator WONG**—What are you looking at in terms of staff attrition?

**Mr Whelan**—We are proposing to have discussions with our staff about that over November, and the steering committee that oversees this project has undertaken to take a final position on that matter at the end of November.

**Senator WONG**—You have already projected the figure of \$5 million for this current financial year. How many staff positions have you assumed in the \$5 million?

**Mr Whelan**—We do not have a specific number of staff involved in that. When that figure was arrived at in preparation for the budget process we were in the early stages of the review. We will not take a final position on the review until the end of November. We did not have a specific set of staff numbers involved in that.

**Senator WONG**—Are you saying that the \$5 million saving that you have identified does not include any staff attrition?

**Mr Whelan**—Not at all.

**Senator WONG**—I am sure you will steer away from making that commitment. You must have, in order to get the \$5 million, some projected savings as a result of staff reductions.

**Mr Whelan**—We have not for this year at all. We looked at the \$5 million in total as a proportion of the \$150 million we spend. Our focus was at that macro level. We have been undertaking a detailed review since that, which I have just been referring to, and we propose to hold discussions with our staff and stakeholders over November to reach a final position on that by the end of November.

**Senator WONG**—Who is responsible for the certified agreement?

**Mr Whelan**—The organisation, the staff association and the employees.

**Senator WONG**—I understand the certified agreement was reached this week.

**Mr Whelan**—It was registered this week, as I recall, and, yes, there is reference to this review in the certified agreement.

**Senator WONG**—Is it called the administration review?

**Mr Whelan**—It is not a label that I have used internally. The label we use internally is research support services. Sometimes that is shortened to support services.

**Senator WONG**—You have said 400 staff is not accurate. You said 175 was not a figure you have come up with. What is your version of the cut to staff numbers that your savings program will require?

**Mr Whelan**—We have not finalised figures in that regard yet. We propose to have discussions with staff and stakeholders over November about the size of those reductions and the potential for them, and we are looking to take a final position on that at the end of November.

**Senator WONG**—What is the range you are looking at? This is not a staff driven exercise. I appreciate and it is appropriate that you have consultation with your staff about this but this is a numbers driven exercise. You have set a target of \$5 million for this year on top of your deficit. You have set a figure of 20 per cent to 25 per cent of the \$150 million. You must have assumed some staff reduction in that target.

**Mr Whelan**—Yes, we have. There will be staff reductions. Staff make up approximately 50 per cent of the total costs in this area. There will be a reduction in staff. As Dr Sandland indicated, we turn over about 150 staff in our support services area on an annual basis and we expect the vast majority of any reduction in staff numbers to come from natural attrition.

**Senator WONG**—So 50 per cent of the 25 per cent of the \$150 million—do I understand your evidence—is staff attrition.

**Mr Whelan**—Approximately half of the \$150 million in support costs would be associated with staff salaries and related costs.

**Senator WONG**—You want to cut 25 per cent of that.

**Mr Whelan**—We want to reduce by between 20 per cent and 25 per cent the total amount we spend on that \$150 million over the next three years. The benchmarking we have done on the average costs of finance, HR and other support services in scope would indicate that in a number of areas CSIRO spends two times the amount of the public sector average and related organisations on some of those services. We believe that it is reasonable for us to be able to generate those savings over the next three years without any significant number of redundancies. We expect to be able to do so by natural attrition.

**Senator WONG**—Are you giving commitment that staff reduction will only be given by natural attrition?

**Mr Whelan**—No, I cannot.

**Senator WONG**—No, obviously you cannot.

**Mr Whelan**—What I have said to you, to the media and to the staff of the organisation is that, based on the turnover rates we currently have, we expect the vast majority of any reduction in staff numbers to come from natural attrition. We would only contemplate redundancy once we had examined retraining and redeployment opportunities.

**Senator WONG**—Mr Whelan, didn't you indicate in answer to Ross Solly on the ABC, when you were asked: 'Okay, so we are still looking up around a couple of hundred, then,' Mr Whelan says, 'Oh, possibly.'

**Mr Whelan**—That is true; I did say that.

**Senator WONG**—It could be a couple of hundred staff.

**Mr Whelan**—That is correct. It could be. We have not taken a final position on that at this point in time.

**Senator WONG**—You are saying that of the 25 per cent reduction of the \$150 million you want about half of that to come from staff.

**Mr Whelan**—No, I did not say that; I said that half the cost of the \$150 million is related to staff.

**Senator WONG**—What is your current annual attrition rate for staff?

**Mr Whelan**—Annual attrition rate for the staff that are in scope for this review is approximately 150. Turnover is approximately 150 staff.

**Senator WONG**—Does that mean one way you could achieve this is to freeze any hiring in this area for a year?

**Mr Whelan**—Absolutely.

**Senator WONG**—And that is an option you are looking at?

**Mr Whelan**—In fact, we have taken that decision.

**Senator WONG**—You have taken that decision.

**Mr Whelan**—Yes.

**Senator WONG**—So you are freezing any employment in this area.

**Mr Whelan**—That is correct.

**Senator WONG**—When was that decision taken?

**Mr Whelan**—That decision was taken by a steering committee last week and notified to the People and Culture community earlier this week.

**Senator WONG**—Notified to whom?

**Mr Whelan**—The HR network of the organisation, who would oversight recruitment processes.

**Senator WONG**—Was that discussed with the minister's office prior to the decision being taken?

**Mr Whelan**—Not to my knowledge.

**Senator WONG**—Who would know?

**Mr Whelan**—Sorry, who would know?

**Senator WONG**—You say it is not to your knowledge. So who would know whether it was raised with the minister's office?

**Mr Whelan**—We provided the minister's office with a briefing on this direction. I could attempt to ascertain whether that matter was specifically referenced in the briefing. It was not, to the best of my knowledge.

**Senator WONG**—So when was the minister's office advised of the staff freeze?

**Mr Whelan**—As I said, I do not know that the minister's office has been—

**Senator WONG**—If they were, can you tell me when?

**Mr Whelan**—I could take that on notice.

**Senator WONG**—Thank you. You made reference to the staff agreement and you said that 'the issue of the organisational review' or whatever the phrase was you used—I have to say, Mr Whelan, I cannot recall—was discussed in the staff agreement. Doesn't the certified agreement look at a 2.2 per cent salary increase in recognition of the ongoing commitment of staff to achieving CSIRO's goals as articulated in the strategic plan and efficiency gains achieved through the implementation of the first stages of the support services review and the procurement initiative? I am sorry: is there an indication that the support services review is going to result in staff cuts somewhere in the agreement?

**Mr Whelan**—I do not think it is specifically referenced in the agreement, to the best of my knowledge.

**Senator WONG**—Because you did not put it in there?

**Mr Whelan**—I did not write the particular agreement. I was involved in the early stages of it. To the best of my knowledge there is a general statement in the agreement about the broad commitments that the organisation and the staff who work in it have made to generate efficiencies, and how those efficiencies will flow into wages increases for staff who work in CSIRO.

**Senator WONG**—But you are not talking about wage increases; you are talking about reducing staff numbers in order to meet your deficit figures.

**Mr Whelan**—No, Senator. In fact, the reason we instigated this review was to maximise the amount of money we are investing in science. We spend about \$930 million a year across the organisation; \$300 million of that is in support. What we are trying to do is to free up resources from support so we can invest that in science and generate a greater impact.

**Senator WONG**—So are you saying that these staff research support services do not have anything to do with science?

**Mr Whelan**—They obviously do support science—people who pay accounts, people who process pay, are indirectly involved in the support of science. As we have looked at the way we do those things across the organisation, we have identified opportunities to make efficiencies. We are not aiming to have a reduction in service to scientists. We are trying to reduce costs to invest those moneys in doing more science.

**Senator WONG**—You say you have identified areas where reductions could be made.

**Mr Whelan**—Yes.

**Senator WONG**—Previously when I asked about this, you indicated that no final decision had been made. I would like to know what areas have been identified as being able to withstand staff cuts.

**Mr Whelan**—The scope of the review takes in the finance function, the people in the culture or HR function for the organisation, the commercialisation function, the contract administration function, the information services function—which is library and records—the legal services function, and the property and facilities function.

**Senator WONG**—Commercialisation function?

**Mr Whelan**—Yes, that is correct.

**Senator WONG**—Aren't they necessary to trying to increase external sources of revenue?

**Mr Whelan**—They are.

**Senator WONG**—Which you are not doing as well on as your strategic plan set out, from memory.

**Mr Whelan**—That is true, but the level of external resources has risen significantly across the organisation over the last four years.

**Senator WONG**—I beg your pardon?

**Mr Whelan**—The level of external resources, revenue generated by the organisation, has increased significantly over the last four years.

**Senator WONG**—Can you provide me with documentation outlining the areas in which staff reductions are currently under consideration, and the numbers of staff involved?

**Mr Whelan**—I have just given you the areas that are in scope; the total number of staff involved is 780.

**Senator WONG**—So 780 staff are subject to the review.

**Mr Whelan**—780 staff work in the functions that are in scope for the review; that is correct.

**Senator WONG**—In the areas you just identified?

**Mr Whelan**—That is correct.

**Senator WONG**—What is the reduction in staff levels that you are looking at within that 780?

**Mr Whelan**—As I indicated to you earlier, we have not taken a position on the overall reduction at this point in time. We expect to do so at the end of November.

**Senator WONG**—So you are looking at making a decision on this by the end of November?

**Mr Whelan**—We are looking to discuss this with staff and management teams during November, and we are looking to finalise a position on that by the end of November.

**Senator WONG**—To be effective when?

**Mr Whelan**—We have not taken a position on that, but we are clearly looking at implementing parts of this early in the new year. Our current thinking is that we will take a phased approach to the implementation.

**Senator WONG**—Right, because you will need some staff reductions within this financial year to meet your projected deficit figures.

**Mr Whelan**—As I indicated to you earlier, staff make up roughly 50 per cent of the costs. I expect there would be some staff reductions this year to achieve those numbers, yes.

**Senator WONG**—The answer you gave before, ‘We want to redirect more money to science’—

**Mr Whelan**—That is correct.

**Senator WONG**—As I understand the discussion we have been having, the purpose of the staff reduction is in part to fund your operating deficit. So in fact you are not talking about any additional money going anywhere; it is simply a reduction in the expenses of the organisation.

**Mr Whelan**—I think that, critically, it is not a reduction in the research expenditure of the organisation—

**Senator WONG**—So you are protecting research, but there is not more money going into science.

**Mr Whelan**—The organisation has been actively increasing the proportion of its budget allocated to science over recent years and plans to continue to do so.

**Senator WONG**—The phrase ‘efficiency gains’ in the certified agreement—is that code for ‘staff reductions’?

**Mr Whelan**—‘Efficiency gains’ would cover any reduction in costs whether or not they were staff related.

**Senator WONG**—Can we go back to the 780 who are within the scope of the review and potentially within the scope of the staff reduction strategy and the areas you have identified. Are you able to give me a bit more detail, perhaps on notice, as to the functions of the staff within the areas you identified before?

**Mr Whelan**—Yes.

**Senator WONG**—What could you give me? Can we agree, at least—

**Mr Whelan**—In broad terms.

**Senator WONG**—in broad terms on what you are going to give me, so I know whether I have to keep asking questions now?

**Mr Whelan**—No problems at all. We would be able to describe, for example, within the finance space the 30 to 50 major activities that the finance function undertook—for example, paying accounts, procuring goods, stocktaking assets, preparing financial statements and the like. We could give you that level of detail. We have undertaken that level of activity analysis.

**Senator WONG**—And for commercialisation?

**Mr Whelan**—Similarly.

**Senator WONG**—Could you be able to also identify when you do that the proportion of the 780 in each of those areas? You read out seven areas or thereabouts.

**Mr Whelan**—Yes. And that is correct. I would expect that over the next few weeks as we enter into discussions with staff I will be able to provide you with quite a lot of detail around this as we bring that together.

**Senator WONG**—Thank you. Essentially, we are agreed that the reductions in staff and the reductions in expenditure do not result in any real additional money going into science. It is simply trying to reduce the costs of other aspects of CSIRO in order to meet your operating deficit.

**Mr Whelan**—No. To the extent that the organisation could realise savings of between \$20 million and \$30 million a year from these areas, those moneys would be directly going into science.

**Senator WONG**—Hang on: of the \$20 million and \$30 million in a year, you have already told me that you have savings of \$5 million which would be included in that and you have permission to run a deficit of \$14.2 million. So where is the additional real money going into science?

**Mr Whelan**—We are seeking to run a deficit this year; we are not seeking to run an ongoing deficit. We are in active conversations with the Department of Finance and Administration about the degree of supplementation we get for depreciation. If I can perhaps wind it back, we had to revalue our buildings last year. There was a significant increase in their value. We need to reflect that increased value in the level of depreciation we bring to account. We are seeking to have that depreciation supplemented from the Department of Finance and Administration. On the basis that that may not be supplemented this year, we have sought permission to run a deficit to cover those costs. It would make no sense for us to go and cut science activity to meet those increased depreciation costs if they were to be supplemented in previous periods.

**Senator WONG**—What is the net gain on the depreciation costs that you are seeking?

**Mr Whelan**—The increase in depreciation is of the order of \$6 million to \$7 million a year.

**Senator WONG**—That still leaves you in deficit. You have a \$14.2 million operating deficit for the current financial year. Assuming \$5 million of savings already, even the \$6 million or \$7 million more in a favourable depreciation regime or supplementation—whatever the parameters of your discussion with DOFA are—will not cover it. Is that over the current financial year or over three years?

**Mr Whelan**—That would be ongoing.

**Senator WONG**—But what about the amount?

**Mr Whelan**—That is per year.

**Senator WONG**—Okay. That still leaves you with a \$9 million operating deficit.



**Mr Whelan**—That is correct. Those costs do not relate to what we expect to be ongoing costs. They relate to one-off costs that we may encounter this year. We may not necessarily incur those costs, but, under the Department of Finance and Administration guidelines, we have sought permission to run a deficit of that order should we need to spend that level of money.

**Senator WONG**—Your depreciation costs actually reduced between 2003-04 and 2004-05.

**Mr Whelan**—That is correct, they did. But the value of our buildings and assets increased by many hundred of millions of dollars at 30 June when we were required to revalue those, and the depreciation costs will increase significantly this year and in the out years as a result of that.

**Senator WONG**—Okay. So you are seeking supplementation from the government through DOFA for that additional depreciation cost?

**Mr Whelan**—That is correct.

**Senator WONG**—If you do not receive that, you are actually looking at a greater operating deficit, potentially.

**Mr Whelan**—No. The deficit that we have sought to run assumes we do not receive that. If we received it, we would not run a deficit of that order.

**Senator WONG**—So you are cutting staff to pay the depreciation costs on your buildings?

**Mr Whelan**—No. That is why I was trying to make the point that we instigated this review before the issue of depreciation came along. The basis of this review is to try and reduce the amount of money we spend on support services to maximise the amount of money we spend on science.

**Senator WONG**—Explain to me how, given your underperformance—I suppose you could call it that—in terms of external revenue, you think that you will be able to turn around a position of three years of accumulating and increasing deficits to a position of break even in the next financial year.

**Mr Whelan**—It is always interesting where we choose to draw the line. I think earlier you commented to Dr Sandland about drawing it at two years. I think you have just drawn at three.

**Senator WONG**—No, the three years are at the current year where you have told me you are seeking permission for 14.2, which has increased from nine last year and five the year before.

**Mr Whelan**—Yes. Where I was trying to get to with that is that in the year before that we ran a surplus of over \$47 million. So over the last four years the organisation has run a net surplus. If we happen to run a deficit in this year, we would be very close to a break even result. If we ran the deficit that I just talked about, we would have run an accumulative deficit over the last four years of \$4 million.

**Senator WONG**—I think the recent trend is what is a concern. Isn't the issue for the organisation, Dr Sandland, that you have a drop in revenue, you have projected job losses and

you have an increasing deficit over the last two years and current financial year? Isn't CSIRO in substantial financial problems?

**Mr Whelan**—Can I just clarify a point you made there. You said there has been a drop in revenue. Certainly, revenue has not grown to the level we had anticipated in the plan, but external revenue and appropriation revenue have both grown in the organisation over the last year and over the last four years.

**Senator WONG**—The external revenue dropped from \$296 million in 2003-04 to \$281 million in 2004-05.

**Mr Whelan**—That is a subset of external revenue

**Senator WONG**—From sales of goods and services.

**Mr Whelan**—That is correct. Total external revenue grew from \$335 million to \$348 million, which is an increase of 3.8 per cent.

**Senator WONG**—How much of that was additional government funding?

**Mr Whelan**—That is external revenue. Government funding also rose over the same period from \$903 million to \$925 million, which is an increase of \$22 million. If you put those two things together, total revenue generated by CSIRO last year increased over the previous year by the order of \$35 million. So the organisation's level of revenue is not going backwards; it is growing. And it is has grown over the last four years. In fact, since 2000-01, if the organisation had stayed at the appropriation level and external revenue levels of 2000-01, we would have spent \$444 million less than we have over the last four years. External revenue has grown cumulatively by \$243 million over the last four years and appropriation revenue has grown cumulatively by \$200 million over the last four years. So the size of the organisational revenue has gone up.

**Senator WONG**—You are painting an even rosier picture than, it seems to me, is painted in the annual report, which comments on the fact that there was a challenging year and on the fact that the level of consulting research services revenue fell by \$18 million. Do you not think that is a problem, Mr Whelan? Who is running the organisation? Do I ask Dr Sandland or you? I have a broader issue about the ongoing financial position of CSIRO, which Mr Whelan does not seem to think is a problem. You are telling this committee that you are looking at around potentially 200 staff cuts or a staff freeze in one area, you are looking at a 25 per cent reduction in costs of \$150 million over the next three years, you are projecting a further deficit of \$14.2 million after two years of deficit, and yet people are telling me there is no problem.

**Dr Sandland**—Mr Whelan is the chief financial officer of the organisation and has been appropriately taking the questions on finance. In terms of your overarching question about the language that was used in the annual report about a deficit of \$9.2 million, that, in fact, was described as being problematic. The reduction of \$18 million in research services relates to the fact that we have been reducing the subsidies associated with that particular area. That means that, in some sense, that research is being fully costed and some organisations with whom we have worked have chosen not to work with us on those fully costed projects. However, this also foreshadows the fact that we are looking to engage with industry in

different ways. As Mr Whelan has pointed out, the total revenue of the organisation has grown.

**Senator WONG**—Can you tell me the position Mr Rod Hill has in your organisation?

**Dr Sandland**—Dr Rod Hill is a group executive of one of our groups, Information, Manufacturing and Minerals.

**Senator WONG**—Can you confirm that Mr Hill has provided an email to a number of staff in which he identifies that, on the financial front, CSIRO had negotiated with the government for permission to run a deficit of \$17 million this year to help achieve even this poor result:

The corporate groups have identified around \$11 million of savings and the GEs—

I presume that you all know what that means—

were asked to have discussion with their groups about potential improvements for the cost operating position of the divisions.

Is that the position that CSIRO is in?

**Dr Sandland**—I have not seen that email, Senator. Obviously, it was written by Dr Hill to an internal group.

**Senator WONG**—Is it inaccurate?

**Mr Whelan**—Senator, I can confirm that, absolutely, we have been looking at how we can contain corporate spending. We do that on a regular basis. Over the last two years we have reduced the level of corporate support spending, and we are continuing to look at doing so. It is an appropriate financial measure for the organisation to take.

**Dr Sandland**—As Mr Whelan has said, the costs that are relating to our budgetary concerns for 2005-06 relate to two specific components that are not expected to be ongoing, or could well not be ongoing.

**Senator WONG**—Depreciation and legal?

**Dr Sandland**—That is correct.

**Senator WONG**—But that is not the biggest ticket item in terms of the costs that we are talking about.

**Dr Sandland**—The dollars that we intend to save, however, if those factors are removed, can go straight to investment in additional scientific research.

**Senator WONG**—Is the portion of the email that I read out to you correct—that you have negotiated with the government for permission to run a deficit of \$17 million?

**Mr Whelan**—No, Senator. I think I gave you answers on that matter earlier.

**Senator WONG**—Was \$17 million on the table previously?

**Mr Whelan**—I think I said to you earlier that it was some number less than 20 and that I would get that detail for you.

**Senator WONG**—Is it correct that the corporate groups have identified around \$11 million of savings?

**Mr Whelan**—Yes, that is correct.

**Senator WONG**—With respect to the \$11 million of savings, is that part of the 25 per cent of \$150 million?

**Mr Whelan**—Yes, Senator, in part.

**Senator WONG**—In part? What does that mean?

**Mr Whelan**—\$11 million is larger than the \$5 million.

**Senator WONG**—You misunderstood my question. The \$5 million savings about which we have had some discussions is included in your target of 25 per cent of \$150 million?

**Mr Whelan**—Yes.

**Senator WONG**—Is the \$5 million included in the \$11 million?

**Mr Whelan**—Yes.

**Senator WONG**—And the \$11 million is included in the 25 per cent target?

**Mr Whelan**—No.

**Senator WONG**—So this is additional to it? What I am trying to clarify is whether the \$11 million of savings is on top of your projected target savings of 25 per cent of \$150 million.

**Mr Whelan**—The \$11 million is a saving across all our corporate groups that we expect to be made this year, and \$5 million which was in the plan, associated with the research support services savings, is part of that.

**Senator WONG**—Mr Whelan, I may not be making myself clear. Your target, as you told me, was 20 to 25 per cent of \$150 million over the next three years. I am asking whether this \$11 million of identified savings in the corporate groups is additional to that target.

**Mr Whelan**—\$5 million of that relates to that 20 to 25 per cent; \$6 million does not relate to that.

**Senator WONG**—So we have identified at least two cost savings areas—20 to 25 per cent of \$150 million plus \$6 million of the \$11 million?

**Mr Whelan**—Yes, and as I indicated earlier, the organisation has in place a range of strategies to generate those savings—procurement, the research support services review and the like. We have been actively doing that for many years. The organisation takes a critical approach to its overhead expenditure and looks to contain that where it can.

**Senator WONG**—I want to know the total savings that you are targeting for the current financial year and for the forthcoming three financial years.

**Mr Whelan**—It would probably be best to reference the strategic plan, if I might, Senator.

**Senator WONG**—Does the strategic plan talk about exactly how much in savings?

**Mr Whelan**—The total amount of savings we are looking to generate is set out at the beginning of that period.

**Senator WONG**—But we are in a slightly different environment. You are saying 25 per cent of \$150 million in the research support services area—correct?

**Mr Whelan**—We are in the same zone, Senator. It is the same issues we are talking about.

**Senator WONG**—Can we go through it in a bit of order. Twenty-five per cent of \$150 million in the research support services area—correct?

**Mr Whelan**—That is our target over the next three years.

**Senator WONG**—What other savings targets do you have for the current financial year and the out years, the next three years?

**Mr Whelan**—In the organisation's strategic plan for 2003-07, on page 101 we set out a target financial scenario out to 2006-07. In 2003-04 we expected to make savings of \$4 million, in 2004-05 \$15 million, in 2005-06 \$20 million and in 2006-07 \$34 million. We have undertaken a range of initiatives since that time to generate those savings. We have touched on two of those this morning: the research support services review and procurement, and we have also implemented an enterprise wide IT platform in the last 12 months.

**Senator WONG**—Are you able to get me on notice a disaggregation of those savings targets you have just read out?

**Mr Whelan**—Certainly where we have specific measures in place I can attribute those to those measures; where not, there would be a gap, and that is a function of further strategy development in the organisation needing to be undertaken.

**Senator WONG**—I have one other area for CSIRO after this. Does CSIRO still have investments in the Australian Magnesium Corporation?

**Dr Steele**—It depends on what you mean by the word 'investments' but it is the case that CSIRO holds 0.17 per cent of the shareholding in Australian Magnesium Limited. It has recently changed its name, by the way.

**Senator WONG**—As a result of that, what sort of exposure to AMC liabilities does CSIRO have?

**Dr Steele**—CSIRO's exposure as a result of our shareholding is no different from any other shareholder.

**Senator WONG**—Okay, but have you quantified it? Surely you have quantified what your exposure is.

**Dr Steele**—The dollar value of that is \$4,773 as at 20 October.

**Senator WONG**—There are no other debts associated with liabilities that AMC has?

**Mr Whelan**—Not associated with our shareholding but you would note from our annual report that we have had a contingent asset in our annual report for the repayment of loans via royalty payments from AMC. We have not brought that to account in our primary accounts for over 12 months. In this year we de-recognised that asset because we think the probability of receiving those revenues is beyond remote.

**Senator WONG**—In relation to your flagships program, is there some documentation to which I can go that sets out the government's conditions of the funding of that particular program?

**Dr Sandland**—The conditions of funding of that program were essentially left to CSIRO, apart from the fact that the government required CSIRO to apportion some of that research in the order of \$100 million over seven years to a collaboration fund, the conditions of which were developed by CSIRO using support from the university sector.

**Senator WONG**—So, in layperson speak, does that mean the condition of the funding was that you were to put additional moneys into a collaboration fund? I am a bit confused.

**Dr Sandland**—The government is providing the money for CSIRO to essentially manage in the collaboration fund.

**Senator WONG**—What I am asking is: were there conditions associated with the government's funding of that?

**Dr Sandland**—The collaboration fund? No.

**Senator WONG**—Can you please provide the financial positions on each of the six flagships since 2003?

**Dr Sandland**—I can take that on notice.

**Senator WONG**—I am sorry; that is on notice. I am trying to wind up. On notice, if you could do so, are you still expecting to meet the \$37.4 million for 2005-06 which question on notice E17\_06 identifies? If not, what is your revised target?

**Dr Sandland**—We are hoping to—

**Senator WONG**—I am sorry; I am trying to put questions on notice so you do not have to come back after lunch. I am just putting them on notice now, if that is okay, unless you have a burning desire to answer.

**Dr Sandland**—No; that is fine.

**Senator WONG**—What are the projections for external revenue for the flagships over the current and next two financial years? That is all the questions for CSIRO.

**CHAIR**—Thank you very much.

**Proceedings suspended from 12.40 pm to 1.34 pm**

**CHAIR**—The committee will now move to questions for the Science Group.

**Senator NASH**—I have some copies of a brochure put out by the Northern Territory government, at Territory taxpayers' expense, in which some fairly extreme claims are made in terms of nuclear waste management. I was hoping you might help me clarify some of the things put forward in the brochure. It is headlined 'What you need to know about Canberra's proposed nuclear dump'. I do not know if you are aware of this or not. It states:

Any nuclear waste needs to be handled with extreme caution.

Nuclear waste poses a serious danger to humans and the environment for many thousands of years.

A range of terminal and debilitating medical conditions have been directly linked to exposure to nuclear waste.

The Commonwealth is proposing to store all of Australia's medium level waste in the Northern Territory. This waste will pose a danger to humans and the environment for many thousands of years.

In the context of the state-of-the-art storage facilities which we now use to store low-level and medium-level nuclear waste, is there any risk that communities that reside near this type of waste management facility being proposed for the Territory might suffer a range of terminal and debilitating medical conditions?

**Ms Borthwick**—No.

**Senator NASH**—That would then indicate that the information contained there is incorrect and misleading.

**Ms Borthwick**—I have not actually gone through that in detail, but certainly what you have read out—

**Senator NASH**—I can give you a copy, if you like.

**Ms Borthwick**—What you have read out certainly does not accord with our view or our understanding of the facility.

**Senator CROSSIN**—Is this going to be tabled?

**Senator NASH**—I am happy to table it. It is a public document.

**CHAIR**—She will table it, if necessary.

**Senator NASH**—I am happy to do that. Does this type of new management facility pose a danger to humans and the environment for many thousands of years for the communities that reside near the facility?

**Ms Borthwick**—No.

**Senator NASH**—This document, having said that, would seem to be incorrect and, again, misleading. Is it true that nuclear waste of the same level of radioactivity is already being stored in Australia's capital cities and this storage is not causing a range of terminal and debilitating medical conditions as a result of its storage?

**Ms Borthwick**—Yes.

**Mr Cook**—We are talking about different levels of nuclear waste being stored. The low-level waste, which is the bulk of the waste under consideration, is stored in numerous places around Australia, including in hospitals and so forth as a result of nuclear medicine treatment. The intermediate-level waste is much lower in volume and is stored in fewer places. But they should be all stored in accordance with national codes and therefore not present a hazard. However, it is absolutely clear that it is far preferable to have them in one place, properly looked after for the future rather than running the risk of that sort of material getting into the hands of the wrong people.

**Senator NASH**—My question is: this storage is not causing a range of terminal and debilitating medical conditions?

**Ms Borthwick**—No, it is not.

**Senator NASH**—Again, this document would appear to be both incorrect and misleading. Finally, where is this similar type of nuclear waste currently being stored in Australia in terms of the type of location and its proximity to humans?

**Ms Borthwick**—As Mr Cook has already said, it is located in a range of facilities around Australia.

**Senator NASH**—Could I have those locations. If you have not got them with you now, perhaps you could take it on notice.

**Mr Cook**—Clearly the bulk of the waste we are talking about is actually held at Lucas Heights in the ANSTO facility. There is also some low-level waste held in South Australia. It was shipped there in about 1995, if my memory is correct. That low-level waste is the sort of stuff you get in household smoke detectors, lab coats and gloves and that sort of thing. In terms of the intermediate-level waste, a small amount of that is also produced and stored at ANSTO and there are possibly some other places where it is stored.

Every nuclear medicine facility around Australia has radioactive material. It is no more radioactive after it has been used than what it is when it goes into the facility. I think that is one of the confusions that often occur in the public mind. You can have nuclear medicine treatment and people are happy to accept that. The residue of that, of course, is no more dangerous than the treatment you have just had.

**Senator NASH**—Finally, in view of those questions and your answers, would you see the information contained in this brochure as misleading and incorrect?

**Mr Cook**—I have not had the opportunity to read it either, but based on what you have said I would say it is misleading.

**Senator CROSSIN**—Mr Cook, why have you not seen the information the Northern Territory government has been producing?

**Mr Cook**—I expect that, if there was new information coming to hand, members of the staff who are involved in the detail of it would see it, but I would not necessarily see it.

**Senator CROSSIN**—Has anyone in your staff seen the information coming from the Northern Territory government?

**Ms Borthwick**—I have not, and I do not believe our other staff here today have.

**Senator CROSSIN**—Based on what Senator Nash has just quoted, how can you be confident that it is not quoted out of context?

**Mr Cook**—I said, in response to the question, ‘based on what the senator had told me’.

**Senator WONG**—You have just accepted that, have you?

**Senator CROSSIN**—You have just accepted her words without actually have perused the Northern Territory government’s document, having had the department look at them or make a critical comment, or a comment on them at all. You have accepted a couple of sentences that have just been quoted to you out of nowhere. Is that right?

**Ms Paul**—The senator was reading something which talked about terminal diseases and so on, so we were responding on that basis and also to her questions of where it was stored and did it pose a threat. As Mr Cook said, it is stored in numerous places and does not pose a threat, as it keeps within the standards required.



**Senator CROSSIN**—But, in the current context of the current debate, you can categorically tell me that you have not seen or made comment about the information that has been distributed by the Northern Territory government. Is that correct?

**Ms Paul**—You are drawing a long bow, Senator. Mr Cook was responding to the senator and her reading. We are more than happy to look at the document and give more fulsome advice.

**Senator CROSSIN**—I asked: have you looked at the information the Northern Territory government has produced? Mr Cook, you said no. Is that right?

**Ms Paul**—I am sure we have seen quite a lot that the Territory has put out, including the reports in the media and in other places. We are very aware of the media reports and other reports from the Territory government.

**Senator CROSSIN**—Mr Cook has just said that he has not seen that information.

**Mr Cook**—I have not seen that particular document.

**Ms Borthwick**—I have not seen that particular document, no.

**Senator CROSSIN**—Can you tell me exactly where the Commonwealth waste is currently stored in this country, how many sites there are, where they are and how much waste is stored at each site?

**Mr Cook**—I do not know whether we have that information to hand.

**Mr Davoren**—Broadly speaking, the Commonwealth has around 4,000 cubic metres of radioactive waste. That includes low-level radioactive waste and intermediate-level radioactive waste. There is around 400 cubic metres of intermediate-level radioactive waste. Most of that is stored at Lucas Heights at ANSTO. There is also another significant Commonwealth storage site at the range head at Woomera. There are about 30 sites throughout the Commonwealth, usually Defence sites. There are some CSIRO sites that hold radioactive waste, low or intermediate level. In relation to the around 3,600 cubic metres of low-level radioactive waste, most of that inventory is held at the range head at Woomera. That was soil from the former Fisherman's Bend uranium-processing plant in Victoria, which was shipped to ANSTO in the early nineties and then shipped, in 1995, to Woomera. The remaining approximately 1,600 cubic metres is held at ANSTO, but there are also small holdings of radioactive waste at those 30 sites I previously referred to.

**Senator CROSSIN**—Thank you for the summary, but I would like an exact list of the exact location of each of the places where the Commonwealth low- or intermediate-level waste is stored in this country, the type of waste and exactly how much of that waste is in each of those locations. You may need to take that on notice. or do you have that information with you in a form you could table now?

**Ms Borthwick**—I think we will need to take that on notice.

**Senator CROSSIN**—Thank you. The dump in the Northern Territory is proposed to hold only Commonwealth waste. Is that correct?

**Mr Davoren**—No, that is not correct. An offer has been made to also house Northern Territory waste, which is currently stored at Darwin Hospital, Mount Todd and other unspecified sites.

**Senator CROSSIN**—What has been the response of the Northern Territory government to that offer?

**Mr Davoren**—I do not think there has been a response.

**Senator CROSSIN**—Perhaps you can check that in the next half-hour while I continue asking questions. My understanding is that there has been a response to that. Certainly publicly there has been a response to it. Are you saying there is nothing formal in writing from the Chief Minister to the minister about that?

**Mr Davoren**—I have not seen a formal response.

**Senator CROSSIN**—The minister may have seen a formal response.

**Mr Davoren**—He may have.

**Senator CROSSIN**—My understanding is that the Chief Minister has rejected that offer publicly, so therefore at this stage the dump is only intended to house Commonwealth waste. Is that correct?

**Mr Davoren**—If that is the case, that is correct.

**Senator CROSSIN**—Would there be any Commonwealth waste stored in hospitals or universities in this country?

**Mr Davoren**—There may be some stored at the ANU, which is a university within the Commonwealth's jurisdiction, I believe, but I think most of the Commonwealth waste is stored at research institutions and defence facilities.

**Senator CROSSIN**—So, when we hear the claim that we need this dump in order to put radioactive waste from, say, hospitals in it, that claim would be incorrect. Is that right?

**Mr Davoren**—That claim would be incorrect, but it would not be incorrect to say that wastes would be managed at the facility that were generated from the production of material that was then used in hospitals.

**Senator CROSSIN**—I understand that. Is the National Store Advisory Committee still in existence?

**Mr Davoren**—No, it is not.

**Senator CROSSIN**—When was it set up and how long did it operate for?

**Mr Davoren**—I do not have that information.

**Senator CROSSIN**—Can you take that on notice?

**Mr Davoren**—Yes.

**Senator CROSSIN**—When was its last meeting?

**Mr Irwin**—The committee last met on 24 February 2003.

**Senator CROSSIN**—What was the purpose of the committee?

**Mr Irwin**—The committee was set up to provide advice to the Department of Industry, Tourism and Resources about progressing a proposal to site a facility for storage of Commonwealth intermediate-level waste.

**Senator CROSSIN**—Who was on the committee?

**Mr Irwin**—The committee was chaired by Dr Colin Chartres from CSIRO. There was an international member, Professor Ernst Warnecke, from one of the relevant German authorities. Dr McFadden from Geoscience Australia was also on it. There was a representative from ARPANSA, Mr Peter Burns, as well as Dr Brad Cassels from the Victorian government; Mr Simon Critchley, a relevant Queensland government official; and Dr Gerald Laurence, who I think was an expert residing in South Australia.

**Senator CROSSIN**—No-one from ANSTO was on it?

**Mr Irwin**—No.

**Senator CROSSIN**—And there was no-one from the department on it, other than someone from CSIRO?

**Mr Irwin**—As I said, it was an advisory committee to assist the department in progressing that project.

**Senator CROSSIN**—So you would be aware of the list of sites that this advisory committee came up with.

**Mr Irwin**—In general terms.

**Senator CROSSIN**—I have got a list here in front of me called ‘Short list’, with ‘NSAC comments/final’ written on it. Are you aware of that list?

**Mr Irwin**—I am aware that a list was produced by that committee. I have not had cause to look at it for some considerable time. I do not have a copy in front of me.

**Senator CROSSIN**—This is a list of Commonwealth land that I am assuming this committee thought might or might not be able to house nuclear waste. One of the sites on this list, ‘42 kilometres to Katherine’, is one of the three sites that is named in the current legislation before parliament. Alongside ‘Suitability’, this list actually says of that site: ‘less suitable topography, subject to flooding’. Given what we have heard this morning from ANSTO about requirements for sites, how does this site—which has some very negative comments about it on this list—make it to one of the government’s three preferred sites in the Northern Territory?

**Ms Borthwick**—I think it is important to understand that that process was looking at a different set of parameters than the process that we are embarked on now and that that advice cannot be taken as part of this process.

**Senator CROSSIN**—I thought that I was just advised that this committee was set up to look at the storage of waste.

**Ms Borthwick**—We are now looking at a co-located site of low- and intermediate-level waste, which has some bearing on the selection parameters.

**Senator CROSSIN**—What sort of waste are you suggesting that this list was only for?

**Ms Borthwick**—I believe that was for intermediate-level waste.

**Mr Irwin**—That is correct. It was specifically for the storage of intermediate-level waste. At that time there was a separate process—site 42a at Woomera was being pursued as a repository for low-level waste.

**Senator CROSSIN**—My understanding from my meetings with ARPANSA is that our low-level waste would need to go in a repository under the ground. Is that correct?

**Ms Borthwick**—My understanding is that that is not the case.

**Mr Irwin**—A repository would involve burial of the waste.

**Senator CROSSIN**—So you are saying this list was designed to look at just intermediate waste. Is that correct?

**Ms Borthwick**—Yes.

**Senator CROSSIN**—And now you are looking at low and intermediate waste. Is that correct?

**Ms Borthwick**—Correct.

**Senator CROSSIN**—If this site 42 kilometres from Katherine was unsuitable for intermediate waste—

**Mr Irwin**—I think you said that the site was less suitable, not unsuitable.

**Senator CROSSIN**—It says ‘less suitable topography, subject to flooding’. On the list, there are many sites that have ‘suitable’ written next to them, such as Mount Reedy in Canberra and a site at Kapooka in Wagga Wagga. ‘Most suitable’ is written next to Riverina in Wagga Wagga, Deniliquin, Narrandera, Bogan Gate, Denman and Puckapunyal. The one in Katherine is the one that has the least preference in terms of situation. The list says: ‘subject to flooding, less suitable topography’. That is the comment on this list, and it is list of sites where you would put intermediate-level waste. I hear what you are saying, Ms Borthwick—that now you are looking at co-locating two sorts of waste. I would have thought that this would not change the descriptor of this site. The site you are proposing will have low and intermediate waste on it. The comments on this site are still relevant, aren’t they, because this is a site that you would look at putting intermediate waste on? Can you please explain to me why this site, 42 kilometres from Katherine, has now been chosen as one of the three preferred sites? What is it about this site now that puts it on the list of the three preferred sites?

**Ms Borthwick**—The process of identification of sites that we have entered into so far has looked at a broad range of criteria, including things like access to transport and available infrastructure—a range of more general issues around site location.

**Senator CROSSIN**—Can you specify what they are, please?

**Ms Borthwick**—I believe they were to do with things like transport access, availability of infrastructure and, as I think most of them are Defence owned land, current use of the land, Defence operational requirements and issues of that nature.

**Senator CROSSIN**—Do you have a specified list or some sort of criteria you can table for us or take on notice?

**Ms Paul**—We can certainly take it on notice and give you the broad scope of consideration.

**Senator CROSSIN**—Why wasn't Puckapunyal on this list?

**Ms Borthwick**—The advice that we provided to government was policy advice. The government has since made a decision and identified those three sites.

**Ms Paul**—We were looking at a range of things—for example, what the footprint of the site is, what sort of use is made of the site and so on. They were not just questions of topography and so on, noting that the next stage is the feasibility stage. So this stage is the very beginning of identifying sites to consider for feasibility. It may be that these sites are not feasible once they go through the geological and environmental considerations.

**Senator CROSSIN**—I will pursue that in a moment. Ms Borthwick, why is it that only three sites in the Northern Territory were chosen?

**Ms Borthwick**—The government made a decision to proceed with those three sites.

**Senator CROSSIN**—Did you provide advice to the government about a range of sites nationally?

**Ms Borthwick**—That is by way of policy advice to government.

**Senator CROSSIN**—With respect to the sites that you put on that list to the government, was there any scientific basis to that list?

**Ms Borthwick**—As I said earlier, the criteria that we are using are the phases that Ms Paul has just noted. This is the phase before a site selection process, so we have not assessed in depth in relation to the geological and more technical issues associated with site selection.

**Senator CROSSIN**—So there is no scientific basis for the selection of these three sites?

**Ms Paul**—We have a sense of their geography and so on. We know things about the sites, but at this stage it is more a matter of getting a handle on what is available—what is Commonwealth owned land, which has a certain footprint, is used in a certain way, has access to transport et cetera. As I said, I am happy to give you that constellation of considerations.

**Senator CROSSIN**—Can you explain to me why the list I have in front of me does not include the two sites in Central Australia? Surely, they must have been suitable sites for storing intermediate waste back then. Why would they not be on this list?

**Mr Irwin**—I think it is important to realise that the national store advisory process was not complete. That was an incomplete process. That list was not an end point; it was a list that was compiled in the context of the work of that committee. That committee was working with availability of sites that was known to them at the time. The Department of Defence subsequently identified Mt Everard and Harts Range as potentially suitable sites and of course that has subsequently been taken into account by government.

**Senator CROSSIN**—You are saying that the Department of Defence identified those sites?

**Mr Irwin**—Yes.

**Senator CROSSIN**—How did that process work? Did you contact the Department of Defence and ask them what land they had available?

**Mr Irwin**—That was part of the process. One of the issues with the NSAC process, as I said, was that it was an incomplete process. At that point no consultation had been undertaken with other portfolios, as the secretary indicated, in terms of what land uses would be available on those sites. Once other portfolios were engaged, that came forward on that basis.

**Senator CROSSIN**—Why was this committee terminated?

**Mr Irwin**—It was terminated because the government policy changed. It was advising us in a specific context about a stand-alone process to develop a store for intermediate-level waste.

**Senator CROSSIN**—Were you then asked by the government to contact Defence and ask them for some land around the country?

**Mr Irwin**—No, it was a question of us looking at land in preparing advice for government. In discussions with Defence, these extra sites came forward.

**Ms Borthwick**—It is also important to note that most Commonwealth-held land is defence land; therefore some discussion, obviously, was needed with the Department of Defence.

**Senator CROSSIN**—Are you aware of whether anyone actually lives on these sites or inhabits any of these sites?

**Mr Davoren**—I am aware that there are some defence personnel at the Harts Range site.

**Senator CROSSIN**—And in Katherine?

**Mr Davoren**—No-one lives at the site as far as I am aware, although it is subject to semi-traditional land use by an adjoining Aboriginal community.

**Senator CROSSIN**—Where would the closest person inhabiting land in Katherine live in relation to the site you have chosen?

**Mr Davoren**—I have been to the Aboriginal outstation that is to the east of that site. I would say it would be about five or six kilometres away.

**Senator CROSSIN**—My understanding is that there are a couple who have a homestead on or near that site. Are you aware of that?

**Mr Davoren**—Yes, I have visited the Utleys at Yeltu Park.

**Senator CROSSIN**—Have you made any contact with them?

**Mr Davoren**—Yes, I have.

**Senator CROSSIN**—In what form?

**Mr Davoren**—We visited them to explain the government's intentions, in July this year.

**Senator CROSSIN**—When did you make that visit?

**Mr Davoren**—Sometime in July. I forget the precise date.

**Senator CROSSIN**—You might want to take it on notice for us, then.

**Mr Davoren**—I am pleased to.

**Senator CROSSIN**—What was the nature of your advice to them on your visit?

**Mr Davoren**—We were there essentially to provide information on the Commonwealth's intentions. We explained the Commonwealth's announcement, Dr Nelson's statement of 15 July, the background to all of that, and we explained how things would proceed from now onwards.

**Senator CROSSIN**—What was their response?

**Mr Davoren**—They had some concerns about possible tainting of the produce of their farm by having a radioactive waste facility on the Commonwealth property. I think we addressed some of those concerns.

**Senator CROSSIN**—Have you had any consultation with the Northern Land Council or the Central Land Council about these sites?

**Mr Davoren**—We have briefed both the Northern Land Council and the Central Land Council.

**Senator CROSSIN**—I understand you have briefed the Northern Land Council and its executive, but with the Central Land Council you have briefed the TOs of the sites. Is that correct?

**Mr Davoren**—We attended a meeting two weeks ago at Everard, where we met traditional owners who I think were largely from the Everard area. I understand that there were also two traditional owners from the Harts Range or Alcoota site.

**Senator CROSSIN**—Have you had any specific meetings with the traditional owners of the site in Katherine?

**Mr Davoren**—We have visited some of those traditional owners in the outstation to the east of the Commonwealth site, and we have met with members of the Jawoyn Association.

**Senator CROSSIN**—Have you met with the traditional owners of the site in Katherine?

**Mr Davoren**—We have met with them inasmuch as they were represented at the Northern Land Council general meeting at Crab Claw Island a few weeks ago.

**Senator CROSSIN**—So, have you met with the traditional owners of the site in Katherine—not their representatives, not the land council, not the Jawoyn Association, but the traditional owners of the site?

**Mr Davoren**—I think we did meet with the traditional owners at the outstation.

**Senator CROSSIN**—Is your answer yes or no? Either traditional owners—

**Mr Davoren**—That was how that meeting was presented to us.

**Senator CROSSIN**—Were the traditional owners of the site in Katherine at the outstation that day? Can you confirm that?

**Mr Davoren**—I understand they were.

**Senator CROSSIN**—So your answer is that, as far as you are aware, you believe you have met with the traditional owners of the site in Katherine. Is that correct?

**Mr Davoren**—That is correct.

**Senator WONG**—Can I just ask a couple of questions. When did DEST first become aware of the intention to site the co-located store and repository in the Northern Territory?

**Mr Cook**—I do not know the exact date, but it goes back to the Prime Minister's statement, which was in July last year. The Prime Minister announced the change in the government's policy in July last year.

**Senator CROSSIN**—Sorry, Senator Wong, I need to follow that up. What statement was that in July of last year?

**Mr Cook**—When the Prime Minister announced that the Commonwealth was going to proceed with a co-located facility for both low and intermediate level waste, for Commonwealth waste only, and it would be on Commonwealth land.

**Senator CROSSIN**—Are you saying, therefore, that this quote from Minister Ian Campbell is incorrect? This is what he said on ABC radio in the Northern Territory two days before the federal election:

... what we have said quite clearly and unequivocally many months ago is that the Commonwealth is not pursuing any options anywhere on the mainland. ... our preferred option and the only options that we are pursuing are on offshore islands. ... So the Northern Territorians can take that as an absolute categorical assurance.

Are you saying that those words in October are contrary to the Prime Minister's position in July of that year?

**Mr Cook**—I think what the Prime Minister said about offshore was a preference for offshore, if I remember the words correctly.

**Ms Paul**—In other words, the Prime Minister's statement in July changed the policy to combine low-level and intermediate waste and to consider only Commonwealth land and only Commonwealth waste. He expressed a preference at that time for offshore. Subsequently, the government obviously has considered a range of sites, including mainland sites, and has come to this decision.

**Senator CROSSIN**—Can you provide me with evidence of the Prime Minister's words to that effect in July that year?

**Ms Paul**—Certainly.

**Senator CROSSIN**—Would you be able to do it this afternoon?

**Ms Paul**—Very easily.

**Mr Irwin**—It was publicly announced in a press release at the time.

**Senator CROSSIN**—If you could go and get evidence that that is what the Prime Minister said in July last year—

**Ms Paul**—It was in the form of a media release, and we can get that for you this afternoon.

**Senator CROSSIN**—Thank you. Therefore, if that is the case, you are saying to me that, when Minister Campbell said, 'The Commonwealth is not pursuing any options anywhere on



the mainland' that is contrary to what the Prime Minister announced in July 2004. Is that right?

**Mr Cook**—I do not know what else he said at the time.

**Ms Paul**—We will get the statement. We think the Prime Minister expressed a preference. I do not think it is contradictory, and subsequently, obviously, mainland sites were considered.

**Senator CROSSIN**—Ian Campbell said, 'The only options we are pursuing are on offshore islands.' Is that statement incorrect?

**Ms Paul**—Clearly, the government subsequently considered, through this portfolio—

**Senator CROSSIN**—At the time: is that statement incorrect, then?

**Ms Paul**—I do not know, Senator.

**Senator CROSSIN**—You are telling me that in July that year the Prime Minister talked about a preference for offshore islands but looking for Commonwealth land. In October we have got Ian Campbell saying, 'The only options we are pursuing are on offshore islands'—which was quite different from what the Prime Minister said four months ago. Is that correct?

**Ms Paul**—The government's consideration which has led to these sites being identified for possible selection occurred after the election—

**Senator CROSSIN**—I understand that, but what I am trying to clarify is exactly what happened before the election.

**Ms Paul**—so I cannot tell you necessarily whether there is a contradiction. But clearly, in a timing sense, no matter what the situation was there, the consideration has been made subsequently.

**Senator CROSSIN**—I understand that. I understand there has been quite a dramatic change in this government's policy after the federal election. Given what you indicated to me this morning about what the Prime Minister said in July 2004, and given what I have quoted to you from Minister Campbell in October 2004, it would appear that Minister Campbell's statement is incorrect.

**Ms Paul**—It may not be. What I am saying is that it may be a timing issue. It may have been correct at the time, but subsequently, clearly, mainland sites have been considered.

**Senator CROSSIN**—That is clearly the case. But what I am trying to ascertain is the veracity of the truth of this government and its ministers prior to last year's federal election.

**Senator Vanstone**—Actually, that means the truth of the truth.

**Senator CROSSIN**—That is what we are also trying to get to the bottom of. You have got the Prime Minister saying one thing in July, you have got the minister for the environment saying a different thing three days before the election. So who is telling the truth?

**Ms Paul**—What I am saying is: I think what the minister for the environment was saying was not necessarily contradicting the Prime Minister, who I think expressed a preference. It is a question of timing and of government consideration. We are probably splitting hairs, in a way. It is quite possible that, at that time, that was absolutely correct. I am not sure. But subsequently, clearly, the government has considered—

**Senator CROSSIN**—I doubt whether Territorians would think it is splitting hairs. What we want to know is: would Minister Campbell have known about the Territory sites when he made that statement?

**Ms Paul**—I would not know, Senator.

**Senator CROSSIN**—When did the government decide to put the dump in the Northern Territory? What is the date that you are aware of?

**Mr Irwin**—Dr Nelson announced that three Department of Defence properties in the Northern Territory would be investigated for siting the facility on 15 July 2005.

**Senator WONG**—Can I go back to something Mr Cook answered earlier? When I asked when did DEST first become aware of the decision to site the store and repository in the Northern Territory, my recollection was that your answer was: when the Prime Minister's statement in July 2004 was delivered. That is a statement I have just got up on the web site which essentially says north and South Australia Commonwealth land that you have been referring to. Are you suggesting that at that stage DEST was aware of a decision to site in the Northern Territory?

**Mr Cook**—No, I am not.

**Senator WONG**—When did DEST become aware of the decision to site in the Northern Territory?

**Mr Cook**—We went through a process of looking at possible sites, and those sites emerged from that process and Dr Nelson announced those in July.

**Senator WONG**—When did DEST become aware of that decision?

**Ms Paul**—That was in this calendar year, I think, wouldn't it be fair to say, Mr Cook, when you were talking about the Prime Minister's statement you were not saying the Prime Minister's statement was suggesting the Northern Territory necessarily?

**Mr Cook**—No, not at all.

**Ms Paul**—So there may have been confusion; what I fear is there has been a confusion.

**Senator WONG**—I am not asking that; I am asking when you became aware.

**Ms Paul**—No, a confusion about Mr Cook suggesting that that statement was also about the Northern Territory, which it was not.

**Senator WONG**—No, I understand what the statement was about. I have just had a look at it again because, obviously, it was relevant to South Australia. What I am asking is when you became aware. When did the department become aware of the decision in government to site the dump in the Northern Territory?

**Mr Irwin**—That was immediately prior to the announcement.

**Senator WONG**—How long before the announcement?

**Mr Irwin**—A matter of a day or so.

**Senator WONG**—Were you asked to provide advice in relation to the siting in the Northern Territory prior to the announcement being made?

**Ms Paul**—We have provided advice to government throughout the period.

**Senator WONG**—No, on the issue of the three sites in the Northern Territory, specifically.

**Ms Paul**—Yes.

**Senator WONG**—When was that provided?

**Ms Paul**—It has been an ongoing process—

**Senator WONG**—No, the three specific sites.

**Ms Paul**—over a long time.

**Senator WONG**—There was an announcement that you have described and you have told me that you found out about it a day before the announcement that the decision had been made. In relation to the three sites that were the subject of the announcement, when did you provide advice?

**Ms Paul**—It would have been over a period of time prior to that; as I said, over the course of this calendar year, mainly—I think.

**Senator WONG**—This calendar year.

**Ms Paul**—I think so. We can give you a range of time, but it is just part of the normal process of advising, which would happen, as you would imagine, over a period of time.

**Senator CROSSIN**—What date did your advice about all of the sites—you have told me before you put a range of sites to the government and they have picked three in the Territory—go to cabinet? What date did that advice go to the minister and what date did that advice go to cabinet?

**Ms Paul**—I do not think we would normally give cabinet dates.

**Senator CROSSIN**—What date did you send that advice to the minister?

**Ms Paul**—We would have advised the minister on a number of occasions, I should imagine.

**Mr Cook**—Yes, we did. I cannot recall the dates, but they certainly were during the course of this calendar year—the first half—

**Senator CROSSIN**—You might want to take on notice the dates you provided that advice to the minister about sites for the dump, please. Can you provide me with advices as to whether you believe this bill specifically allows this government to site, construct and operate a dump? I am talking about the bill that has just gone through the House this morning.

**Mr Irwin**—I think that the bill makes clear that it does not override or remove the jurisdiction of the Environment Protection and Biodiversity Conservation Act, the Australian Radiation Protection and Nuclear Safety Act and the relevant safeguards and non-proliferation act. So I do not think this bill in its own right enables construction and establishment of the facility. You would still have to go through the necessary regulatory processes under the specified pieces of legislation.

**Senator CROSSIN**—Just prior to what we were saying before, it could well be the time line now is that each of these sites will what—be analysed or assessed in terms of their

scientific appropriation? Is that right? Whether they are appropriately capable of holding the waste facilities—is that correct?

**Ms Borthwick**—That is correct.

**Senator CROSSIN**—So how is that process going to occur?

**Ms Borthwick**—We currently have a tender which will select someone with the suitable expertise to undertake that task.

**Senator CROSSIN**—Is the tender to a company or to an individual?

**Ms Borthwick**—They have not closed yet. I believe tenders close on 8 November.

**Senator CROSSIN**—Can you provide this committee with the specifications for that tender?

**Mr Davoren**—Yes. They are on the web.

**Ms Borthwick**—They are on the web. They are publicly available.

**Senator CROSSIN**—You might want to provide a hard copy to this committee. How much is that tender? What is the cost of it?

**Ms Borthwick**—We have not yet concluded the selection process.

**Senator CROSSIN**—What amount is budgeted for it?

**Ms Borthwick**—It is within an envelope which is provided through the radioactive waste management appropriation—

**Mr Cook**—We would not want to disclose the budgeted amount, because that will obviously affect the tender price.

**Senator CROSSIN**—In an answer you provided to Senator Carr, E120\_06, you have a list of the national radioactive waste management breakdown of appropriation. Under what heading would the tender come? There are nine headings—or eight, because the ninth one is ‘Management of former sites’. In what column would the money for the tender be sitting?

**Ms Borthwick**—I believe that comes under the ‘Technical assessment’ heading.

**Senator CROSSIN**—Just to finish on that: at the end of the day it may well be that, whoever or whatever wins this contract, all three sites are deemed to not be suitable. Is that correct?

**Mr Davoren**—It is unlikely that they would be unsuitable for an above-ground facility. A key point in the decision that will be made in selecting a preferred site is whether a site is also suitable for near-surface disposal.

**Senator CROSSIN**—So it may well be that at the end of the day none of those three sites will meet the criteria.

**Mr Davoren**—For near-surface disposal.

**Senator CROSSIN**—You want to co-locate, so I am assuming you are looking at a place will hold both sorts, low and intermediate.

**Mr Davoren**—That is right. An above-ground store could be built that would handle both types of waste. An alternative way of handling the low-level waste is near-surface disposal. That would be preferable, but the site characteristics may not allow that to happen.

**Senator CROSSIN**—So you are saying to me that, if one of the sites is suitable only for above-ground storage, you will put the low and intermediate above the ground, even though ARPANSA is telling us that the preferred option is to put the low-level waste in a repository. Is that correct?

**Mr Davoren**—ARPANSA do not direct you on which to do. They provide regulations that enable you to do either activity safely.

**Senator CROSSIN**—But they would have to issue a licence for that, wouldn't they?

**Mr Davoren**—They would. In fact, they have to issue three licences in this process: a siting licence, a construction licence and an operating licence.

**Senator CROSSIN**—Who is on the expert advisory committee for your national radioactive waste management?

**Ms Borthwick**—We are yet to establish that group, because we have not actually started the process of selection.

**Senator CROSSIN**—So with these appropriations over the next three forward years for the advisory committee, you have not got an advisory committee established yet?

**Ms Borthwick**—No. That is correct. The process has taken rather longer than we originally thought. But we will still—

**Senator CROSSIN**—ANSTO was saying this morning that, so far as they are concerned, they do sit on a committee.

**Mr Davoren**—ANSTO provides technical advice to the project.

**Senator CROSSIN**—Yes. But ANSTO were saying that there is an expert committee that exists and meets. They could not tell me when it last met.

**Mr Cook**—I chair a high-level committee which ANSTO was probably referring to. It meets. It provides broad general direction and encompasses all relevant Commonwealth department and agencies. Its function is different to that of this expert advisory committee, which will be more technical in nature. There are various levels of committees.

**Senator CROSSIN**—So they might have been a bit confused this morning then.

**Ms Paul**—We have identified that there will be expenditure on this expert advisory committee this financial year. It is not up in the first quarter of the financial year, but we know it is our intention to have it.

**Senator CROSSIN**—Who will sit on this committee? Who will be represented?

**Ms Paul**—I do not think we have fully determined it yet, because we have just started the selection process.

**Senator CROSSIN**—So you do not have anyone appointed to it?

**Ms Paul**—No.

**Senator CROSSIN**—In that answer to Senator Carr, E120\_06, there is money listed under ‘Public information and communications’. I would like a breakdown of that money and what it is intended to be spent on. Can you take that on notice for me?

**Ms Paul**—Certainly.

**Senator CROSSIN**—How much of the nearly \$14 million allocated over the forward estimates in this year’s budget have DEST, other departments and agencies spent to date?

**Ms Borthwick**—I do not have that figure with me but I will certainly take that on notice.

**Mr Cook**—Just to clarify the question: you are asking how much other agencies have spent?

**Senator CROSSIN**—Yes. Just give me a minute. I will flick through these and if there are questions I can put on notice, I will do that.

**Senator WONG**—While Senator Crossin is doing that, I will ask one set of brief questions about the legislation, or the legal position. You are the department which instructed the drafting of the legislation which is currently in the House. Is that correct?

**Ms Borthwick**—Yes.

**Senator WONG**—I assume you took legal advice about that legislation. Is that correct?

**Ms Borthwick**—Correct.

**Senator WONG**—When considering whether or not the legislation was necessary, did you take any legal advice about, for example, whether the Commonwealth’s territory powers required such legislation to be passed?

**Mr Davoren**—Yes, we did take legal advice. I think it encompassed that. The legal advice we had suggested the need for this legislation.

**Senator WONG**—In relation to which aspect?

**Mr Davoren**—In relation to aspects of establishing the site.

**Senator WONG**—Which aspects? Who is responsible for this? Are you the correct person to be asking these questions of, Mr Davoren?

**Mr Davoren**—That is right. There are a whole range of aspects in terms of establishing the facility. There are laws of the territories and the states which purport to regulate some of the investigative procedures.

**Senator WONG**—Sure, but presumably there was consideration of section 109 of the Constitution?

**Mr Davoren**—Certainly, there was.

**Senator WONG**—Was it suggested that that would enable you to override any relevant territory laws and/or the particular powers of the Commonwealth?

**Mr Davoren**—I am not sure how far I should proceed in terms of privileged legal advice.

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

**Senator WONG**—I want to know whether or not DEST believes—we can do that it way—that you had sufficient power as a result of section 109 of the Constitution and the ARPANS Act to transport waste across Australia and to override objections by the states and territories.

**Ms Paul**—We will take that on notice.

**Mr Kriz**—Perhaps I could add something. The arrangements with the Commonwealth for the obtaining of legal advice in relation to issues which affect the Constitution are quite clear in the sense that all departments have to use the Australian Government Solicitor.

**Senator WONG**—Mr Kriz, I changed the question and Ms Paul took that question on notice. Then I asked what the state of the department's understanding of their legal position was and she has taken that on notice. So I am happy if you feel you have something important to add to that, but that it is my understanding of where we are at.

**Ms Paul**—Yes, we can take it on notice.

**Mr Kriz**—I can explain to you that we had clear advice to the effect that we have absolute authority behind the legislation. Indeed, the Office of Parliamentary Counsel—this is the point I was wishing to make—would not draft without having that clarified by the Office of General Counsel from the Australian Government Solicitor.

**Senator WONG**—I was not suggesting invalidity of the legislation, Mr Kriz. If I have given that impression, that is not what I was asking. I was asking whether or not the department had been given advice or was of the belief that the legislation was unnecessary in order to facilitate the transportation of waste, given the Commonwealth's powers under the Constitution to override state and territory laws.

**Ms Paul**—The purpose of the legislation is to make the status clear, but I am very happy to come back with what I took on notice.

**Senator CROSSIN**—I just have four questions; then I will put the rest on notice. Do the amendments that were passed by the House this morning, as I understand it, mean that the Northern Territory Land Council could not offer an offshore island as a site for this nuclear facility, given Minister Nelson's announcement that the dump would be in the Northern Territory and that the department itself has said that no suitable offshore site could be found?

**Mr Davoren**—I believe they could offer such a site but it would be a matter for the minister whether such a nomination was accepted and then considered.

**Senator CROSSIN**—So why is low elevation a problem? The information sheets that have been provided by you at the public information sessions in the Northern Territory said that low elevation was a problem with island sites. Why is low elevation a problem? Would it also rule out coastal land in cyclone-prone areas?

**Mr Davoren**—If you are looking at the criteria for near-surface disposal of low-level radioactive waste, it certainly would.

**Senator CROSSIN**—Just to assist with the consideration of the passage of the Commonwealth Radioactive Waste Management Bill, can you confirm that Minister Nelson has been notified that the traditional landowners at both the Mount Everard and Harts Range

proposed sites have been formally consulted by the Central Land Council and have voiced their strong opposition to the nuclear waste management facility being sited either on or near their land?

**Mr Davoren**—I understand he has.

**Senator CROSSIN**—The traditional landowners in Central Australia have stated their firm opposition to the construction of the facility at either Mount Everard or Alcoota. Given that, has there been a response from the minister to these traditional owners?

**Mr Davoren**—I do not think there has.

**Senator CROSSIN**—No formal response?

**Mr Davoren**—Not so far.

**Ms Paul**—We have not even started the site selection process yet so clearly there is a lot of consultation and so on to be had further to the consultation that has already been had.

**Senator CROSSIN**—I have quite a number of questions to put on notice. We will have to move on for the sake of time, I am afraid. We just want to clarify who said what. We know quite clearly that in July 2004, the Prime Minister ruled out South Australia but did not rule out other Commonwealth land.

**Ms Paul**—Correct.

**Senator CROSSIN**—On 7 October 2004, Minister Campbell publicly in the Northern Territory ruled out the Northern Territory as a place for the dump sites.

**CHAIR**—I think we established that there were two separate statements.

**Senator CROSSIN**—We are just correcting the record. I think it is important to correct that record.

**Ms Paul**—Yes, there were two separate statements, as I understand.

**CHAIR**—Then it is up to people to draw their inference from that, perhaps.

**Ms Paul**—There is, and I think we have tried to clarify that the Prime Minister's statement was a general statement.

**CHAIR**—That is correct. Thank you to the Science Group. We will now move on to the Schools Group.

**Ms Paul**—Senator Wong, while we are waiting, do you want me to go through some of the chronology around that annual report that we were talking about this morning?

**Senator WONG**—Is it in a form you could table?

**Ms Paul**—It is probably easier to say it. It is probably not quite in a form to table, I am sorry. It is quick, though.

**Senator WONG**—Okay.

**Ms Paul**—We sent the draft annual report to both ministers and our parliamentary secretary on 20 September and all three of those people cleared the draft annual report by 26 September. It then went to typesetting and proofing. Printing commenced after typesetting and proofing on 20 October and the final printed version of the annual report was delivered



directly from the printer to the tabling office on 27 October. As you know, it was tabled on the 28th. Senator Moore, the temporary chair of committees, gave DEST approval to publish on the web site at 11.05 on Friday, 20 October and it was on the web site by 2.06.

**Senator WONG**—There were a number of things you said you would get back to me about. Is that it?

**Ms Paul**—That is not the complete set, but I think that is the complete set that I said I could try for today.

[2.31 pm]

**CHAIR**—We will move on to the Schools Group. I welcome those officers.

**Senator WONG**—Can I take you to page 23 of the annual report. I am new in this area, so who should I address my questions to, Ms Paul?

**Ms Paul**—I have a range of colleagues here, of course, but you can start with me.

**Senator WONG**—There is a substantial underspend in terms of the comparison between the budget estimate figure and the actual expenditure.

**Ms Paul**—I will ask Mr Storen to address the variation.

**Mr Storen**—The two lines I assume you are looking at are the first two lines on page 23 of the annual report. The first line shows ‘Funding for schools’ with a \$137.78 million underspend.

**Senator WONG**—Correct.

**Mr Storen**—The largest proportion of that relates to the Investing in Our Schools Program. The budget estimate was updated after election commitments, and \$130 million worth of expenditure on the Investing in Our Schools Program in 2004-05 did not occur during 2004-05. That is the explanation for that underspend.

**Senator WONG**—In terms of the Investing in Our Schools Program—I am going to come to that—you are saying you updated the estimate for the first line item, ‘Funding for schools’, subsequent to the election with the additional election commitment.

**Mr Storen**—That is correct.

**Senator WONG**—But you actually have not managed to spend any of it.

**Mr Storen**—We did not manage to spend any in the 2004-05 financial year, that is correct.

**Senator WONG**—But that was allocated for the 2004-05 financial year? You did not manage to spend on Australian schools any of the funds from the election commitment in the financial year for which you appropriated money.

**Mr Evans**—The funding for the Investing in Our Schools Program was appropriated through the Schools Assistance (Learning Together—Achievement through Choice and Opportunity) Act 2004. Whilst there was an estimate of about \$130 million for the Investing in Our Schools Program in the financial year 2004-05, it was actually a calendar year appropriation in that legislation. In essence, we were expecting to spend the money over the course of 2005. Our original thoughts about the level of interest in Investing in Our Schools were that we might get something in the order of, say, 10,000 applications over the course of

the four years from 2005 through to 2008. As it turned out, we received 4,694 applications by 31 May 2005 under the Investing in Our Schools Program. Along with the applications, we received something of the order of 40,000-plus pages of documentation. In essence, it was impossible that we were going to be able to consider 40,000 pages of applications in the period between 31 May and 30 June.

In addition, with respect to the majority of the money that was appropriated in 2005, in the order of \$140 million for government schools, no state government had signed a contract with the Australian government at that stage, by 31 May—actually, they might have just started to. In essence, there were still some issues with state governments about whether they were signing the agreement, so we were not in a position to make a payment, even if we had considered those 40,000 pages of documentation.

**Senator WONG**—So what you are looking at in terms of the underspend is \$315 million—is that right?

**Mr Storen**—That is correct.

**Ms Paul**—Which would then be expensed in 2005-06, noting that, of course, in the schools area we often run into this, as expenditure is actually programmed for a calendar year because of the school year.

**Senator WONG**—So the situation is that \$315 million has not been spent; I am sure it is not because Australian public schools don't need the money.

**Ms Paul**—Indeed not. In fact, as Mr Evans was saying, it is because of the extremely high level of response that it took a little longer than we might have thought to assess that enormous level of interest from government schools.

**Senator WONG**—Can we go now to the Investing in Our Schools Program which Mr Evans was discussing. There have been just under 4,700 applications as at 30 June. Have they all been determined?

**Ms Dacey**—My branch is the one that looks after the Investing in Our Schools Program, Senator. All of round 1 has been concluded and all of the round 1 applicants have been advised.

**Senator WONG**—How were they advised?

**Ms Dacey**—By letter.

**Senator WONG**—When were those letters sent?

**Ms Dacey**—They were sent out as the minister signed off on the recommendations from the assessment advisory panels.

**Senator WONG**—Presumably with over 4,000 applications you had various tranches?

**Ms Dacey**—We did.

**Senator WONG**—Give me the dates of the tranches.

**Ms Dacey**—The first assessment advisory panel was held in late July.

**Senator WONG**—Can I have the date?

**Ms Dacey**—I will have to take that on notice. There was an ACT and a Northern Territory assessment advisory panel in late July. We then rolled them out through August and September. I think the last one was for New South Wales and there were three meetings in New South Wales. I think the last New South Wales meeting was in the second week of October but I will have to take that on notice.

**Senator WONG**—What are the panels called?

**Ms Dacey**—We call them SAAPs—state based assessment advisory panels.

**Senator WONG**—Presumably they make an assessment but the minister still has to sign off?

**Ms Dacey**—That is right. They make a report.

**Senator WONG**—You can take this on notice: I would like the dates on which those meetings occurred and on which the determinations were made in relation to a particular tranche, and the dates on which that advice was then transmitted to the minister's office. When the minister made a decision, how was the department advised of that?

**Ms Dacey**—We would get the brief back from the minister.

**Senator WONG**—What would the department then do? Advise the recipients by letter?

**Ms Dacey**—That is right.

**Senator WONG**—Were there any occasions on which the granting of a particular application was made known in the public arena before the department in fact had corresponded with the applicant?

**Ms Dacey**—There is a process whereby our minister writes to all members of parliament advising them of the outcomes for their states and electorates. So the MPs might have known before the schools. There is a slight delay before we send a letter direct to the principal.

**Senator WONG**—Do you draft that correspondence, Ms Dacey, or does someone in your area do it or is that done in the minister's office?

**Ms Dacey**—It is a standard letter.

**Senator WONG**—But who prepares it? Who generates it?

**Ms Dacey**—We drafted the template once and it is then generated—

**Senator WONG**—When were you asked to draft the template?

**Ms Dacey**—As part of the suite of documentation. Because this is a new program, we had to draft template letters for everything. So we did it as part of that exercise.

**Senator WONG**—Where is the actual letter generated?

**Ms Dacey**—I would have to take that on notice. I honestly do not know.

**Senator WONG**—Surely you would know. Is it in your area? What you have told me is that you have created a standard letter.

**Ms Dacey**—Yes.

**Senator WONG**—The minister, after he signs the brief, after he determines to grant the applications as per the SAAP advice—

**Ms Dacey**—Yes.

**Senator WONG**—then writes to relevant members of parliament using your standard letter. I want to know where the letter to members of parliament is generated. Is that generated in the department or in the minister's office?

**Ms Dacey**—We generate the letters. We send them over as part of the briefing package and then the minister's office dispatches those letters.

**Senator WONG**—I see. So it is already in the package.

**Ms Dacey**—That is right.

**Mr Evans**—There is a schedule to the letter that lists which schools in the electorate have been successful as part of that round. I believe there is also a draft media release that a local member can tailor to their own local preferences.

**Ms Dacey**—That letter is made available to all members of parliament.

**Senator WONG**—Only if the minister sends it.

**Ms Dacey**—A letter is generated for every member of parliament. That is our instruction.

**Senator WONG**—You create a letter.

**Ms Dacey**—That is right. We mail merge or extract the data.

**Senator WONG**—Do you know which letters arising out of the brief are signed off and when, though?

**Ms Dacey**—I do not personally, no. But my understanding is the standard practice is that they are dispatched from the minister's office.

**Senator WONG**—Okay. So the minister's office makes the decision about which letters to send to which MPs in relation to the grants?

**Ms Dacey**—That is true, but we are on the public record and it is our instruction that a letter is generated for every MP.

**Senator WONG**—Yes, but you generate a letter that might just sit at the back of the brief.

**Ms Dacey**—Yes, I cannot comment.

**Senator WONG**—That is a decision of the minister and the minister's office.

**Ms Dacey**—Except we are on the public record.

**Ms Paul**—It has been quite clearly the minister's intention right through and, as far as I know, has been the case that letters are sent to each MP who has successful schools.

**Senator WONG**—We would very much dispute that, Ms Paul. We can have that discussion but, if you are not talking about something within your knowledge, I make it clear that we dispute that. Are you aware that Labor MPs were not sent a draft media release?

**Ms Dacey**—I was going to leap in at this point. My understanding is that the shell media release is just attached to the coalition MPs' letters. It is a factual letter for the Labor MPs about the schools in their electorates.

**Senator WONG**—And that was prepared by the department at the minister's instructions?

**Ms Dacey**—The shell media release? Yes.

**Senator WONG**—And it was the minister's instructions or his office's instructions that only coalition MPs be given a shell media release? Is that correct?

**Mr Evans**—We attach one sample media release in the package that goes over, so how many of those are copied I am not familiar with.

**Senator WONG**—Hang on, that is a different answer to the one Ms Dacey just gave. Is the shell media release prepared for coalition MPs?

**Ms Dacey**—It is available to them, yes.

**Senator WONG**—Thank you. Is the shell media release prepared for Labor MPs?

**Ms Dacey**—No.

**Senator WONG**—No. Did you want to add anything, Mr Evans?

**Mr Evans**—No, that is fine.

**Senator WONG**—I think, Ms Dacey, you indicated that it is quite possible given the process—and I think I understand your answers—that, therefore, an MP may well know that a school in his or her electorate has been granted an IOSP grant before the school does.

**Ms Dacey**—That is correct.

**Senator WONG**—Were there any instructions to generate letters to senators as opposed to MHRs received from the minister's office?

**Ms Dacey**—No.

**Mr Evans**—Sorry, I missed the question.

**Senator WONG**—I am asking if in preparing of the letters to go from the minister to members of parliament, there was preparation of any letters to senators?

**Ms Dacey**—Not generally is my recollection. I think we had this question at the last estimates, so I will have to refresh my memory.

**Senator WONG**—For example, do you recall if the department has prepared correspondence from the minister to Senator Sandy Macdonald in relation to funding allocations within the New England electorate?

**Ms Dacey**—I am not familiar.

**Mr Evans**—We will take that one on notice.

**Senator WONG**—I presume the instruction that only coalition MPs get the shell media release means that Independent members of parliament as well as opposition members do not get the shell media release?

**Ms Dacey**—I would have to check.

**Mr Evans**—I expect that is the case.

**Senator WONG**—So you are not aware whether or not DEST prepared correspondence to Sandy Macdonald regarding New England schools?

**Ms Dacey**—I would have to check, I am sorry.

**Senator WONG**—Could you do that and provide me with the dates on which that was done? Has DEST had any contact directly with Senator Macdonald in relation to this program, IOSP, and funding decisions in relation to that in the New England electorate?

**Ms Dacey**—Any DEST correspondence?

**Senator WONG**—Yes, or contact.

**Mr Evans**—The contact that can come in under the IOSP program can come in direct in the form of a letter or phone call to our hotline. We also have call centres, so it would be very difficult for me to know or not know on every occasion as to what opportunity there might have been.

**Senator WONG**—Perhaps I can clarify. What I am interested in is information being provided to Senator Macdonald about the funding allocation decisions by DEST—not lobbying necessarily about very many different issues.

**Mr Evans**—We will find out if there is any evidence of any contact.

**Senator WONG**—Do you have records which would show all correspondence released by the minister to members of parliament in relation to the allocation of funds under this program?

**Ms Dacey**—All letters to all MPs?

**Senator WONG**—Yes, in relation to funding decisions under this program.

**Ms Dacey**—We would have them on file.

**Mr Evans**—We would have the letters that formed the part of the packages that we put over to the minister for his approval.

**Senator WONG**—But do you know which ones have been sent? The issue, as I understand it, is: DEST prepares letters for everybody. Correct? You prepare shell media releases only for government MPs. They then go to the minister's office. The minister then chooses to sign some of those, or all of them—but it appears from our information that it is only some of them. Do you then have a record of what the minister has sent and what he has not?

**Ms Dacey**—I actually do not know. I focus more on the projects because that is my program. I will have to check for you. We would get a copy of the brief back signed, but as to the signed letters and copies of the signed letters, I am not sure.

**Senator WONG**—You do not know.

**Ms Dacey**—I personally do not know, I am sorry.

**Senator WONG**—Would anyone who deals with ministerial correspondence in this way know? This is not just any ministerial correspondence. This is advice to a member of parliament about substantial allocation of public moneys to schools in their electorates.

**Ms Paul**—We are happy to trace our records. We think that the process is reasonably clear.

**Senator WONG**—Thank you. On notice, I would like to know correspondence in relation to the funding decisions under this program, to which MPs the minister sent it, and the dates.

**Ms Paul**—We will check what is possible, and it certainly should be possible to try to trace. We will let you know.

**Senator WONG**—Could I go back to Ms Dacey's and Mr Evans's answer in which it was clear that government MPs were to be given a shell media release. Was that an instruction from the minister's office?

**Mr Evans**—I believe that, in settling on how the program would operate, as Ms Dacey pointed out, this is a new program, so we have had to settle on issues around guidelines, application forms, what would form part of the funding package, the forms of the letters that might go out to members. It was modelled a little bit on the way in which we operate our capital program in schools, which also has draft media releases for coalition members. There is a consistent pattern there, Senator.

**Senator WONG**—So the department clearly understood, in relation to the Investing in Our Schools program and the capital program to which you refer, that draft media releases were to be sent only to coalition members of parliament and not to any other members of parliament. That is your clear understanding of the government's instruction?

**Mr Evans**—That is the traditional way this operates. On the Investing in Our Schools program, the clear intent and how we fulfilled it was that all MPs would be advised of projects in their electorate.

**Ms Paul**—Both government and non-government.

**Senator WONG**—I understand that, but you do not know if MPs in fact have been advised. You only know that you have prepared—

**Ms Paul**—And we have taken—

**Senator WONG**—You have taken that on notice, so let's not go there. I am asking about the understanding the department has that the draft media release is provided to government MPs and not to any other members of parliament in relation to allocation of public moneys in both this program and in capital funding.

**Mr Evans**—I have been in this area for around 10 years, and my recollection is that it is exactly the way it was when Labor was in power. We provided draft media releases—

**Senator WONG**—I am sure they will be very happy you indicated that, but I am asking about now, Mr Evans. This is a billion dollar program, isn't it?

**Ms Paul**—Why don't we come back to you with the full chronology. I would be happy to do that. Anyone is welcome to send out a media release. We will come back with the chronology and the templates for you, as well as looking into that other question.

**Senator WONG**—Isn't this just blatant politicisation of the funding of schools? The department provides media assistance to coalition MPs but not to non-government members of parliament, and—I will indicate this to you—there are a great many Liberal MPs who

clearly, from their public statements, have been advised and a great many Labor MPs who have not.

**Ms Paul**—I would be surprised about what you are saying about the Labor MPs. I would be absolutely happy to investigate that. My guess is that it is partly the phasing of it; it was quite a long phasing across each of the states.

**Senator WONG**—Are you suggesting, Ms Paul, that coalition electorates—

**Senator Vanstone**—With respect, Senator, Ms Paul was in the middle of an answer. I think you are about to verbal her on the basis of what you think she is about to say. Perhaps we could let her say it—

**Senator WONG**—Perhaps you can explain why you think it is all right to use public moneys in such a blatantly political way, Senator.

**Senator Vanstone**—If I am not happy with the interrupting of Ms Paul, I am not going to be happy with you interrupting me either. If you want to make a speech, make it—

**Senator WONG**—I am asking a question—is that all right?

**Senator Vanstone**—This is a venue for you to ask questions and for officers or ministers to answer them, with the additional rider of ‘as they see fit’. It is fair enough to interrupt when there is a query or clarification, and I have been quite reasonable on this, I think, this morning. But here, I think—with respect, Senator Wong—you are clearly just cutting Ms Paul off and trying to put words into her mouth, and that is not the appropriate venue to do that.

**Senator WONG**—Okay. Well, I’ll ask you, Minister: do you think it is appropriate for the government to engage in such a blatantly political exercise over the funding of our schools?

**Senator Vanstone**—As I recall—I was just engaged in a conversation with some of my colleagues—I think it is the case that everybody has been advised.

**Ms Paul**—Yes, I think the point that I was trying to make, Senator, is that the letters prepared actually go to both government and non-government members according to the success of the schools in their electorates. So my feeling is it may well be the case that there is a phasing issue here. I would be more than happy to look into any particular instances which you have to hand and come back to you, because the process has been that letters of advice go to both government and non-government members. So, as I say, I would welcome any instances and we can have a look and come back to you.

**Ms Dacey**—Finally, I would just add that all of the information is on the DEST web site, so anyone can go and have a look and see if any school in their electorate—

**Senator WONG**—Presumably you do not put it up till after the announcement, though.

**Mr Evans**—Immediately after the announcement.

**Senator WONG**—Immediately after the announcement—by the government MP?

**Mr Evans**—No, not necessarily.

**Senator Vanstone**—It is not usual to have the opposition announcing government spending.



**Senator WONG**—This is not your spending; this is taxpayers' funding, and what you are doing is giving it to coalition MPs to announce, ahead of opposition MPs—

**Senator Vanstone**—With respect, Senator, I have yet to see—

**Senator WONG**—funding of schools in their electorates. This is an issue about MPs announcing government funding for schools in their electorate.

**CHAIR**—Senator Wong.

**Senator Vanstone**—I understand very well what you are talking about, but it has not been the practice—over decades and decades—to have opposition members announcing government funding. This is not rocket science. This is not some great conspiracy you have discovered here. It has been a matter of practice for years and years that governments announce government spending. It is taxpayers' money, yes, and taxpayers vote for a government to decide how it will be spent. And that is why government announces what it has decided to do with taxpayers' money. That was not some great intuitive insight on your part that it was taxpayers' money; everyone here knew that.

**Senator WONG**—Oh, why don't we cut that? The issue is not government announcements—

**Senator Vanstone**—You were the one that went to that point, Senator.

**Senator WONG**—This is not government announcements. This is coalition members of parliament announcing success in their electorates before Labor members have been provided with it, being given media assistance by departmental officials about the expenditure of public funds.

**Senator Vanstone**—Why in heavens would a Labor member want to announce something in a coalition seat?

**CHAIR**—Senator Wong, I think you have made your point. If you have further questions on this issue, would you please ask the officers.

**Senator WONG**—I certainly do. Can you tell me what phasing—sorry?

**Ms Paul**—We are not aware of any of those circumstances that you named, so we would be more than happy to hear them and to take them on notice and have a look at them.

**Senator WONG**—As I understand it, what you have taken on notice is ministerial correspondence on this to members of parliament—

**Ms Paul**—Yes.

**Mr Evans**—Correct.

**Senator WONG**—and the dates of that.

**Ms Paul**—Yes.

**Senator WONG**—What do you mean by 'phasing'?

**Ms Paul**—In what I was just saying a minute ago?

**Senator WONG**—Yes.

**Ms Paul**—Just that, as Ms Dacey was explaining, the successful schools were not all announced at one time across Australia but rather state by state. I was speculating that it could be the case that someone in one state has heard something about success and someone in another state has not simply because of the rolling nature of the assessment process.

**Senator WONG**—From the advice I have been given—and this is the information I have been given, so I cannot determine whether it is correct or not—I understand that the member for Paterson announced funding of \$924,000 on 20 October 2005 and that the information in relation to the funding for schools in New South Wales was put up on the DEST web site the following day. Would that be a normal process?

**Ms Dacey**—I have to say that that was the fastest process because New South Wales was the last SAAP meeting held. There was a sense of urgency about getting round 1 completed, so that was by far the most truncated time frame. That was quite an unusual set of circumstances, with that timing.

**Senator WONG**—When were Labor members of New South Wales parliament given similar information to that which the member for Paterson obviously had on 20 October?

**Ms Dacey**—I do not know. I can tell you that the last SAAP meeting was held on 12 October for New South Wales. Again, we are going to have to track back on the dates.

**Mr Evans**—There were 1,351 applications approved in some 858 schools in New South Wales.

**Ms Paul**—This is government schools.

**Senator WONG**—When you said phasing, is there phasing within each state?

**Ms Dacey**—I have the dates of the SAAP meetings here for you. Phasing is a way of describing us breaking the work into manageable chunks. In New South Wales, there were some 1,500-plus applications. It was physically impossible to sit down and get through them all in one meeting, so we had three meetings in New South Wales—on 6 and 20 of September and 12 October. In the smaller states we had one meeting. So in the ACT, Northern Territory, Tasmania, South Australia and Western Australia we had one-day meetings. In Queensland there were meetings on 8 and 25 August, in Victoria there were ones on 22 August and 14 September. Phasing is just a way of describing breaking the work down into application batches of 500 or so.

**Senator WONG**—Of the \$1 billion, \$300 million is for non-government schools through the BGAs. Is that right?

**Ms Dacey**—That is correct.

**Senator WONG**—Have any Labor members of parliament been given any advice about that component of the funding?

**Ms Dacey**—Those schedules from the block grant authorities for 2005 funding, which is this year's program money, were only due to us by 31 October, which is Monday of this week. We are still processing a lot of those.

**Senator WONG**—So none of that funding has been allocated?

**Ms Dacey**—Some of it has. The minister has signed off on some. We have BGA schedules for the \$60 million, which was the 2005 allocation. But we are still going through the processes internally that we need to do. The minister has approved nearly \$24 million of the non-govs.

**Senator WONG**—Do you have details of that available?

**Ms Dacey**—Of where the projects are?

**Senator WONG**—Of the \$24 million that has been allocated to date. I am happy for you to take that on notice.

**Ms Dacey**—Yes, I do have the details. I will take it on notice because it is quite a lot of detail.

**Senator WONG**—Are you also able to give me a list on notice from the three meetings that you referred to in New South Wales of which applications and electorates in New South Wales were considered at each meeting and remind me of the dates of those meetings.

**Ms Dacey**—I suspect we will not be able to do it by electorate. I was not at the meetings. I do not know in what order the panel and the chair looked at things.

**Mr Evans**—We will take it on notice.

**Ms Dacey**—I am just not sure we will be able to break it down for you. We will investigate and tell you what we can, certainly.

**Senator WONG**—And will you give me a list of the \$24 million out of the BGAs?

**Ms Dacey**—Certainly.

**Senator WONG**—Is the text of the letters to government MPs and non-government MPs different?

**Ms Dacey**—No. There might be some small issues, but the substance of the letters is, ‘I am writing to you about the Investing in Our Schools Program and here are the results from your electorate.’

**Senator WONG**—Apart from the inclusion of the media release, is there anything that DEST prepares differently for a government MP?

**Ms Dacey**—No.

**Senator WONG**—Are you able to explain to me in relation to senators why Senator Macdonald announced on 13 September funding allocations within Mr Windsor’s electorate?

**Mr Evans**—We have talked about the provision of advice to government members and also to opposition members. We also provide advice to duty senators on projects in the area of responsibility of a duty senator.

**Senator WONG**—When do you provide that?

**Mr Evans**—As part of the package that goes over.

**Senator WONG**—The duty senator. Meaning the government’s duty senator for non-government seats.

**Mr Evans**—That is correct—or for a regional location anyway.

**Senator WONG**—So where have you got that information?

**Mr Evans**—I think that might be done in the minister's office.

**Senator WONG**—The minister's office allocates that.

**Mr Evans**—Sorry, maybe I did not explain it.

**Senator WONG**—As I understand it, duty senators are senators that in a particular political party have responsibility for a non-held seat—correct? Is that the way in which you were using that term?

**Mr Evans**—That is my understanding.

**Senator WONG**—So Senator Macdonald and other government senators are duty senators for non-held seats in the context you have discussed.

**Mr Evans**—Correct.

**Senator WONG**—Are you telling me that those government duty senators also get an information pack in relation to announcements in their duty electorates.

**Mr Evans**—That is correct.

**Senator WONG**—Is such information provided to non-government senators?

**Ms Dacey**—There is no general mail-out.

**Mr Evans**—It is not, and this was a point that was made at the earlier hearing by Senator Carr at the previous hearing. The advice we gave at that time is exactly the same as the advice that I have just given you.

**Senator WONG**—Which is?

**Mr Evans**—No.

**Senator WONG**—Anything else? So we have got duty senators for non-government held seats. We have got government MPs. Anyone else?

**Mr Evans**—We have got opposition members of parliament, who are also informed of the projects in their electorate.

**Senator WONG**—You do not know that.

**Mr Evans**—We have undertaken on notice to find out.

**Senator WONG**—No, you do not know that. What you have indicated to me is that you draft a letter but you do not know what is signed and when.

**Mr Evans**—That is what we have taken on notice.

**Senator WONG**—Presumably DEST also drafts correspondence to the duty senators.

**Ms Dacey**—Again, it was the suite of template letters.

**Senator WONG**—So you are advised by the minister's office in terms of non-government held seats which duty senators should have a letter prepared for them—that was a very grammatically incorrect question but you understand the tenor of the question.

**Ms Dacey**—That is right.

**Ms Paul**—I am also saying that there could be a range of reasons why a member may not have heard. It could be because of the sequencing. As I say, I would be happy to look into incidences.

**Senator WONG**—There is a logical problem with sequencing. As I understand it, what you are saying is: if a seat is not held by a government member, a letter is drafted not to the member of parliament elected by those people—

**Ms Paul**—No, we are saying that a letter is drafted to that person.

**Senator WONG**—It is drafted. I am sorry, but there is also a letter drafted to the duty senator—a political allocation by the parliamentary party in the government, the Liberals or the National Party about which duty senator has responsibility.

**Ms Paul**—You are suggesting that something is not happening which I am saying may well be happening, and that is the way the preparation is. It is a program where advice has gone right across the board. To the extent that you are saying that a whole range of activity is not happening, I am saying I am not sure about that and I would like to come back with the correct information.

**Senator WONG**—I am not going to continue to argue about that. When was the instruction to include a letter to duty senators in non-government held seats conveyed to the department, or is this another longstanding practice like the capital grants?

**Mr Evans**—As I indicated to you earlier, the development of this program occurred over a period of time in terms of settling on application forms, the form of the package that might be sent over to the minister for his approval, the form of letters that would be sent out to members of parliament and the form of letter that would be sent out to a school after we had sent letters out to members of parliament advising them that they were successful. That occurred over a number of weeks. We would not be able to have a specific date—that is, that on such and such a date that package was agreed. It was an iterative process that has occurred over the last few months.

**Senator WONG**—Over the last months, did you say?

**Mr Evans**—Yes.

**Senator WONG**—But, as a result of that interaction with the minister's office, it is DEST's clear understanding that the instructions from the minister to you in relation to non government held seats to prepare two letters: a letter to the duty senator, as advised by the minister, and also a letter to the member of parliament. Is that correct?

**Ms Dacey**—That is correct.

**Ms Paul**—That is right.

**Senator WONG**—Didn't that instruction ring some alarm bells in the department about the political misuse of this billion-dollar program?

**Ms Paul**—I do not think it is possible to claim political misuse when letters are prepared to all sides—any MP—at all.

**Senator WONG**—Well, you are not. The instructions are clearly to ensure that either a duty senator in the non-held seat of the government or the government MP, but not necessarily a non-government member of parliament, can announce it.

**Ms Paul**—And I am saying that we prepare letters to go to non-government MPs too and that we have taken on notice to come back to you with how it works.

**Senator Vanstone**—For the record, Senator, you are not talking about anything other than the properly elected government—which is therefore given authority by the people to spend the people’s money—announcing as a government, through either its ministers or its members of parliament, what decisions it has made. It seems that the thrust of your questions is towards somehow an expectation that a government should allow the opposition to announce spending decisions. I have to tell you it is a proposition I am completely unfamiliar with.

**Ms Paul**—I have not never come across—

**Senator WONG**—If I could respond: Minister, I am not suggesting that. What I am suggesting is that blatantly ensuring that only government members of parliament and government senators get the ability to come out and publicly indicate that a program has been funded, avoiding—for example, in the case of the duty senators—the elected member of the House of Representatives for no other reason than that she or he is not of your political party, is clearly a highly politically biased activity.

**Ms Paul**—And I—

**Senator Vanstone**—If I may, Ms Paul: what I am putting to you in response to that proposition that you are putting—which does contain in it exactly the proposition I put to you before, just dressed up in other words—is that there has never been an expectation under any government that opposition members will announce their policies. It is not a fair proposition to say that opposition members in their own seats are deprived of the opportunity to comment. They can go to the web sites. As soon as a statement is made, they can comment. Does Mr Beazley, for example, give advance notice of something that he is going to say so that John Howard can work out—

**Senator WONG**—We are not spending taxpayers’ money and getting public officials to prepare media releases for duty senators.

**Senator Vanstone**—With respect, Senator, I was making a point. You are entitled to make your point after, and I will give you space to make it uninterrupted as well. There is not a proposition accepted by the major parties or anywhere that someone who wants to make an announcement has to let the other people know so that they can all go and comment together. This is kids’ stuff. A government is elected and given the authority to spend the people’s money. It is answerable to the people, both directly at the ballot box and through the parliament, for how it has done it. That is perfectly fair. The process that we are engaging in now is a part of that. But there is not an obligation, and it is not a misuse of money, for a government to use either its ministers or its members to announce its spending decisions. That is an unacceptable proposition.

**Senator WONG**—Do you prepare any letters for non-coalition senators?

**Ms Dacey**—No.

**Mr Evans**—Again, that was how we conveyed that advice to Senator Carr at a previous hearing.

**Ms Paul**—As I was saying, I have not seen evidence of the proposition you are putting about the MPs but we are happy to look into it.

**Senator Vanstone**—The proposition that has been put here, albeit elegantly—

**Senator WONG**—Is this an answer?

**Senator Vanstone**—Estimates are a two-way street, Senator.

**Senator WONG**—Is this an answer or a speech?

**Senator Vanstone**—Gee, I'm sorry; I didn't know that every time I spoke you had the authority to just interrupt and put your proposition. The proposition that I am putting to the chair, which you are welcome to listen to or leave the room or do as you choose, is that there is not a proposition that a government has to pre-announce its spending decisions to an opposition. To take it to the extreme, which is often a way of clarifying a point, were that the case, the opposition would be invited into the budget lock-up. Clearly, it is not, and I have yet to see Mr Beazley claim that he should be allowed in.

**CHAIR**—That is correct, Minister, and I would also like to add that senators are elected for the whole state and everyone in every one of those electorates are their constituents, as you and I well know.

**Senator Vanstone**—Indeed.

**Senator WONG**—You don't get letters for the whole state, Madam Chair. You only get them for the seats that your party has allocated you to take responsibility for. But I am quite happy to move on.

**Senator Vanstone**—When you use your mailing allowance, Senator, I bet you don't write to the whole state every time, either. The simple point that Senator Troeth has made is that she is elected for the whole state, as you are—as everyone here is. It doesn't mean that when you send out your correspondence with your electors you do it across the state. I look forward to monitoring your mailing.

**Senator WONG**—I didn't realise you had that power, Minister.

**CHAIR**—Senator Wong, have you finished that section?

**Senator Vanstone**—Well, I live in the seat that you mail to, so I will have to make an inquiry about a few other seats and see if you spread it around, because you won't be able to mail to me twice.

**Senator WONG**—How is this relevant?

**CHAIR**—Senator Wong, I have asked you—

**Senator WONG**—I am trying to ask some questions, Chair.

**CHAIR**—if you have finished that section.

**Senator WONG**—No, I haven't.

**CHAIR**—Proceed then.

**Senator WONG**—Thank you. Ms Dacey, does the minister have the power to overrule a decision by the SAAP—in relation to both a decision to give money to a particular school and the amount of money that that school receives?

**Ms Dacey**—The guidelines allow the minister to make decisions on individual projects, so in that sense—

**Ms Paul**—The decision is the minister's.

**Ms Dacey**—Yes.

**Senator WONG**—Are you able to, on notice, indicate to me those occasions on which grants have been made which have not been consistent with the SAAP determinations?

**Ms Dacey**—I can tell you that he did not change one SAAP recommendation.

**Senator WONG**—Can I clarify again the instruction to not prepare advice to non-government senators: is that from the minister's office?

**Ms Paul**—I think we have already said that we will come back with the process, Senator.

**Senator Vanstone**—The point has been made here, Senator. I am not trying to aggravate you here, but I have listened to these answers and the point has been made to you on a number of occasions. Material is prepared for the minister's office. If you want to put a question on notice as to what the minister's office does, that is another matter. If the minister's office wants to send things to one place or another then your issue is with the minister's office. It is not with the officers at the table.

**Senator WONG**—No, Minister, that is incorrect because, as I understood the evidence given today, in relation to non-government senators, there is an instruction from the minister that there is no need for any correspondence to non-government senators. Is that correct?

**Ms Paul**—I mentioned, Senator, that there is not an instruction. I would be surprised if there are instructions. We have told you what we prepare. It would not be in the nature of an instruction. I am happy to come back with the detail of what we prepare.

**Senator WONG**—You have indicated to me that you prepare letters to government MHRs, plus media releases for them, letters to non-government MHRs, and letters to government senators but no letters to non-government senators. Is that correct?

**Ms Paul**—Correct.

**Senator WONG**—And that is consistent with your understanding of the minister's instructions?

**Senator Vanstone**—The minister's request.

**Senator WONG**—The minister's request?

**Mr Evans**—That is correct.

**Senator WONG**—I presume that the department has sought no advice as to the propriety of that particular state of affairs?



**Senator Vanstone**—This is a practice that would have been happening around departments in the Commonwealth over the last decade. It may offend you for me to say it is not rocket science, but it is not.

**Ms Paul**—It is a similar process to what I have seen in many portfolios.

**Senator Vanstone**—Governments use their members to make their announcements.

**Ms Paul**—We always ensure, of course, that our programs are run legally.

**Senator WONG**—Was this the subject of any request for advice?

**Ms Paul**—I could not answer that.

**Senator WONG**—Meaning you do not know or you cannot answer it?

**Ms Paul**—I do not have the answer here.

**Senator WONG**—So you will take that on notice?

**Ms Paul**—Sure. I would be happy to.

**Senator CROSSIN**—Minister, this might be a good time to table the little book you were reading this morning.

**Senator Vanstone**—I do not have it with me.

**Senator ADAMS**—I would like to speak on assistance for isolated children. My question is about the isolated children guidelines and bypassing. Can you tell me briefly what the bypassing rules are?

**Mr Cox**—There are several provisions around bypassing. The central notion is around an appropriate school. How an appropriate school is determined is a decision made by the relevant state and territory education authority. The reason the Commonwealth has the scheme working in that fashion is that it is taken that the relevant state and territory authorities will have the best understanding of their own schools and the program offered in those schools to determine whether it is appropriate for a child to bypass or not.

**Senator ADAMS**—Rural and remote children are a long way behind with their tertiary schooling. If a child really needs to go somewhere else and they are refused by the state, is there any redress for them to allow them to access that education? I will give you an example of a child living up in the north-west of Western Australia who was a brilliant flautist. She was in a large town that had what they called appropriate schooling. She was told that they did not have anything that she could do with the flute. She could go and learn the piano or accordion as a TEE subject. There has been a lot of angst in that community. The Rotary Club in the end gave her a scholarship, and she is now in Melbourne studying and it is absolutely brilliant. But if it was not for the Rotary Club it would not have happened. There are a lot of examples coming up like this, and I wonder how the guidelines can be changed. I note that in Queensland they ran a trial on it and they found that it is only the special children that really need to go away. It has not depleted those schools; it is just those special children that have to go away.

**Dr Mercer**—I understand in regard to gifted and talented children that the minister in WA has written to our minister. There is correspondence at the moment, and this issue is being

investigated for exactly the reasons that you have outlined. The important thing is what sort of education offering is there and whether it is, as you have said, appropriate to a talented student. We would expect that that investigation would be happening in the next few weeks or months.

**Mr Cox**—That is right. The WA Department of Education and Training has also raised this issue separately with us with respect to our annual review of the guidelines and in terms of the broader review of the AIC guidelines. It is very much a live issue.

**Senator ADAMS**—Good. That is fine. I just wanted to find out if it was on the radar. My other question is about tertiary access. Regarding students living away from home, anyone that is an apprentice can get funding for travel but someone going to TAFE does not seem to be able to access it. Can you help me with that too?

**Mr Cox**—I understand that the tertiary access scheme and the appropriate allowance is one of the ICPA's particular issues.

**Senator ADAMS**—I have actually been to their conference, and that was why I was asking.

**Mr Cox**—I assumed as such. This is an issue that they are progressing with us as well. I do understand the issue there with respect to it applying to new apprentices and not others. At this stage, that would be something that would still require further consideration.

**Senator ADAMS**—The thing is, we are really trying to encourage people to go off and do TAFE courses. Once again looking at the northern area of Western Australia, with technical colleges coming on board and those sorts of things, if they are not eligible it probably is going against what we are trying to achieve in the long run. So I just ask that. Perhaps if it is on the record you could look it up.

**Mr Cox**—Certainly.

**CHAIR**—With regard to Senator Adams's first issue, if there are any developments on being able to accommodate children locally if they are particularly gifted in some way, could you advise the committee of any developments when they happen?

**Mr Cox**—Certainly. It is all obviously at the discretion of the minister. There would be impacts on other jurisdictions. It would not be a single jurisdictional issue.

**CHAIR**—I understand that. Thank you very much.

**Senator WONG**—Turning now to the tutorial vouchers, is this the appropriate—

**Ms Paul**—Yes, it is.

**Senator WONG**—Just so I understand, this was a voucher that was designed to give \$700 tutorial credit for reading help for students with regard to the year 3 and year 5 literacy benchmarks?

*Senator Crossin interjecting—*

**Senator WONG**—Senator Crossin is answering for you! We could go away and have a little private discussion! What is the take-up rate in each of the states and territories so far?

Perhaps you could take this on notice. Are you able to give a breakdown for metropolitan and non-metropolitan areas as well?

**Dr Mercer**—We can certainly give you today the number of students nationally that have taken it up. We have got 6,883 students who are in the process of being tutored. It is a figure that is continuing to move up. I do not have a metro and non-metro breakdown so I would need to take that on notice. There are about 2½ thousand tutors. That is now a take-up rate of about 36 per cent in terms of the number of students eligible for the program, which, for a national trial, we are delighted with. We have been able to reach nearly 7,000 students.

**Senator CROSSIN**—How many students are eligible for the voucher, though?

**Dr Mercer**—There are some 19,000 students who are eligible who did not meet the 2003 national benchmark on literacy.

**Senator CROSSIN**—Nineteen-thousand-and—

**Dr Mercer**—There are nearly 7,000 being tutored.

**Senator CROSSIN**—I am sorry; I am just trying to get the numbers in my head. Did you say ‘some 19,000’? Is there a definite number there?

**Mr Cox**—It is 19,079.

**Senator CROSSIN**—So 19,079 are eligible for the voucher but only 6,883 have taken it up.

**Dr Mercer**—Yes, that is correct.

**Senator CROSSIN**—When you say there are 2½ thousand tutors, what do you mean by that? Individuals? Companies? A mix of both?

**Dr Mercer**—That is the number of tutors being employed by the brokers across the country.

**Senator CROSSIN**—Senator Wong may have already asked this but can you provide us with a breakdown of the number of students by state and territory who were eligible and who have got the voucher?

**Dr Mercer**—Yes, we can do that.

**Senator CROSSIN**—Can you also provide the number of tutors by state and territory and the amount of funding per state and territory that has gone to the tutors?

**Dr Mercer**—What we would be able to provide you with is the number of tutors being employed by each of our brokers. At the moment we have an estimated maximum funding that each of the brokers would be able to be paid, but the amount they are paid will depend on the number of students who are tutored.

**Senator CROSSIN**—So is the hourly rate an average of \$71?

**Dr Mercer**—No. The hourly rates vary, as I understand it: the lowest is \$51 in South Australia and the highest is \$71 in New South Wales, and there is a range for all the brokers in between.

**Senator CROSSIN**—Administration costs for brokers—can you provide us with those amounts?

**Dr Mercer**—The administration costs are quite separate from that hourly rate. The \$700 is effectively that hourly rate and \$50 of the \$700 goes to tutoring materials. Otherwise, there are broker administration funds and those are provided for each of the brokers. They are in the order of 20 per cent of the total funds but they are separate from the \$700 voucher.

**Senator WONG**—I am a bit confused: how much of the \$700 is not actually for tutoring hours; how much is materials; and how much is administrative?

**Dr Mercer**—Of the \$700, all of it is for tutoring, \$50 of it is for tutoring for support materials for the brokers to purchase and all the rest of it is for the hourly rate of the tutors.

**Senator CROSSIN**—I understand there was an evaluation running concurrently. What is happening and where is that at?

**Dr Mercer**—The evaluation is being undertaken by Erebus, an educational consulting firm, and it is probably about mid-course now. Mr Cox could provide further information on this. We expect it to be completed by the end of year.

**Senator WONG**—We will put quite a number of things on notice in this area, but I want to ask one question about the inquiry into Progressive Learning. I presume you are familiar with that, Dr Mercer—the Queensland company that won the tender to provide the tutoring to 5½ thousand eligible Queensland children? I think the minister has indicated publicly an inquiry is under way.

**Dr Mercer**—I think you would be referring to some reports in the *Courier Mail*—

**Senator WONG**—Correct.

**Dr Mercer**—from last week, and the minister did not state that there was an inquiry into Progressive Learning. He indicated that we were looking as a department into any instances where tutoring by phone or video conferencing was occurring of which there are a very small number across the country, not only by Progressive Learning but around some 50 students of the total number.

**Senator WONG**—So you were aware of phone tutoring taking place.

**Dr Mercer**—We were aware that where it was necessary for remote or distance learning possibilities that this was something that brokers would need to do if they were unable to find a tutor to directly tutor the child.

**Senator WONG**—The contract into which these tutors entered, did that specify any limitation as to the circumstances in which phone tutoring would be acceptable?

**Dr Mercer**—I do not believe it specifies limitations. It clearly states that we are aiming for the optimum and what is acceptable where there are difficulties finding tutors or fully qualified tutors.

**Mr Cox**—What those contracts specifically refer to is one-to-one tuition, individualised tuition.

**Senator WONG**—So there was no restriction on tutoring by telephone.

**Mr Cox**—To my recollection, no. That particular methodology was not excluded in the contract.

**Senator WONG**—So you are not undertaking any particular inquiry into progressive tutoring—firstly, that question—is that right?

**Dr Mercer**—No. We are not undertaking any particular inquiry into Progressive Learning.

**Senator WONG**—So the issue you raised about monitoring of the phone tutoring activities—can you just tell me what that—

**Dr Mercer**—We have inquired across the country to ensure that this is only being employed in exceptional circumstances.

**Senator WONG**—I realise it is the *Courier Mail*—and Senator Vanstone in question time often will comment about whether comments and things in the media ought to be taken at face value—

**Senator Vanstone**—I do not know why I buy novels; I could just read the paper and—

**Senator WONG**—She has used that line too.

**Senator Vanstone**—get as much of a reality check.

**Senator WONG**—The minister is stated to have said, and it is in the third person, that he understood that this did not comply with his department's contracts to deliver face-to-face tutoring and that an inquiry was underway. Are you saying that reportage is incorrect?

**Dr Mercer**—Could you repeat the source?

**Senator WONG**—This was out of the press articles: 'He understood that this did not comply with his department's contract to deliver face-to-face tutoring and that an inquiry was underway.'

**Dr Mercer**—Certainly, the minister asked us for information on where phone tutoring was occurring and we certainly gathered that information.

**Senator WONG**—Sorry?

**Dr Mercer**—The minister asked us specifically to be able to advise him where such phone tutoring was being undertaken and why it was necessary. We have done that and provided him with that advice. As I have said, this is happening in a number of places around the country, in particular, for distance learning possibilities. For example, New South Wales have been using it in Broken Hill, Western Australia have been using it for some of their remote sites and there are only very few students who have not had face-to-face tutoring.

**Senator WONG**—On notice, could you provide me with the dates on which that advice was requested and provided in relation to progressive learning?

**Dr Mercer**—I am sure we could provide you with the dates on notice.

**Senator WONG**—I turn now to the average government schools recurrent costs. Can you confirm that these regulations indicate that the final AGSRC figures for 2005 are \$6,787 for primary and \$8,994 for secondary?

**Ms Wall**—That is correct.

**Senator WONG**—Can you confirm that that comprises increases over 2004 of around 3.1 per cent for primary and 4.6 per cent for secondary, being 3.8 per cent combined.

**Ms Wall**—I do not think that is correct.

**Senator WONG**—Are you able to briefly explain, or perhaps take on notice, why these increases are much less than the increases granted for 2004-05, being 8.7 per cent for primary and 7.2 per cent for secondary?

**Ms Wall**—I can explain that. Our AGSRC figures are compiled from national school statistics data, so we take the national government expenditure from the previous year, make some minor adjustments to it and then derive those figures. There were two predominant drivers for the lower outcome this year. Firstly, there was a one-off adjustment for leave loading in New South Wales in 2002-03 which had the effect of significantly increasing the 2002-03 data collection and, as a result, last year's AGSRC. New South Wales is quite a big state, so therefore any shifts in New South Wales will affect the national figure. Secondly, there were generally lower than usual increases in expenditure on admin staff expenses nationally and other operating expenses nationally.

**Senator WONG**—These are substantially less than the estimated increases of around six per cent that were announced prior to the election.

**Ms Wall**—Yes. Last year's AGSRC rates were quite high compared to previous years, so you could say that this year it is a balancing out, if you like.

**Mr Evans**—I have not got the figures in front of me, but if you add this year's figures to last year's and averaged them, it would come in at around the six per cent figure that you are talking about. What Ms Wall was trying to outline was that there was a one-off lumpiness that occurred last year that was balanced out by the lower figure this year.

**Senator WONG**—I turn now to Australian Technical Colleges. Can you advise how many will open in 2006?

**Ms Johnston**—We expect five colleges to be operational in 2006.

**Senator WONG**—Which ones are those?

**Ms Johnston**—I will just name the regions. They will be in Eastern Melbourne, Gladstone, Gold Coast, Port Macquarie and Northern Tasmania.

**Senator WONG**—Which ones in 2007?

**Ms Johnston**—Two in Adelaide, Bairnsdale-Sale, Bendigo, Darwin, Geelong, Hunter, Illawarra, North Brisbane, Perth South, Sunshine, Townsville, Western Sydney and Whyalla-Port Augusta.

**Senator WONG**—So Western Sydney is 2007?

**Ms Johnston**—That is correct.

**Senator WONG**—Have we got dates here for Gosford, Lismore, Ballina, Warrnambool, Dubbo, Queanbeyan and Pilbara?

**Ms Johnston**—For those six regions it has not yet been announced that there is a successful applicant. We are still working with proponents in those areas to develop the proposals.

**Senator WONG**—In relation to those six regions, how many proposals have been received in each location? I am happy for you to take that on notice.

**Ms Johnston**—I will take that on notice.

**Senator WONG**—How many places—if that is the correct phrase to describe a number of people—will there be in each of those technical colleges that are identified to open next year?

**Ms Johnston**—The original announcement would be that there would be up to 300 students. That is not necessarily in the first year. In fact, almost inevitably there will be only the year 11 students starting. We have not yet completely finalised the agreements with the colleges in those five regions, so I do not have figures yet for how many will start next year. But they will be relatively small numbers in the first year.

**Senator WONG**—You have done some planning work on them obviously.

**Ms Johnston**—Yes.

**Senator WONG**—Are you able to give me some indication—are we talking hundreds and hundreds?

**Ms Johnston**—It varies from school to school. One of them, at Port Macquarie, is based on an existing school and it will have quite a significant number of pupils in the first year. The others would all have probably between 30 and 50 just as a start-up figure.

**Senator WONG**—What was the decision-making process prior to the 15 August announcement of the additional college in Adelaide?

**Ms Johnston**—We went through a process whereby originally expressions of interest were called and a request for a proposal was issued in March. In response to that, we had approximately 70 applications over the 24 regions. The department assessed those applications and provided advice to government. The government made the decision to announce the first 12 colleges. It made the decision because there were two good proposals in Adelaide, located in quite different parts of the city. The regions in most cases were regions such as Sunshine in Melbourne, but Adelaide was the entire city. As it happens, of course, there is a strong industry base there and it was decided that there would be two colleges.

**Senator WONG**—There was \$350 million over five years was provided for the original colleges. Will there be an additional appropriation for this additional college?

**Mr Evans**—We are still finalising the allocations of specific funding to individual colleges that take account of the capital needs that they might have, the recurrent needs that they might have and the rate of start-up. Again, as we have said to you, there are five expected to start in 2006 and we have got five or six consortia that we still have not settled on. You mentioned Dubbo and Queanbeyan. At this stage, we have not had a need to go back to government with a requirement for additional funds.

**Senator WONG**—So you have not made a final decision whether or not the \$350 million will in fact extend to 26 colleges or whether an additional appropriation will need to be sought. Is that right?

**Mr Evans**—We have not seen a case that we need to go back to government at this time.

**Senator WONG**—Can you confirm how many of the announced colleges are based on existing facilities rather than greenfield facilities?

**Ms Johnston**—I do not have an exact figure in front of me.

**Mr Evans**—Some of them are a mixture, too.

**Ms Johnston**—To take an example, in Port Macquarie there is an existing school but they are going to open a completely new campus at Taree. So there are mixtures. We can give you a breakdown by completely new schools and existing schools.

**Senator WONG**—I would appreciate that—and also the funding breakdown in relation to the costs that you have identified for each college, on notice.

**Ms Johnston**—That is still being negotiated as we negotiate the funding agreements.

**Senator WONG**—What I am a little confused about is this: aren't five of them opening in February?

**Ms Johnston**—In 2006, yes, some of them will open in February and there may be some later.

**Mr Evans**—We can probably give you the funding details. We are settling on the funding agreements with those five at this moment. Once we have settled on them—and that could be a matter of just a week or so—we can give you information in respect of the five that are opening in 2006. I think what we are saying is that the ones that are opening in 2007 probably are not as far advanced in the funding agreements at this time; that is all.

**Senator WONG**—Perhaps you can give me whatever information you can in relation to 2007. With 2006, I understand you will be able to provide far more detail.

**Mr Evans**—Yes, we will do that.

**Senator WONG**—Thank you. I would like to ask some brief questions regarding the Parent School Partnership Initiative. I know Senator Crossin has some.

**Ms Paul**—Could we deal with that under Indigenous issues?

**Senator WONG**—I am happy to do that under Indigenous issues. I also have some questions relating to the Education Strategies consultancy. Can you tell me how much money DEST paid Education Strategies for the recent report *Where do we Stand?* and on what date this report was commissioned?

**Dr Mercer**—Senator Wong, you were asking about the recent benchmarking study and the cost of that?

**Senator WONG**—Is it entitled *Where do we Stand? The Intended Primary School Curricula within an International Context?*

**Dr Mercer**—Yes, that is right. The total amount paid for that was \$79,900.



**Senator WONG**—When was the contract signed?

**Dr Mercer**—The contract was signed on 4 May this year.

**Senator WONG**—What was the selection process for this contract?

**Dr Mercer**—The proposal from Dr Donnelly was referred by the minister's office to the department for consideration. We looked at it in our usual way in regard to what the research proposal was, how it related it to educational debates current at the moment and sources of funding. We then briefed the minister and recommended funding of the proposal as an innovative proposal. Dr Donnelly and Education Strategies have pioneered a methodology for benchmarking Australian primary curriculum against international curriculum. They were and are, as far I am aware, the sole supplier of this methodology.

**Senator WONG**—Did you check that?

**Dr Mercer**—Yes. We are unaware of anyone else in the field who has done such comparative analysis of the primary curriculum.

**Senator WONG**—So this suggestion of Dr Donnelly's consultancy for this sort of project was referred to you by the minister's office?

**Dr Mercer**—Yes. The proposal was from Dr Donnelly was referred to us.

**Senator WONG**—From the minister's office.

**Dr Mercer**—From the minister's office.

**Senator WONG**—On what date was it received in the minister's office? Are you aware of that?

**Dr Mercer**—It certainly came to the department in late March.

**Senator WONG**—Are you aware how long prior to that it had been in the minister's office?

**Dr Mercer**—I believe the date that it had been sent was 21 March.

**Senator WONG**—From where to where?

**Dr Mercer**—It was addressed to the minister and emailed to his office.

**Senator WONG**—So 21 March is the date on which it was received by the minister's office.

**Dr Mercer**—That is the date on the proposal, and it was emailed.

**Senator WONG**—When did the minister's office refer it to the department?

**Dr Mercer**—I will have to check that, but it was within a few days.

**Senator WONG**—Was the contract signed in early May?

**Dr Mercer**—It was signed on 4 May.

**Senator WONG**—Over the month of April, what did you do with regard to consideration of this proposal?

**Dr Mercer**—As I said, our first step was to look at it in the usual way that we do any proposal, which was to consider its relevance to the educational issues of the day, to consider

any appropriate sources of funding and to also consider the nature of the proposal advanced to us.

**Senator WONG**—Were any instructions or requests from the minister's office in relation to Mr Donnelly's proposal received by the department?

**Dr Mercer**—Yes, we were asked by the minister's office for advice on the proposal and possibilities of funding.

**Senator WONG**—Who communicated that request?

**Dr Mercer**—One of the staffers in the minister's office.

**Senator WONG**—A liaison officer or an adviser?

**Dr Mercer**—The departmental liaison officer.

**Senator WONG**—So you were requested to see if it was possible to fund the project.

**Dr Mercer**—We were asked for advice, including on funding.

**Senator WONG**—No-one other than Mr Donnelly's consultancy was considered in terms of this project?

**Dr Mercer**—No. This was an unsolicited proposal. It came to the minister's office and then on to us. I should point out too that the proposal was for a team of four researchers. Dr Donnelly was the chief researcher and in charge of the overall project but there were three other researchers: Dr Max Stephens, who has expertise in the maths area; Dr Christine Redman in the science area; and Dr Kerry Hempenstall, who has expertise on the early years of reading. So the proposal was for a team of four who would be undertaking the benchmarking.

**Senator WONG**—Are you saying this is an ordinary selection process—that is, simply to get a referral from the minister's office and not to consider any other possible organisations which could provide a similar service?

**Dr Mercer**—As I have said, when we receive an unsolicited proposal like this, obviously what we look at is what is being advanced as far as what research is proposed, whether there are other potential researchers. As I have said, Dr Donnelly had already done some research in this field in New Zealand as well and has expertise in the area of curriculum mapping, particularly in comparing Australia's curriculum with overseas curricula.

**Senator WONG**—Has it previously been requested on notice for you to tell us what other reports or contracts Education Strategies have undertaken with DEST or have been commissioned by DEST and how much they have been paid since 1996?

**Dr Mercer**—Yes, we have questions on notice.

**Senator WONG**—Have you provided those answers?

**Dr Mercer**—With regard to the question on notice from you, that is due at the end of this week on 4 November. We also have two other questions. They are all very close to completion and they will go out by the due dates.

**Senator WONG**—Do you have the information here?

**Dr Mercer**—I can certainly tell you the total amount of money and the groups of projects that we have funded Impetus Consultants to undertake.

**Senator WONG**—Just briefly, what is the total amount of money?

**Dr Mercer**—The total amount of money since 1996 to 2005 is \$257,304.

**Senator WONG**—This is to Education Strategies?

**Dr Mercer**—It is actually to Impetus Consultants. Education Strategies is the trading name. I should confirm that there have been no payments directly to Dr Donnelly.

**Senator WONG**—Have you done any post delivery evaluation of the work that Dr Donnelly has performed?

**Dr Mercer**—In regard to the benchmarking in the primary curriculum, that is obviously very recent.

**Senator WONG**—Didn't you just indicate that there is over \$250,000?

**Dr Mercer**—Yes. I will describe them. The projects fall into three areas. Principally he undertook a number of projects in the civics area on our Discovering Democracy program. That program was formally evaluated during its life. His role in that was to both participate in the reference group the minister set up, the Civics Education Group—

**Senator WONG**—Could I possibly interrupt you there? I am trying to finish this before the break so we can move on to the next area, which I am sure some people will be quite happy about. You have the question on notice I think I asked in the Senate.

**Dr Mercer**—Yes, we have.

**Senator WONG**—On notice you could indicate to me what post delivery evaluation of the work comprising the various consultancies has been done and provide copies of same. Does the \$250,000 include the \$80,000 for the *Where do we Stand?* consultancy?

**Dr Mercer**—Yes, it does.

**Senator WONG**—I understand Dr Donnelly was previously an adviser to Minister Andrews. Are there any policies or guidelines in relation to the department providing consultancies to former staffers?

**Mr Evans**—I do not believe there are any guidelines about that. But I know across the department there are instances where staffers from previous Labor ministers have received consultancy work through the department as well.

**Senator WONG**—You are very anxious to mention that. I am sure people will be happy about that. But I actually asked a very specific question: are there any policies or guidelines in relation to this issue? If the answer is no, I am happy to move on.

**Mr Evans**—Fine.

**Senator WONG**—Dr Mercer, are there any guidelines or policies in relation to giving consultancies to staffers still on ministerial staff?

**Dr Mercer**—What I would want to advise you is that Dr Donnelly did take up employment, as you are aware, with Minister Andrews and that at that point he withdrew

from a contract that he had with us and advised us officially that he was taking full-time employment.

**Senator WONG**—Was that as a result of Dr Donnelly's decision or are there probity guidelines which would prevent a government adviser within a ministerial office also being engaged under contracted consultancy with the department?

**Dr Mercer**—I would have to take that on notice. I certainly was not aware of that.

**CHAIR**—Thank you very much to that group.

**Proceedings suspended from 3.52 pm to 4.08 pm**

**CHAIR**—We will now deal with the vocational education and training group. I also advise that the committee proposes to deal with the Indigenous and transitions group in the half-hour immediately before the dinner break—that is, between six and 6.30. So we will deal with vocational education now and then go straight on to higher education.

**Ms Paul**—Senator Wong, I was remiss before. I did also say I would try to find out today one other thing about annual reports—that is, the annual reports tabled so far by agencies in the portfolio. Six agencies of the eight in the portfolio have tabled their annual report, including the Australian Research Council and the Australian Nuclear Science and Technology Association. If you like, if I can cut this short and table the documents. Two agencies are yet to table their reports.

**CHAIR**—That would be helpful.

**Senator WONG**—I have a question in relation to the ACCI workplace barriers to training report, which was provided in June 2005. I noticed, or someone who is looking at all of these things noticed, that in the answer to question E475\_05 that Senator Carr asked in last year's estimates in which the department was requested to itemise all contracts, consultancies, grants et cetera, we could not find this particular report on there. Perhaps you could indicate why.

**Ms Cross**—The ACCI report was funded by the former Australian National Training Authority, so it would not have appeared in the department's list of consultancies.

**Senator WONG**—So what was the value of that contract? You would not have had any knowledge of the contract amount if ANTA had funded it?

**Ms Cross**—ANTA operated their budget quite separately from DEST. The funding for the project was \$330,000.

**Senator WONG**—For which financial year was that, or was that the total funding?

**Ms Cross**—The briefing I have says that funding of \$330,000 was provided for the project. I do not know whether that is for the financial year or calendar year.

**Senator WONG**—Or for the value of the contract, which might be another way in which it is being described. Could you take that on notice?

**Ms Cross**—Yes.

**Senator WONG**—I also notice in the report that there is an indication at the outset that DEST have agreed to extend funding for this project for an additional 12 months. That is in recommendation 1. Can you tell me what additional funding has been agreed to?

**Ms Cross**—I will have to take that on notice.

**Senator WONG**—You do not know?

**Ms Cross**—I do not have it in my briefing.

**Senator WONG**—Do you know if that is additional to the \$330,000?

**Ms Cross**—No, I do not.

**Senator WONG**—You have indicated why this contract was not included in that particular answer—that is, because it was with ANTA. Are you able to provide on notice any contracts that were not included in that answer for this reason or for any other reason?

**Ms Cross**—Would you like us to check what projects ANTA funded with ACCI?

**Senator WONG**—Let us do it this way. Are the only contracts which are not included in the answer to which I referred you contracts that ANTA engaged in?

**Ms Cross**—As far as I am aware.

**Senator WONG**—Are you able to provide me on notice with ANTA contracts for the same time period?

**Ms Cross**—Yes.

**Senator WONG**—Thank you. Recommendation 12 from the ACCI report removes any obligation to provide any employment after the completion of the new apprenticeship. Is that a recommendation under active consideration by the government?

**Ms Cross**—Not that I am aware of. That is not matching up to recommendation 12 in my report.

**Senator WONG**—Perhaps you can give me what you have. Yours is probably more accurate than what I have.

**Ms Cross**—Yours is recommendation 13 in my report.

**Senator WONG**—There is an additional recommendation! Have you got another copy?

**Ms Cross**—To avoid any future confusion, we do have that as recommendation 13.

**Senator WONG**—Do you have another copy of the more up-to-date set of recommendations?

**Ms Cross**—I am looking at a summary of the recommendations, so I will check whether the report recommendations are numbered in the same way.

**Senator WONG**—Is this report publicly available?

**Ms Cross**—Yes, it is.

**Senator WONG**—So either your briefer has made an error or what I have is an old copy or something. With regard to the particular recommendation about not having to provide employment after the completion of a new apprenticeship, are you saying that, to your knowledge, that is not a policy consideration before government?

**Ms Cross**—Not to my knowledge.

**Senator WONG**—You have not been asked to provide any advice on that?

**Ms Cross**—No.

**Senator WONG**—To your knowledge, because one of the aspects of that recommendation relates to amendments to the Workplace Relations Act, was that provided to DEWR for consideration?

**Ms Cross**—I believe DEWR has a copy of the report.

**Senator WONG**—Have you been asked to provide any advice to DEWR about this recommendation?

**Ms Cross**—Not to my knowledge.

**Senator WONG**—If E475\_05 misses anything else other than ANTA contracts, could that be updated?

**Ms Paul**—Yes.

**Senator WONG**—One thing that confuses me a little is that, if you look at attachment A to that answer, there are in fact already ANTA contracts appearing on that list. Can you explain to me why some are on and some are off?

**Ms Cross**—I do not have the answer in front of me, but I am happy to look into it for you.

**Senator WONG**—Could somebody advise me about it?

**Ms Paul**—Which answer number is it?

**Senator WONG**—E475\_05.

**Ms Cross**—We have the answers from the previous Senate estimates, but I think that may have been from an earlier one.

**Senator WONG**—Yes, I think it might have been from the 2004-05 supplementary estimates hearings.

**Ms Cross**—We do not have those with us.

**Senator WONG**—You do not have that answer?

**Ms Paul**—We are just looking for it. What was your question, Senator? I am sorry.

**Senator WONG**—As I understand Ms Cross's response, she said the reason that the ACCI contract did not appear on this list was because it was an ANTA contract.

**Ms Cross**—I believe you asked whether it was included in the list of DEST contracts, and I said it was an ANTA contract.

**Senator WONG**—There was a question asked by Senator Carr, E475\_05 (final), in which he asked for all contracts, consultancies, grants, tenders and secondments et cetera to the Australian Chamber of Commerce and Industry approved by the minister's department or an agency for which the minister has portfolio responsibilities since May 1996.

**Ms Cross**—If there are ANTA reports on there, it should have been included, so we will look into that for you. It was not a departmental contract, though.

**Senator WONG**—No, but there were ANTA contracts on there. So you cannot explain why this was not included?

**Ms Cross**—ANTA provided the information on the ANTA contracts and DEST provided—

**Senator WONG**—Perhaps you could update that.

**Ms Cross**—Yes.

**Senator WONG**—Do you believe the obligation to provide employment after the completion of a new apprenticeship is a desirable outcome?

**Mr Johnson**—As my colleague indicated, we are not providing any advice in relation to this matter, so the current policy arrangements in respect of New Apprenticeships arrangements remain.

**Senator WONG**—Have you done any analysis or have you undertaken any consideration of how the removal of unfair dismissal provisions might affect the continuation of employment beyond the conclusion of the apprenticeship?

**Mr Johnson**—No, we have not.

**Senator WONG**—Have you been asked to do that?

**Mr Johnson**—No, we have not.

**Senator WONG**—I turn now to the Institute for Trade Skills Excellence, which I understand from the budget fact sheet will be established in the second half of 2005—is that correct?

**Ms Cross**—That is the intention.

**Senator WONG**—That there been any announcement subsequent to the budget?

**Ms Cross**—No.

**Senator WONG**—Would such an institute require any legislative authority?

**Ms Cross**—No, it would be established as a company and we would not require legislation.

**Senator WONG**—Who would be the shareholders?

**Ms Cross**—I believe that the election commitment indicates that the four shareholders would be the Australian Chamber of Commerce and Industry, the Australian Industry Group, the Business Council of Australia and the National Farmers Federation.

**Senator WONG**—That is a balanced group: there is a lot of employee representation on that!

**Senator WEBBER**—Overwhelming, isn't it?

**Senator WONG**—Where is the progress of the announcement at?

**Ms Cross**—We are at the stage where a draft constitution has been prepared and a consultant has been engaged to facilitate agreement on that constitution and then the establishment of the company.

**Senator WONG**—What has the consultant has been engaged on?

**Ms Cross**—Seeking agreement on the draft constitution from the four bodies that I mentioned earlier and establishing the institute.

**Senator WONG**—When was the draft constitution provided to the four shareholders? Are they shareholders or directors?

**Ms Cross**—It has been to the four proposed shareholders. I believe it was in October. It was only very recently.

**Senator WONG**—Who will the institute report to?

**Ms Cross**—It will report to its board and its shareholders in terms of its operations, but it will also have some form of contract with the department for the government funding, so it will report on that contract to the department, or to the minister through the department.

**Senator WONG**—I understand it to be this. It will be a registered company, registered pursuant to Corporations Law, with four shareholders who are also the directors—is that how it works? Companies have to have directors. Who are the directors? Are they the same as the shareholders?

**Ms Cross**—These details are still being worked through. They are in the draft constitution, so there is no final decision on that. That is part of the work that the consultant will undertake with those four bodies.

**Senator WONG**—Who is the consultant?

**Ms Cross**—The consultant we have engaged is Rod McDonald.

**Senator WONG**—What is the value of that consultancy?

**Ms Cross**—I would have to take that on notice, but I do not believe it was a large consultancy.

**Senator WONG**—So it did not go to tender or anything.

**Ms Cross**—No, it would have fallen within the limits for getting one written quote, I believe, but I will check that.

**Senator WONG**—Do you know how Rod McDonald came to be selected?

**Ms Cross**—The department put forward a number of proposals for possible consultants. We then discussed them with the four bodies that are proposed shareholders in the company and selected Rod McDonald, who has done a considerable amount of work in the VET sector in the past and was well regarded by the four bodies.

**Senator WONG**—What sort of relationship will this company have with government—a formal contract?

**Ms Cross**—There will be a formal contract for the government funding that was announced in the election.

**Senator WONG**—Has that contract been drafted?

**Ms Cross**—No.

**Senator WONG**—Are the moneys appropriated for that institute—I think it was \$22.9 million over four years—for establishing it or are they actually for operating as well?

**Ms Cross**—That is for its operation.

**Senator WONG**—So that will form the basis of the contract?



**Ms Cross**—Yes.

**Senator WONG**—Are there any additional moneys which will be the subject of the contract?

**Ms Cross**—Not at this point in time.

**Senator WONG**—Is that the totality of the public funding for the institute?

**Ms Cross**—Yes.

**Senator WONG**—Tell me this: will the institute be accountable to parliament through the estimates process for the expenditure of the \$22.9 million?

**Ms Paul**—The contract would of course be open to scrutiny in the normal way. It is not a statutory agency.

**Senator WONG**—In other words, we do not go get to ask questions of how they spend the money.

**Ms Paul**—Yes, you will get to ask questions on the nature of the contract and our administration of the contract.

**Senator WONG**—Your administration of the contract but not how they spend the money.

**Ms Paul**—I am sure your questions are likely to go to the outcomes that they are getting with the money and so on.

**Senator WONG**—You never know what our questions might go to, Ms Paul.

**Ms Paul**—I would not presume, of course.

**Senator WONG**—What does ‘preferred provider status or industry recognition of excellence’ mean?

**Ms Cross**—They are the details the consultant will be working through to take beyond what is in the election commitment. The consultant has been engaged to work through that detail with the four parties.

**Senator WONG**—Are you telling me that that phrase will be something that the consultant is working through? I do not understand.

**Ms Cross**—He is facilitating a process of adding detail to that. There are a number of proposals that have been put forward, including having providers either preferred or not preferred or having a star rating system where providers get one, two, three or four stars. There is a range of models, and part of the consultant’s work will be to reach agreement on the model that the institute will operate from.

**Senator WONG**—The government’s election commitment was that the institute would provide industry endorsement of qualifications provided by private and public training providers and the preferred and the preferred providers of high quality and industry relevant training. What do you understand preferred provider to mean?

**Ms Cross**—As I said, there are a range of ways in which you could designate a preferred provider. You could have a star rating, so the ones that were most preferred got four stars and the ones that were still preferred providers but not of the same quality got fewer stars, or you

could have a system whereby you simply set a benchmark and those providers who meet it are preferred and those who do not are not recognised as such. There are a range of ways in which you meet the intent of the election commitment. The intent is that employers will be able to publicly acknowledge those providers that are excellent in the trade skills training they are providing.

**Senator WONG**—Has there been development of some of the detail around what rights, benefits and privileges will be accorded to registered training organisations if they achieve preferred provider status?

**Ms Cross**—Again, that detail has not been worked through yet, but the election commitment does talk about perhaps putting the preferred provider status on the certificates that the preferred providers issue so that, when they issue a qualification, it includes some form of marking of being a preferred provider. Those details are yet to be worked through and finalised.

**Senator WONG**—This preferred provider status will be determined not by government but by the company involving the four shareholders and this consultant?

**Ms Cross**—The intention is that the institute, which represents employers, determines how employers want to recognise excellence in training provision.

**Senator WONG**—Will there be any quality control by DEST?

**Ms Cross**—We will work that through in terms of the contract with the institute, but I would expect that we would not have a direct involvement in that process.

**Senator WONG**—So it is up to the employers to determine who is excellent in delivering and the department has no role in that?

**Ms Cross**—I expect we will have some discussions with them. As I said, there are a number of different models under consideration, and we are involved in discussing whether it is a star rating or preferred provider, and we have engaged a consultant to progress those issues but, in terms of the decision making, I expect that would be the institute.

**Senator WONG**—How are you proposing to deal with potential conflicts of interest, given the shareholders you have described? Some of those are also involved either directly or through related entities in the delivery of training as RTOs.

**Ms Cross**—We would require them to demonstrate that they were dealing with any perceived or real conflicts of interest. That is a normal part of the business operations.

**Senator WONG**—Have you done an audit of how many of the four shareholders, ACCI, BCA, NFF and AiG, also have subsidiary or related registered training organisations?

**Ms Cross**—No, but we are aware that a number of them do and, therefore, that potential conflict would need to be managed.

**Senator WONG**—By whom?

**Ms Cross**—By the institute. It would be part of our contract with them and we would require details of how they intended to manage that. That is a fairly normal process. Most boards have provisions in place so that directors on boards and other people manage, declare or avoid conflicts of interest.

**Senator WONG**—We could have a long discussion about what actually applies to publicly listed companies in relation to these sorts of arrangements, but there is potentially a financial benefit to a training provider if they attain preferred provider status. Is that correct?

**Ms Cross**—Yes. That is why it would need to be carefully managed.

**Senator WONG**—And the sum of the organisations who will be determining who will have preferred provider status are either RTOs or have subsidiaries or related parties which are RTOs. That seems to me to be an inherent conflict of interest.

**Ms Cross**—We are not assuming what process the institute will use to take those decisions. It could be within their remit to appoint a completely independent panel to take those decisions. Having developed the criteria, I think we are a long way off knowing how the model will work and what criteria will be applied, but we would certainly want it to be managed very carefully so that there were no conflicts of interest.

**Senator WONG**—There is a difference between not having a conflict of interest and managing a conflict of interest.

**Ms Cross**—Agreed.

**Senator WONG**—With regard to the contract negotiations, is it going to be DEST's position that a structure be put in place which removes those who might be related to organisations which could profit from the decision making around preferred provider status?

**Ms Cross**—I think we are a long way off taking those sorts of decisions. We have a draft constitution, and that is one of the issues that we will look at as we develop the proposal further.

**Senator WONG**—Can you provide on notice a list of all registered training organisations which are either subsidiaries of or related to ACCI, AiG, NFF and BCA or their state subsidiaries. I go to the trade skills training visa. This visa came into effect yesterday?

**Mr Johnson**—That is correct.

**Senator WONG**—As I understand, it will permit an employer who cannot find a local apprentice to bring in a temporary migrant under a new visa subclass. An apprenticeship would be available where they are certified as an approved body as one which has been unable to be filled by local recruitment. Is that correct?

**Mr Johnson**—The Department of Immigration and Multicultural and Indigenous Affairs are responsible for the development of policy settings around this visa. We have been consulting with them over the past six to 12 months to provide them with advice on that arrangement but, in respect of your specific question, I understand that is the way the measure has been developed by DIMIA.

**Senator WONG**—What I am asking is what role DEST will have in making that determination. If the criteria are that they have to be certified by an approved body as one which has been unable to be filled by local recruitment, what role will you have in that process?

**Mr Johnson**—With regard to that specific process, we will not have any direct role.

**Senator WONG**—How is DIMIA going to know? You are the people who have responsibility for the management of the New Apprenticeships schemes. How is DIMIA going to get the advice that this is a vacancy which was unable to be filled by local recruitment? Surely there has to be some interaction between DEST and DIMIA.

**Mr Johnson**—We have certainly been providing specific advice to DIMIA about the operation of the New Apprenticeships arrangements. With regard to the verification of a skills shortage or a labour supply shortage in a particular region, DIMIA is proposing that the regional certifying bodies which are established and supported by DIMIA itself will provide that vehicle for assessment. This department has no direct responsibility for providing advice about regional skills shortages; that is the responsibility of the Department of Employment and Workplace Relations.

**Senator WONG**—So DEST will have no role with regard to DIMIA seeking any advice from you in relation to any specific application under this visa subclass. Is that what you are telling me?

**Mr Johnson**—That is correct.

**Senator GEORGE CAMPBELL**—So there is no provision for any coordination between DIMIA and DEST?

**Ms Paul**—There has been a lot of communication between the departments.

**Senator GEORGE CAMPBELL**—I said ‘coordination’. What are the provisions?

**Mr Johnson**—The process, as I understand it, is that DIMIA has proposed that an employer would be able to verify, through a regional certifying body or information from the Job Network or other sources of information through the Department of Employment and Workplace Relations, whether there is a skill need in a particular region. That does not have any direct portfolio responsibility for this department.

**Senator GEORGE CAMPBELL**—But that is the identification of a skill need.

**Mr Johnson**—Correct.

**Senator GEORGE CAMPBELL**—That should be a relatively simple process to do. What measures are being put in place to identify whether or not the skill need can be satisfied from within the community rather than from bringing someone in from outside?

**Mr Johnson**—Those are really matters for the Department of Immigration and Multicultural and Indigenous Affairs in the sense that a requirement of this visa is that employers, as I understand it, are required to demonstrate that they are not able to fulfil that vacancy from local labour or from the local available recruitment activity. DIMIA is responsible for developing the operating guidelines around this visa class, which would include determining how that skill need was defined and verified.

**Senator GEORGE CAMPBELL**—I can understand that you want to put the responsibility back onto DIMIA but they are not a department that has got either knowledge or background in dealing with issues relating to skills, apprenticeships and training. You are the department which has that expertise.

**Mr Johnson**—As Ms Paul indicated, we have provided advice to DIMIA about where that information is currently available on a national or regional level. DIMIA has taken that advice in establishing the guidelines for this visa.

**Ms Paul**—DIMIA has been working quite closely with us for a long time, since the announcement of the measure—with us and DEWR in particular. As you say, it touches on the interests of all three portfolios, but it is DIMIA's to administer, so in terms of the details of the administration, DIMIA will know more than we do. Certainly, we have been giving them the advice that you suggest—absolutely—on New Apprenticeships and how that works. DEWR will have been giving them advice on the employment situation in the regions, skill shortages and so on.

**Senator GEORGE CAMPBELL**—Is there any proposal to establish an interdepartmental working party to manage this process?

**Mr Johnson**—We have already been working with DIMIA on a bilateral basis and providing them with advice to approach other relevant agencies, such as the Department of Employment and Workplace Relations, to provide them with more detailed information about regional skills needs.

**Senator GEORGE CAMPBELL**—Are you able to enlighten us as to what sorts of measures are going to be put in place by DIMIA to ensure that local Australian kids or local Australian unemployed are given the first opportunity to apply for these vacancies?

**Mr Johnson**—It is my understanding that that is a requirement of this visa class—that it will be the case that employers will have to demonstrate that they are not able to fill those vacancies from local labour sources. I also understand that DIMIA is still developing guidelines for the implementation of this measure in some respects. But they are not matters that I can comment on in further detail.

**Senator GEORGE CAMPBELL**—Mr Johnson, you will understand our scepticism about this, because it has been the experience with some of these visas in the past that people have been brought in here with fancy titles and they turned out to be labourers working on a number of sites. So there is a concern that the structure that underpins the issuing of these visas is watertight in ensuring that it is not operating to the disadvantage of locals in terms of job opportunities for them.

**Ms Paul**—We are saying that this is a matter for DIMIA. We have told you the areas in which we have given advice. We are more than happy to keep working with them. I have spoken with the secretary of DIMIA. We work quite closely with them. At the end of the day, the questions of detail should be directed to DIMIA.

**Senator WONG**—But there is an issue which relates specifically to the issue Mr Johnson raised in response to Senator Campbell. One of the requirements of approval of the visa is that there is certification that the position was unable to be filled by local recruitment. Surely, the only people who would have access to that kind of information is DEST, through TAFE or New Apprenticeships.

**Ms Paul**—Skill shortages data is actually held by DEWR.

**Senator WONG**—But doesn't New Apprenticeships come under your department?

**Ms Paul**—Yes.

**Senator WONG**—Doesn't TAFE come under your department?

**Ms Paul**—Yes, and we use the skill shortages data that comes from DEWR. I am not trying to get out of it; I am just saying that each of us plays our role.

**Senator WEBBER**—You are saying that you give informal advice and apart from that you have nothing to do with it.

**Ms Paul**—It is not our measure, Senator.

**Senator WEBBER**—It is not sounding like you want to get into it either.

**Ms Paul**—I would not say that one way or the other.

**Ms Cross**—The data we have, which comes through the DEST systems, is on the apprenticeships which are filled so, in terms of the unfilled apprenticeships, that does not come into our system. We rely on DEWR, which has vacancy data and Job Network data about positions which have been advertised or attempted to be filled, but they do not actually come into our data set if they are not being filled.

**Senator WONG**—Who in government would know if a position had been unable to be filled by local recruitment?

**Ms Cross**—If it had been on one of the Job Network job databases. They are run by DEWR.

**Senator WONG**—Yes, I am aware of that.

**Ms Cross**—So DEWR would know.

**Senator WONG**—So you have no role?

**Ms Cross**—Not on the Job Network databases.

**Senator WONG**—No, on the issue of ensuring that the conditions of this visa class are met. You have no formal role with regard to providing any information about local recruitment or anything like that to DIMIA.

**Senator WEBBER**—Or about the availability of skilled labour.

**Senator WONG**—Is that how I understand it?

**Mr Johnson**—That is correct. Our involvement has been to provide specific advice about our area of responsibility, as you have indicated, in respect to New Apprenticeships arrangements and to provide advice to DIMIA about how those arrangements are established through agreements with the state training departments, so we have been very specific in providing that advice to DIMIA. Equally, we have provided advice to them, as Ms Cross indicated, with regard to the operation of the Job Network and the information that Job Network would have on regional vacancies.

**Senator GEORGE CAMPBELL**—Is there a set of criteria being developed which will be applied by DIMIA to make judgments about these issues?

**Mr Johnson**—There may well be, but I am not able to comment because that is work that is being progressed by DIMIA.

**Senator GEORGE CAMPBELL**—I thought you said that there had been some working parties occurring in which you were participating.

**Mr Johnson**—That is correct, but those engagements have been largely in the context of DEST providing information to DIMIA about the operation of New Apprenticeships arrangements. We have not been privy to or received draft copies of guidelines developed by DIMIA.

**Senator GEORGE CAMPBELL**—Has DIMIA had discussions with you with regard to what might form part of a set of criteria in this area?

**Mr Johnson**—Not to my recollection; not to the level of detail of talking about specific criteria. I can certainly indicate that we have raised the similar concerns that your questions are exploring about what data is available at a regional or state level on vacancies and referring that information to DIMIA.

**Ms Paul**—We are happy to ask them—we do this sometimes—and bring to this committee that information from DIMIA. I am very happy to do that if you would like us to do so.

**Senator WONG**—Don't you fund the New Apprenticeships centres?

**Ms Paul**—Yes.

**Senator WONG**—Isn't their role to source apprenticeships?

**Mr Johnson**—Their primary role is to assist employers to take on a new apprentice. That does not extend to providing a job brokerage service as such to try to match individuals.

**Senator WONG**—Fair enough, but surely they would know if this employer has approached them to try to find a new apprentice. I would have thought that is a very relevant piece of information before the employer then goes to DIMIA and says, 'I want to bring in someone else,' given that the criteria are that you are supposed to have made an effort to source local recruits.

**Mr Johnson**—Whilst an employer may approach a New Apprenticeships centre, the New Apprenticeships centres do not have or, indeed, are not required under their contract with the Australian government to aggregate, data about vacancies in their region. That is clearly a function of the Job Network under DEWR.

**Senator WONG**—So you are essentially telling me that the department responsible for training will have no role in ensuring that employers who seek to sponsor apprentices from overseas have actually tried to gain local recruits for that position.

**Ms Paul**—We do not look after the vacancy side; we look after the side when apprentices are actually on deck.

**Senator WONG**—Is the answer yes? Was my proposition correct? I understand you are explaining why, but was my proposition correct?

**Ms Paul**—I am not sure, Senator. I would have to see it. I think what is correct is that our role is to advise DIMIA about the New Apprenticeships operations and how the New Apprenticeships system works, and I expect vacancies information would come from the DEWR database.

**Senator WONG**—It is not just vacancies information. One of the criteria is that you have actually tried to fill the position with a local recruit. What you are telling me, as I and Senator Campbell understand it, is that you have no role in providing information to DIMIA about whether that employer sponsor who has applied for that visa class for someone from overseas has in fact done that.

**Mr Johnson**—We do not have any specific responsibility for that. I would imagine that the DIMIA draft guidelines will address that issue in terms of what evidentiary requirements—

**Senator WONG**—There is no point in having guidelines if no-one actually checks that they are being met.

**Mr Johnson**—As Ms Paul indicated, in the context of this committee's responsibilities we are happy to seek that information for you and provide that on notice, but we have not been involved in detailed discussions around development of criteria for the operation of the visa.

**Senator WONG**—Are you aware that one of the requirements in the regulations which were provided—this might be amendments, actually—is that a sponsor is required to demonstrate that they:

have a satisfactory record of, or a demonstrated commitment towards, training Australian citizens and Australian permanent residents

Do you have any role in assisting with determining whether that guideline has been met?

**Mr Johnson**—We have not been approached by DIMIA to ask whether we could provide that information to them. If requested we could provide them with information, but it would only be limited to the information that the department has from our Training and Youth Internet Management System, which is our national New Apprenticeships database. In that context, it would only inform DIMIA about where an employer has taken on a trainee or an apprentice, the point being that it would only be one limited source of information. I would imagine DIMIA may well be seeking a range of additional information about the extent to which that employer is engaged in other training activity for its work force.

**Senator WONG**—But in relation to that data set, you have not been requested to provide it to DIMIA. There has not been any arrangement for that to be provided.

**Mr Johnson**—No, not that I am aware.

**Senator WONG**—The employer subsidies for these additional apprenticeships—where will they be funded from?

**Mr Johnson**—The employers who take on apprentices or trainees under this measure will still be eligible to access employer incentives from the New Apprenticeships Incentive Program—and that is a program that the department operates.

**Senator WONG**—Yes, I am aware of that. So they are drawing on the same pool of money that you currently have appropriated for that purpose.

**Mr Johnson**—Correct. That is a demand driven appropriation.

**Senator WEBBER**—Returning to some of that, I think Ms Paul was saying before that all you do—not all you do; that is being unnecessarily flippant. You provide advice to DIMIA



and then it is up to them to administer the program. How often do you do that? Is this whenever they ask or is this a regular—

**Mr Johnson**—In the context of this particular initiative?

**Senator WEBBER**—Yes.

**Mr Johnson**—My understanding is that we have engaged in discussions with DIMIA about the development of this measure for a period of around the last six to 12 months and we have had a series of meetings with them during that time.

**Senator WEBBER**—Would that be a regular occurrence, ad hoc or—

**Mr Johnson**—There has not been a formal interdepartmental committee established for this process and there is no formal committee to consult on those arrangements. From recollection, I think we have had in the order of five to 10 meetings with DIMIA over the last 12 months.

**Senator WEBBER**—Going back to what was mentioned before, when you say you have got responsibility for the New Apprenticeships schemes once they are on board, surely in doing that you would be liaising with agencies that would know whether their programs were oversubscribed or not. Because these are demand driven things, surely you would therefore know whether there is some local demand.

**Ms Paul**—The main relationship our New Apprenticeships centres have is with employers. It is not so much with placement agencies; it is actually with employers.

**Mr Johnson**—We contractually require New Apprenticeship centres to establish formal linkages with other agencies such as Job Network, hence the comment we made earlier in respect of referring that information back to DIMIA and saying there is an appropriate source of information which they could draw on to assist in the implementation of this measure.

**Senator WONG**—We would love to explore this more, Mr Johnson, but can I move on to the New Apprenticeships employer incentives. Can you tell me how DEST has satisfied itself that training is being undertaken and that the training is of sufficient quality within the New Apprenticeships scheme.

**Mr Johnson**—There are a couple of key quality assurance processes in respect of the funding that the Australian government provides for the New Apprenticeships program. That program, as you are well aware, provides financial incentives to employers who take on a new apprentice. The funding under that initiative only flows to those employers when a national training contract is in place—that is, when a formal training contract has been signed by both the new apprentice and the employer; when that training contract has been lodged and assessed by the relevant state training authority and registered as an accepted and approved training contract; when the minimum probation period has occurred for that contract, which is usually in the order of three months; and when training has commenced. So in respect of the funding that the Australian government provides for New Apprenticeships, that is our main quality assurance measure. Obviously, that range of initiatives is also underpinned by comprehensive program monitoring of employer activity and our New Apprenticeships centre activity.

**Senator WONG**—You would no doubt have seen on the public record the suggestion that 25 per cent of new apprentices do not receive any training at TAFE or a similar organisation or by an external training provider in the workplace.

**Mr Johnson**—An analysis that the department undertook of the program last year—that evaluation was released I think in March this year—identified a range of issues around the effective delivery of training. Minister Hardgrave wrote directly to state ministers to raise concerns in respect of where there were issues identified about appropriate release arrangements for new apprentices, where they are actually receiving appropriate training through registered training organisations, bearing in mind that the states are responsible for registering and auditing the quality and performance of training organisations.

**Senator WONG**—But you fund a subsidy, and you have indicated that the contractual arrangements associated with that require training—correct? I thought that was your evidence.

**Mr Johnson**—That is correct.

**Senator WONG**—So you have the mechanism to try and ensure that proper training is delivered.

**Mr Johnson**—That is correct, Senator, in the sense that we actually undertake auditing of the performance of New Apprenticeships centres in discharging their contractual responsibilities and we work closely with the relevant state training authorities to assist them in their audits of RTOs and training delivery.

**Senator WONG**—Are the New Apprenticeships centres required to ensure that there is a proper training plan for each apprentice?

**Mr Johnson**—Different states have different requirements in respect of the development and registration of a training plan.

**Senator WONG**—Are you just relying on state and territory authorities? New Apprenticeships centres are funded by way of \$130 million from the DEST budget—is that correct?

**Mr Johnson**—That is correct.

**Senator WONG**—So you don't require, as a result of that funding, there to be a proper training plan in relation to each apprentice.

**Mr Johnson**—No, Senator. The New Apprenticeships centres are actually contracted to ensure that they inform employers and new apprentices about their obligations to establish a training plan with a registered training organisation and, indeed, to specify what the legislative provisions in individual states and territories are. So, yes, that is a contractual responsibility of our NACs. Indeed, they are expected to assist to clarify queries where issues may arise between the registered training organisation and the employer and the new apprentice in developing those plans. But the formal arrangements between developing a registered training plan and registering them with the state or managing those processes are determined by respective state training legislation.

**Senator WONG**—Very simply, for somebody who is new to this area, with respect to the \$130 million that you pay them, you do not attach as a requirement for the functions they undertake that they ensure that there is a proper training plan for each apprentice?

**Mr Johnson**—That is a responsibility of the states, Senator.

**Senator WONG**—The ‘skills at work’ evaluation—that is the one that you referred to before?

**Mr Johnson**—I believe that was the one you may have been referencing in terms of the—

**Senator WONG**—The 25 per cent figure that I—

**Mr Johnson**—That is correct.

**Senator WONG**—There has been some comment in the *Age* that—and I quote:

Auditors with the Victorian Learning Employment and Skills Commission were alerted to “irregularities” when enrolments of employees in a federally subsidised certificate three course in process manufacturing jumped from 153 in 2002 to almost 5000 last year.

Does DEST take any action to investigate allegations of improper conduct by employers such as this or do you leave that to the state bodies?

**Mr Johnson**—We do, on a regular basis, either when those activities are drawn to our attention from our own analysis and investigation or when complaints or information are referred to us by the public.

**Senator WONG**—How many such investigations have been undertaken? Is there a formal process in terms of your contract management?

**Mr Johnson**—More broadly, not going specifically to the illustration you drew on—and I am happy to come back to that if you are interested—there is an ongoing process by which we are looking at the performance and delivery of training through New Apprenticeships. That provides information to the department, through our electronic management systems, through the monitoring responsibilities of New Apprenticeships centres in terms of the information they provide to employers or from complaints or inquiries which are received from members of the public. That is an activity which literally goes on on a daily basis in terms of responding to issues, queries or complaints or in terms of initiating our own ongoing program monitoring.

**Senator WONG**—Who undertakes investigations of any allegations of improper conduct on behalf of employers in relation to New Apprenticeships? Is there a separate body? Some departments have a body that things get referred to and they investigate. What is the process in DEST?

**Mr Johnson**—It depends on the nature of the complaint. The department has its own National Investigations Unit, which identifies specific allegations of fraud, criminal activity or abuse. They work closely with the Australian Federal Police in preparing briefs of evidence. We could provide you with further information around that. More broadly, when members of the public may seek information or raise inquiries or complaints, each state and territory has its own complaints-handling arrangements. In late 2003, I think, training ministers agreed to establish a national training complaints initiative whereby complaints

could be referred through the Australian government. So we have a number of mechanisms, and underpinning that, through our contract arrangements with New Apprenticeships centres, we require each New Apprenticeships centre to establish a complaints-handling mechanism by which they can deal with and refer to complaints that have been raised by individual new apprentices or employees. Again, it depends on the nature of the complaint raised.

**Senator WONG**—What was the unit called?

**Mr Johnson**—The National Investigations Unit.

**Senator WONG**—I do not want to go into too much more detail because of the time frame, but what point does it have to get to before it is referred to you, Mr Bridge?

**Mr Bridge**—Where there is a serious allegation that there has been an alleged fraud or suspected fraud—fraud as defined by the fraud control guidelines of the Commonwealth—we undertake an investigation.

**Senator WONG**—I am not familiar with what would constitute fraud. A training provider may be—as was discussed in the *Age*—porting the shorter courses. I presume that what was being alleged there was that there was a transfer of subsidies from one course to a longer, more sophisticated course. Are you familiar with this particular issue, Mr Johnson? Is that the sort of thing that would go there or is that the sort of thing that would be dealt with at your end?

**Mr Johnson**—We tend to pursue investigations jointly between the National Investigations Unit and the line area within the department and the states. The state departments have their own apprenticeships field officers, auditors and investigators, some of which are departmental staff and some of which are staff contracted in from the private sector, and they actively undertake an ongoing monitoring process. The illustration that you referred to would, in the first instance, if it were a substantial matter in terms of allegations of direct manipulation or distortion of payment arrangements, involve the department's NIU, and they would probably be working closely with the relevant state department.

**Senator WONG**—We may put some issues on notice there, but do you take any actions to recover moneys paid?

**Mr Bridge**—Absolutely, and also to advance criminal prosecutions where that is indicated, in association with the Commonwealth Director of Public Prosecutions.

**Mr Johnson**—Senator, I think at our last hearings in June Senator Carr—

**Senator WONG**—I was about to ask about that. Are you referring to the E145\_06 answer?

**Mr Johnson**—I think it may be.

**Senator WONG**—With respect to the recovery of New Apprenticeships employer incentives payment, one of the bases on which such recovery could be sought is in circumstances where employers were attempting to manipulate the system in order to maximise the payment of incentives. Can you give me some indication of what sort of numbers and amounts fall into that category? I am happy if you want to take it on notice.

**Mr Johnson**—I think we would have to take that on notice. It is not an issue just around recovery of payment. Often when these matters are brought to the department's attention, the

department immediately moves to prevent payments to an individual employer until that issue is investigated. So it may well be the case in many instances that no payment has occurred and an investigation is initiated to determine the effectiveness of the training being provided or the allegations.

**Senator WONG**—What do you do if the training is ineffective? One of the answers indicated that \$3.4 million has been recovered since 1998.

**Mr Johnson**—That is what is referenced in the attached table.

**Senator WONG**—Yes—\$2.4 billion incentives paid over the same period. I hope that would be because everything is going well. I wonder if that is not in fact an indication of the substantial problems associated with the incentives.

**Mr Johnson**—No, I think the table is a very accurate reflection of the relevant impact of allegations around inappropriate activity. If you note the bottom line on that table, the relative percentage of total incentives recovered as against the total expenditure within the program, margins are identified in the order of 0.08 per cent or 0.16 per cent of the program. That is not to say that the department is not highly vigilant in working with the states to try to identify from its own intelligence or follow through on a complaints action in this regard.

**Senator WONG**—Something I do not understand, perhaps because I am new to this area, is this: the department has identified—I think it is reasonable to say—a number of significant problems in the New Apprenticeships schemes in your own data. Yet when I ask about your oversight activities, a lot of the answers seem to be ‘That is the states’ responsibility. We do not ensure that the training is provided, we do not ensure that there is a training plan. We work with the states if we have to fix up any rorts.’ What is your responsibility to ensure that the delivery of this program maximises the training outcomes for young Australians and others?

**Mr Johnson**—We do clearly have a shared responsibility with the states to ensure effective implementation of New Apprenticeships arrangements. However, there are clearly separated contractual responsibilities that the Australian government has with New Apprenticeships centre providers and the legislative responsibilities that the states require of registered training organisations operating in their jurisdictions. As I referenced earlier, the vast majority of investigations identified in this table would probably be joint investigations undertaken between the department and the state agency.

**Senator WONG**—Do New Apprenticeships undertaken on a fee-for-service basis attract employer incentives?

**Mr Johnson**—Employers are eligible to attract incentives whether they are undertaking training through private provision on a fee-for-service basis or through publicly funded training.

**Senator WONG**—I did not hear that, I am sorry.

**Mr Johnson**—The answer is yes. Employers are eligible to attract incentives under the New Apprenticeships Incentives Program whether their registered training organisation is a private fee-for-service training organisation or a publicly funded registered training organisation.

**Senator WONG**—Are there any different criteria associated with a fee-for-service context?

**Mr Johnson**—There are no specific differences in the program guidelines. The department does initiate ongoing monitoring of commencement activity by a registered training organisation, and we do work, again jointly with the state departments, to identify where there is increased commencement activity with a registered training organisation. That includes whether they are private or public organisations.

**Senator WONG**—Is DEST considering or have you been asked to advise on an expansion of employer incentives in any areas?

**Mr Johnson**—We regularly receive comment from industry, employers or individuals who might be advocating extension or changes to incentive arrangements.

**Senator WONG**—There was one set of views quite clearly discussed publicly, and that was the AiG's views on this issue. Have you been asked for advice from government in relation to the AiG's proposal?

**Mr Johnson**—Not specifically. The department undertook a detailed review of the incentives program in 2002 and a more comprehensive evaluation of the program only late last year. Clearly, those reviews and evaluations were intended to determine the effectiveness and targeting of current incentive arrangements.

**Senator WONG**—I go back to the New Apprenticeships evaluations. There is a reference there to the distortion of the training market by RTOs aggressively marketing training that attracts a range of incentives, particularly existing worker incentives. Have you made any significant changes to the program to deal with that particular problem which has been identified in the report?

**Mr Johnson**—We do undertake detailed monitoring of existing worker activity and commencement.

**Senator WONG**—Has that monitoring changed at all since the provision of this report? Have you done anything different since the report indicated that there was evidence of the distortion of the training market through this aggressive marketing of training?

**Mr Johnson**—We already had in place—probably it coincided with the period during which this evaluation was undertaken—development of more detailed online information management systems to look at commencement and training activity by registered training organisations, not just to target existing workers. But you will probably be aware that the department already has different eligibility guidelines for employers taking on existing workers—that is, that they have to be in a certificate III or higher qualification and be enrolling in a certificate which has a two-year or longer nominal duration period.

**Senator WONG**—I have lots more, but we will put the rest on notice because we have to move on. Thank you.

[5.07 pm]

**CHAIR**—We now move on to the higher education group and, as I said, we will deal with the Indigenous group at 6 pm.

**Senator WONG**—Can you tell me when the higher education report was due to be tabled?

**Mr Walters**—I think it was tabled a few days ago.

**Senator WONG**—No, I asked when it was due to be tabled. I know when it was tabled.

**Mr Walters**—This came up earlier in the year and we pointed out it was the first time that this report has been tabled in this format. It used to be a triennium report. One of the features of this new report is that it contains statistics for the calendar year 2004. They did not become available until June. We were asked at the last estimates session when we thought we would get this report out and whether we would do it by the end of July, and we thought at that time that that was unlikely because of the task of putting the information together in a new format. In the event, as I say, we managed to get it out within the last few days.

**Ms Sparkes**—The report was tabled on 30 September.

**Senator WONG**—Yes, I know when it was tabled, Ms Sparkes. I was asking when it was due to be tabled. I don't think I got an answer.

**Mr Walters**—We never actually gave a due date. We said we would get it out as soon as possible, but the data, as I say, only became available in June.

**Senator WONG**—I note, from looking at the *Hansard* of the previous hearing, that a Mr Burmester gave evidence?

**Mr Walters**—Mr Burmester has now moved positions and is deputy secretary.

**Senator WONG**—He stated:

... a decision was made that we would produce an annual report similar in content to the triennium but focused more on trying to give an annual report of the past year and an explanation of the funding that was flowing into the sector for the current year. We would expect to publish one in the first half of each year that would report on the previous year and the funding arrangements for the year in which it was published.

I am a bit confused about what that answer meant about when you were envisaging you would actually publish it.

**Mr Walters**—I read the *Hansard* earlier today, so I am familiar with what you have got in front of you, Senator. If you read on, you will see that the point he makes is that it was a new format this year and therefore we could not give any guarantees as to how long it would take, but that in future years we would hope to get it out within the first half of the year. I think that is the reference you are picking up. Of course, as I say, the experience this year might assist us to do it a bit faster next time. We would hope so.

**Senator WONG**—So your intent would be to do it in the first half of the year?

**Mr Walters**—We do have the problem with the availability of the statistics. I think Ms Sparkes can help us in this regard.

**Ms Sparkes**—Next year we will not actually receive the final student collection data until the end of March. Normally it takes us around eight weeks, once we receive the data from all the institutions, to verify and validate the data. We will then use that data as the basis for compiling the annual report. We would hope that next year the annual report will come out

very early in the second half of the year, because we need to allow for that cleansing and verification of the institutional data that we receive.

**Senator WONG**—Are we talking about May next year?

**Ms Sparkes**—I think it is more likely to be July at the earliest because at the moment we are expecting to get the statistical data in from the institutions at the end of March. It normally takes us at least eight weeks to clean and validate the data from the institutions. We normally do not publish this annual report until the annual data has been cleared for publication. That is not likely to occur until June. So I would not envisage that our annual report, which not only includes information on the student collections but also includes financial information from the institutions, would come out until after July.

**Senator WONG**—When was this particular report provided to the minister for sign-off? I presume it was.

**Ms Sparkes**—It was forwarded in August for final approval. We had envisaged that we would be able to get it out earlier because we were trying to include 2004 financial data for the institutions. If you look at the report, you will see that we have 2004 data in most places but, when you look at the financial data, it is only 2003 data. We were trying to include 2004 financial data. Due to some late returns from the institutions, that delayed us and in the end we decided that we should proceed with the report with only 2003 data. The minister approved the report for publication on 3 August. The delays subsequent to that were all in respect of the printing process.

**Senator WONG**—Between 3 August and 30 September?

**Ms Sparkes**—Correct.

**Senator WONG**—I understood Ms Paul indicated today that it is usually two to three weeks.

**Ms Sparkes**—In this case, we actually had a number of issues with printing. We had to go backwards and forwards to verify the data.

**Senator WONG**—You said the sign-off from the minister's office was on 3 August.

**Ms Sparkes**—Correct.

**Senator WONG**—When was it provided to the minister's office?

**Ms Sparkes**—I will check.

**Ms Paul**—It is probably a similar time frame to the one I indicated. With our annual report, we spent about three weeks on typesetting and then we spent a number of weeks on printing.

**Senator WONG**—You want to demonstrate that it was consistent after all.

**Ms Sparkes**—Senator Wong, I have checked and I do not have that data.

**Senator WONG**—Can you take that on notice?

**Ms Sparkes**—Yes, I can.

**Senator WONG**—Mr Walters, in relation to the section of the *Hansard* that I read out that identified the objective of the report, are you going to evaluate this report to determine



whether or not you met the objectives in terms of the information that you were seeking to provide?

**Mr Walters**—We have attempted to do what we set out to do, and we will gladly take any comments on board. I do not think we were intending to have a formal evaluation process. But, if we get feedback suggesting we should do it differently, we would be glad to have that and look at it.

**Senator WONG**—I do not quite understand why a number of the figures here are for 2003.

**Mr Walters**—I think that is the point that Ms Sparkes was just making to you.

**Senator WONG**—I must have misunderstood that.

**Ms Sparkes**—If you compare this with the task of putting together the department's annual report, the department's annual report is largely comprised of information which we generate internally, that we pull from our own systems, but this is a report on the whole of the education system, so we are dependent on information received from all of the providers. They are generally very good about that, but it has meant that, in some cases, we have not been able to put in 2004 data; we have had to rely on 2003. We have done our best.

**Senator WONG**—But the comparison, surely, is not with the annual report; it is with the triennium report, isn't it?

**Mr Walters**—As I say, the triennium report was produced to a different timetable. It used to be produced much earlier in the year. A lot of that information was from the year before the one immediately past. So we have done our best with this new timetable, and we have included 2004 data where we could. We will certainly aim to do better next year in terms of some of the more up-to-date data.

**Senator WONG**—So you think you are likely to actually get more up-to-date data next year?

**Mr Walters**—We will do our best. It will depend on what we manage to get from the institutions.

**Ms Sparkes**—The purpose of the report is to provide data for the calendar year that has just passed. Wherever possible, that calendar year data has been included. In the case of financial reports, they are normally on a financial year basis and that meant that we could only use 2003 financials, because we did not get all the institutional data in so that we could give you a sector-wide picture.

**Senator WONG**—Is it the case that the accumulated HECS debts are \$13.3 billion in the 2005-06 year?

**Mr Walters**—I think Mr Manns can help us with the latest HECS debt figure.

**Senator WONG**—I was referring to page 90.

**Mr Walters**—I can confirm that that is the table giving the accumulated HECS debts.

**Senator WONG**—Has the department done any work on assessing the effect of the 25 per cent increase in HECS in the current academic year?

**Mr Walters**—The information that we have suggests that it is very hard to make a correlation between the 25 per cent—

**Senator WONG**—I do not think I asked that question. I asked: have you done any analysis of the effect of the 25 per cent increase? Have you actually done anything?

**Mr Walters**—We have looked at the figures for applications. I think they have tended to show that there is very little correlation. In other words, for last year, some of the institutions that did not put it up by 25 per cent suffered a decline in demand, whereas some of those that did put it up by the 25 per cent experienced an increase in demand. So there was no clear correlation.

**Senator WONG**—In the current academic year, there are 40 higher education institutions—is that right?

**Mr Walters**—There are 38 publicly funded universities, and then there are private providers.

**Senator WONG**—Of the 40, how many of them have suffered a drop in enrolments?

**Mr Walters**—Enrolments for 2005?

**Senator WONG**—Yes.

**Mr Walters**—I do not think any of them experienced a drop in enrolments. Sorry, we do not have the 2005 student data yet. We hope to get it out by Christmas.

**Senator WONG**—What about 2006 in terms of the applications? Has there been—

**Mr Walters**—In terms of the applications—

**Senator WONG**—Can I finish the question, Mr Walters?

**Mr Walters**—I beg your pardon.

**Senator WONG**—In terms of the 2006 applications, has there been a drop? Have you looked at any data there? Have you inquired of the universities what the state of applications is?

**Mr Walters**—Yes. I can give you some information. This information was given to us by the universities admissions centres, which are independent of the department. We have not had data in yet for Victoria. We have it for the other states. The information I have been given at the moment is that there is an overall three per cent decline in applications. The decline is greater for mature age people than for year 12s—5.8 per cent compared to 0.3 per cent. There have been declines in applications of 1.3 per cent in New South Wales; 5.2 per cent in South Australia and the Northern Territory, which report together; 6.4 per cent in WA; and 14.2 per cent in Tasmania. In Queensland, on the other hand, there has been a 4.1 per cent increase in applications.

**Senator WONG**—Can you table those figures? So that is for next year's applications?

**Mr Walters**—These are the figures we have been given so far by the university admissions centres. As I said, as of today—and I did check this morning—we have not received Victoria's figures.

**Senator WONG**—Are you able to provide those?

**Mr Walters**—I just did.

**Senator WONG**—In a document?

**Mr Walters**—On a piece of paper? Gladly.

**Senator WEBBER**—Some of us are not good at remembering things.

**Senator WONG**—You could say it slower and I could write it down, I suppose. Can you remind me how many of the 40 increased HECS by the 25 per cent?

**Mr Walters**—Mr Manns has the latest figures. I know, because we discussed it earlier.

**Mr Manns**—The most recent figures we have are that 33 institutions have increased to the full 25 per cent for all of their units, two have increased to 25 per cent for some of their units, four have had increases of less than 25 per cent, and four have made no increase.

**Senator WONG**—Over which time period is that?

**Mr Manns**—They are the ones that, cumulatively, have made decisions as at now.

**Senator WONG**—Since when?

**Mr Manns**—Since the beginning of 2005. That was the first time they could announce an increase.

**Senator WONG**—We can go back to this issue now, Mr Walters: what work have you done on assessing the effect of the increase in HECS on applications for next year and on enrolments in the current year?

**Mr Walters**—The first point to make is that we will not have the complete figures for applications for this year until all the rounds are finished, because it is still possible to make late applications. The second point to make is that virtually all the universities, as Mr Manns has now explained, have either increased by 25 per cent or announced an intention to do so. The third thing is, as I say, looking at what happened last year, when there was more differentiation between institutions, it is pretty clear from the figures that there is no clear correlation.

**Senator WONG**—You say that. How long is a piece of string? I want to know what work you actually did in assessing that. Is that just saying: 'Let's look at all these institutions and the number of enrolments. They don't necessarily correlate exactly with who put their fees up; therefore there is no correlation'? Or is there actually some sort of analysis of the effect of the 25 per cent or thereabouts increase at the majority of Australia's universities?

**Mr Walters**—That really is the analysis. When you look at the applications and when you look at the institutions that put up by 25 per cent, there does not appear to be a correlation. But we can provide information if you would like to have that.

**Senator WONG**—So your view is that there is no correlation between any reduction in applications or enrolments and the increase in HECS?

**Mr Walters**—There does not appear to be.

**Senator WONG**—And the extent of your analysis for that proposition is what?

**Mr Walters**—It is looking at the institutions which have increased, on the one hand, and at the applications on the other, and making a comparison between the two.

**Senator WONG**—I think the figures you read out to me—I did not take them down; you were going to provide me with them on a piece of paper—said there was there a drop in every state except Queensland.

**Mr Walters**—As I say, we have not got the Victorian figures yet. The media are speculating that there is a drop in the Victorian figures, so they may have had access to something we have not done yet, but apart from that there is a drop everywhere except Queensland.

**Senator WONG**—Are you still saying there is no correlation with the increase in the HECS cost? On the basis you previously said that there was not—

**Mr Walters**—I said there was not, because last year we were able to compare institutions. We have only got the figures by states at this stage of the game, so it is not possible to make that comparison. We will get the figures by institutions at a later stage, but at the moment we do not have them.

**Senator WONG**—Given that the vast majority have increased their HECS levels—

**Mr Manns**—It has been widely reported that applications are up for numbers of institutions. I think this is the point Mr Walters is making. There does not seem to be any uniform effect going on.

**Senator WONG**—We are not talking about a uniform effect, are we? Surely you would have to exclude a decision like this: ‘If I’m going to be paying that much, I will apply for one of the Group of Eight universities as opposed to a different university’? That would mean that the HECS debt has had an effect on the decision about where the person goes. I am wondering why you do not undertake that level of analysis.

**Mr Walters**—We have not done so far. It is possible we or the institutions could do in the future, to analyse the market. Certainly I know, from talking to a number of vice-chancellors, that they are interested in this. There are other contributory factors, quite possibly—for example, during the last few months there has been a great deal of media reporting on good research results which are achieved by some of the Group of Eight universities. That has been repeated a number of times, and in the last few weeks there has been coverage of a number of international league tables which put some of the Group of Eight institutions up. So there are a number of reasons why people could be deciding to give them as their first preference, bearing in mind that for most of the admissions centres you put down 10 preferences and largely these figures are about who gets first preference—and people should decide to put first preference at the top of the list. The other point worth making is that the advice that schools give to children is to rank their preferences in accordance with the TER scores which are available, and there is far more information out in the public domain as to the TER scores for courses. The point is: if you put a high TER entry course or university at the bottom, you will never get to that. Children are being encouraged—and I know this because my own son has been through this recently—

**Senator WONG**—I am not so old as to not remember this either.

**Mr Walters**—to put the more popular universities at the top of the list, and that would naturally push them up. So there are quite a few factors that come into play.

**Senator WONG**—I appreciate that, but this is a discussion we are having and I think you have answered my question: it is clear that you have not actually engaged in a detailed analysis of any reasons for a reduction in enrolments or applications.

**Mr Walters**—At this stage, as I say, on the specific point about the 25 per cent increase, looking at last year—and I can give you a couple of examples—

**Senator WONG**—Mr Walters, I really need to move on. I understand your proposition. We might disagree but I understand the answer.

**Ms Paul**—We think there is a broader thing happening here in terms of young people's destinations being more into work rather than into either vocational education or higher education, because of the booming economy. So there is a range of factors at play.

**Senator WONG**—But not into VET, given our skills shortage, I suppose—not into apprenticeships in the traditional trades?

**Mr Walters**—I can give you some interesting information on this. We have done a study on that issue.

**Senator WONG**—I would really like to move on, if I could. I have dealt with vocational education. I am sorry; we are under—

**Mr Walters**—Okay. I did have some information we could have provided on that point.

**Senator WONG**—If you want to provide it, table it at some point. I don't have any objection to that.

**CHAIR**—Mr Walters, if you would not mind tabling that information, that would be good.

**Mr Walters**—I will gladly do that, Senator. It goes to the issue of people who don't get university places and the fact that a very substantial proportion do go into VET.

**CHAIR**—The committee would be very pleased to see it. Thank you.

**Senator WONG**—I will just explain why I am trying to move on. I am trying to finish this portfolio before dinner and if I don't, we will obviously have to come back after dinner. It is not that I am not interested in what you have to say.

**Ms Paul**—We do appreciate the reason, Senator.

**Senator WONG**—You said you have some data from the university admissions centres.

**Mr Walters**—Yes.

**Senator WONG**—But you don't have any data for Victoria; the data that was in the press, I understand, was simply obtained by ringing the universities. You have not done that?

**Mr Walters**—We don't because we do rely on the admissions centres to provide that data, so it would be an unusual punishment for the universities to get a series of separate phone calls for the information they have already provided or that in fact comes from the admissions centres. So we don't do that. Hopefully, we will get the Victorian information soon.

**Senator WONG**—Can you tell me what proportion of total university income comes from fees and charges? In 2003 it was 22 per cent; is that right, Mr Manns?

**Mr Manns**—I can give you the 2004 figure, Senator. Fees and charges for the higher education aspects of higher education institutions—so that is excluding VET, of the multisectors—accounted for 22.24 per cent.

**Senator WONG**—Looking at the bar graph on page 124, is that a figure which correlates to the 22 per cent for 2003?

**Mr Manns**—It is an updated figure. The 2004 financial data is now available. So, yes, it is roughly the same.

**Senator WONG**—Was what you gave me, the 22 per cent, for the 2003 calendar year?

**Mr Manns**—No, the figure I read to you was for the 2004 calendar year.

**Senator WONG**—Which is 22—

**Mr Manns**—22.24 per cent.

**Senator WONG**—And the figure for 2003 was 22 per cent or thereabouts? Is that rounded up or rounded down?

**Mr Manns**—I don't have the precise 2003 figure with me.

**Senator WONG**—Could you take that on notice or refer me to which page it is on? There is no footnote here and I notice that they are all round figures.

**Mr Manns**—The 2003 financial statistics have been published as a publication, so they are all available in that form, down to rather more detail than is in this document.

**Senator WONG**—I am just trying to work out if that 22 per cent figure for 2003 is in fact 21.7. I am trying to work out how to compare it to the 22.24 per cent figure that you gave me.

**Mr Manns**—I beg your pardon; I do have the 2003 figure. The equivalent figure in 2003 was 22.01 per cent.

**Senator WONG**—The number of full fee paying Australian students: can you confirm that that has risen from 7,815 in 2003 to 13,959 in 2004?

**Mr Manns**—Are you again reading from a table in this document, Senator?

**Ms Paul**—Is there a page number you are looking at?

**Senator WONG**—I am looking at something someone has given me; I assume there are some page numbers! Here we go. I think the reference is to page 99. I presume we want updated figures because the 2004 figures look to be qualified in this table. Perhaps you can take that on notice.

**Mr Walters**—These figures should be correct. We don't have any reason to doubt them.

**Senator WONG**—Okay. Can you just confirm that the figures I have been given, which may or may not be correct, are 7,815 in 2003 and 13,959 in 2004. Could you tell me if they are correct or not.

**Mr Walters**—I wonder which line that correlates to, because the 7,000-odd sounds like the undergraduate figure given for 2003, but the latter figure does not match any of those in the 2004—

**Senator WONG**—Correct. Perhaps you could update the 2004 figures for me on notice, just to confirm if they are correct or not.

**Mr Walters**—Confirm that they are correct? Certainly, Senator.

**Senator WONG**—Is it the case that revenue from overseas students increased by about 112 per cent between 1999 and 2003? This is at page 125. Could you provide me, on notice, with up-to-date figures for the 2004 revenue?

**Mr Manns**—Yes, we can provide you with the 2004 figures.

**Senator WONG**—Similarly, can we have up-to-date figures for the percentage of commencing students who are overseas students. It is identified at page 21 as being 30 per cent in 2003.

**Mr Walters**—Yes, we can find that, Senator.

**Senator WONG**—Is it the case that the Commonwealth now provides, on the 2004 figures, around 41 per cent of funding for Australian universities?

**Mr Manns**—The 2004 figures for Commonwealth government grants—again, we are talking about the higher education operations of the providers only—accounted for 40.75 per cent of total operating revenue. That does not include payments in respect of HECS and the loan schemes.

**Senator WONG**—Is it the case that Australia is one of only three OECD countries where private expenditure accounts for more than half of all spending on tertiary education?

**Mr Walters**—I will have to take the OECD figures on notice, but it is certainly the case that universities have more diverse sources of income in Australia than they do in many other countries.

**Senator WONG**—And a lesser level of public investment than many other countries in the OECD?

**Mr Walters**—I think we will take that on notice, Senator.

**Senator WONG**—I understand that this report shows that, in 2003, 10 higher education institutions reported negative operating margins. Has the department done any assessment as to the reason for this number of universities operating in deficit?

**Mr Manns**—Yes, Senator. We analyse the financial statements of institutions every year and we are in the process of doing that for the 2004 financial statements. As you will be able to see from the 2004 data that have now been published, the number of providers with operating deficits was seven in 2004. But if you have particular questions about particular providers I can attempt to answer them; there is no single answer.

**Senator WONG**—So there were seven in deficit in 2004 and 10 in deficit in 2003?

**Mr Manns**—Yes.

**Senator WONG**—How many of the seven were in the 10?

**Mr Manns**—There has been a bit of a shift around. I am not quite sure which way you would like me to answer this. Perhaps it is best to go through the ones who were in deficit in 2004 and tell you if they were also in deficit in 2003.

**Senator WONG**—Of the seven, how many of them were in deficit the year before?

**Mr Manns**—I am trying to look at two different sets of figures here, but it looks like two or three are. It is a bit hard to do this in the way this data is laid out for me.

**Senator WONG**—Are the 10 in deficit identified in the higher education report?

**Mr Manns**—No, the 10 in deficit would have been identified in the 2003 finance publication. The seven in deficit are identified in the 2004 finance publication.

**Senator WONG**—Can you just name the seven in deficit? That might be easier.

**Mr Manns**—Yes, I can do that. For 2004, the University of Newcastle, Southern Cross University, the University of New South Wales, the University of Technology Sydney, the University of Western Sydney, Royal Melbourne Institute of Technology and Flinders University. If I am correct in my crosschecking of the two lists, there are only two of those that were also in deficit last year.

**Senator WONG**—Which were?

**Mr Manns**—UWS and Southern Cross University. I think the University of Newcastle was probably there as well, so three.

**Senator WONG**—So 10 and seven for 2003 and 2004 respectively.

**Mr Manns**—These are calendar year figures.

**Senator WONG**—Yes, 2003 and 2004 respectively. With regard to the analysis or the work that you have done on the reasons why the numbers are reasonably substantial in terms of those operating in deficit, have you prepared any reports or done any consideration in a more formal sense of the reasons behind this?

**Mr Manns**—Yes, we have. The University of Newcastle has previously been discussed in some length before this committee. Newcastle has embarked on a major restructuring and financial reform process, so we have had quite lengthy discussions with Newcastle about that. The basic reason behind Newcastle's deficit is that its expenditures have simply outstripped its revenues and it is doing all it can to put its expenditures onto a more sustainable footing. The other one that is of some concern remains the University of Western Sydney, which is largely in the same situation. It has embarked on a restructuring program, and we have been in pretty regular dialogue with UWS. Both of those institutions have been visited recently as part of our institutional assessment framework visits.

The others on the list of seven this year either have relatively small operating deficits or have been affected by some one-off events. For example, the only other one of the seven that I have not already mentioned that has what you might call a substantial deficit on paper at least was Flinders University. Flinders' accounts were really affected by a substantial write-down of the value of its library holdings, so its underlying financial position is not really of concern to us.



**Senator WONG**—Are you able to provide the data as to the seven that you have just mentioned?

**Mr Manns**—The data have in fact been published, but I am happy to provide it to you as well.

**Senator WONG**—Did you say four of the seven were previously in deficit?

**Mr Manns**—I think I said three, but I lost track a bit of the tallying from the seven to the 10. I can confirm that for you on notice as well.

**Senator WONG**—Are you able to detail what measures were taken by these universities in order to get out of deficit?

**Mr Manns**—As I said, the two—

**Senator WONG**—Is it possible for you to take that on notice?

**Mr Manns**—Sure.

**Senator WONG**—Have you done any assessment on the dramatic increase in external borrowings across the sector and what effect that may or may not have had on university operations and academic standards? I note in the report there has been a substantial increase over the period from 1999 to 2003.

**Mr Manns**—Again, we analysed the universities' borrowings on a case-by-case basis. If we have concerns about it, we raise it with them. Borrowings, on the face of them, are not necessarily a concern. Say, for example, I am aware of some—

**Senator WONG**—Mr Manns, I just want to know have you done—

**Mr Manns**—Yes, we do.

**Senator WONG**—In what form does that take? Is there some documentation you can provide us with?

**Mr Manns**—We do a risk analysis of all of the universities' financial statements each year. We provide that information back to the universities as part—

**Senator WONG**—Are you able to provide that on notice?

**Mr Manns**—We took a question on notice on this issue at the last hearings. We undertook to ask the universities if they were happy for us to provide that information because, as we explained in our answer, it has the potential to be taken out of context. We have not indicated to the universities that we would put it in the public arena. At this stage, the universities have told us that they would like to discuss that matter collectively at a meeting of the Australian Vice-Chancellors Committee on 8 November. We are hoping for a response from them soon after that. If you are happy to forbear until then, we will be able to answer the full question.

**Senator WONG**—In terms of what you took on notice previously, what I was referring to were the four universities that were in deficit in 2003 that were then not in deficit in 2004. Can you take on notice what measures they undertook, from the department's perspective, in order to get out of deficit?

**Mr Manns**—Yes. But there may not be a necessity because a deficit in a single year, again, is not in itself a matter of concern.

**Senator WONG**—What measures if any—does it help if I put that in the question?

**Mr Manns**—Sure.

**Senator WONG**—Can you confirm that enrolments increased by 43 per cent between 1997 and 2004 but, at the same time, staffing levels increased by 11 per cent only over the same period?

**Mr Walters**—If these are figures taken from the report, then we confirm them, yes.

**Senator WONG**—If I ask you to accept that there has been a significantly greater increase in enrolments than in staffing levels, could the department inform me as to how universities are coping with being forced to educate more students with far fewer resources?

**Mr Walters**—I think I would make two comments. Universities are like other organisations and seek to make productivity improvements where they can, which means getting more output from the same level of inputs, whether it is staff or anything else.

**Senator WONG**—I was just talking about more people in tutorials and many more people in lectures and fewer tutorials.

**Mr Walters**—It would depend very much on the course mix. What you hear is that there is a considerable variability in universities between very popular courses. They also run a lot of courses which attract very few students and have fairly small tutorial groups. What universities do is balance all of that and try and make sure that, across the board, students get a fair crack of the whip. One thing the government has done, in its new financial arrangements, is to press universities to reduce the element of overenrolment, which was the practice of enrolling students for which they were not getting full funding. So now universities have to stick to their full-funding targets with a little margin for error either side. But the old practice, where the government funded large numbers of overenrolments, has been ended.

**Senator WONG**—Would you agree that there has been an increase in staff-student ratios in a great many courses in a great many institutions?

**Mr Walters**—The point should be made that in the last set of statistics that were released by the AVCC there was a slight improvement.

**Senator WONG**—Is that for 1997 to 2004?

**Mr Walters**—Over that long period there has been a decrease, but the most recent figures show an improvement in the staff-student ratio.

**Senator WONG**—Have you done any assessment on the effect on the quality of education of the changes in the staff-student ratio over that period?

**Mr Walters**—Over the past year it was a fairly small improvement, so it would not have made a huge difference.

**Senator WONG**—No. Over the period of 1997 to 2004 have you done any analysis of the effect on the quality of education in Australia's universities of the worsening of staff-student ratios?

**Mr Walters**—I think that issue was one that was taken into account in the crossroads review of higher education and discussed in the papers for that review. There are a number of discussion papers—

**Senator WONG**—Was that the only analysis done?

**Mr Walters**—And that was in 2003. It was a very comprehensive review. It involved consultation with a lot of stakeholders and it is one of the reasons that the government decided to inject an extra \$2.6 billion into the higher education sector.

**Senator WONG**—I am giving you an opportunity here. Are you able to point me to any other analysis you have done on the effect of staff-student ratios on the quality of education, other than crossroads, because if you can I would be very happy to receive it.

**Mr Walters**—As I say, it was dealt with in the crossroads review. We will take on notice whether there is any additional supporting information that we can provide to you. Certainly it was dealt in a large number of the submissions that we received during the crossroads review. The issue was canvassed widely at the time.

**Senator WONG**—Have you done any work to assess whether there is any link between the worsening staff-student ratio and the declining numbers of Australian students commencing university study?

**Mr Walters**—I do not think we have seen anything that would draw a link between those two issues at all.

**Senator WONG**—That is a conclusion. That was not the question.

**Mr Walters**—I am not aware of any specific research. We will take it on notice. If we find anything, we will let you know.

**Senator WONG**—So the department is indicating the position, which I assume is the position of the government, that it does not believe there is any effect on the quality of education in our universities by worsening staff-student ratios? Is that the government's position?

**Mr Walters**—No, not at all. As I say, this was one of the issues canvassed in the 2003 review. The effect of pressure of all sorts on universities was one of the reasons the government decided to put together the Backing Australia's Future package of an extra \$2.6 billion for the sector. As you have noticed, in the last year the staff-student ratio actually improved a little bit.

**Senator WONG**—Can I move now to the Tuition Assurance Scheme. We will have some more questions on notice, but I am trying to deal with this. I want to talk about Bridge Business College.

**Ms Paul**—That is in the international area.

**Senator WONG**—That is the one you told me to do later. Can I go now to the higher education workplace relations requirements? I suppose that is the way we can talk about them in terms of the bill. Is there a unit or division, or are there staff members within DEST who have been given day to day responsibility for advising universities on compliance with the workplace relations requirements?

**Mr Walters**—Yes.

**Senator WONG**—How many staff are allocated to that function?

**Ms Baly**—The number working on that at any particular time has varied a little over the months, but it is about three to four people.

**Senator WONG**—Three to four?

**Ms Baly**—Over that time, yes.

**Senator WONG**—Effective full-time staff equivalents?

**Ms Baly**—Yes.

**Mr Walters**—They do have other responsibilities too. For example, the section head who deals with that issue has responsibility for two other programs.

**Senator WONG**—Which are?

**Ms Baly**—The collaboration and structural reform program and the workplace productivity program.

**Senator WONG**—In terms of the advice, do they call universities' human resources departments—or whatever the responsible unit is in the university—to advise them of their obligations? Do they vet draft EBAs? What is the nature of the advice?

**Ms Baly**—The nature varies, but the department does not contact the universities; it is usually the other way around. The university will come to the department with questions or comments on draft agreements.

**Senator WONG**—So you essentially vet EBAs to see if they comply with the requirements of the act?

**Ms Baly**—We provide advice to universities on whether we think they would be compliant with the requirements that have been announced.

**Senator WONG**—Are you familiar with Central Queensland University's proposed EBA?

**Ms Baly**—The department has looked at Central Queensland's. I am not familiar with the detail of it.

**Senator WONG**—Is there anyone present here who could answer questions about the advice which was provided on that occasion?

**Ms Baly**—I can provide comments in general on the advice that was provided but not on the detail.

**Senator WONG**—And no one is here who could?

**Ms Baly**—I do not believe so.

**Senator WONG**—Is it the case that the original draft included the following sentence: 'Employees and prospective employees will not be disadvantaged in any way in relation to their employment due to their acceptance or non-acceptance of either an AWA or the certified agreement and it will not be a condition of employment or of promotion or of any variation of employment arrangements that an employee accepts an AWA or remain covered by the certified agreement'?

**Ms Baly**—I may have to take that one on notice.

**Senator WONG**—There is no one here who can answer that?

**Ms Baly**—We do not have copies of the agreements with us.

**Senator WONG**—I am putting to you that certain advice was provided by the department in relation to Central Queensland University. I am asking whether it is possible for the officer who provide that advice to be before the committee if you are not able to answer these questions.

**Mr Walters**—I think that, even if it was, it would involve bringing quite a lot of documentation to be able to answer the questions. If we may, can we take that on notice?

**Senator WONG**—That is your right. I want to know if that was in fact in a draft EBA provided and if it was the case that DEST's advice was that that sentence had to be deleted.

**Mr Walters**—We will have to check the record. We have provided a very large amount of advice to quite a large number of universities, so we will have to go through the records.

**Senator WONG**—If so, can it be explained to me why that is consistent with the government's WorkChoices policy position and also with your advice on your web site that it is a matter for higher education providers to determine the basis on which employment is offered and how those policy positions could possibly be consistent with advice from DEST to delete such a sentence.

**Mr Walters**—We will take that on notice.

**Senator WONG**—Can you tell me what action has been taken in relation to the Oceania University of Medicine by the federal government?

**Ms Sparkes**—We have raised this issue with the Victorian government because the Victorian government has responsibility under its Tertiary Education Act to manage the approvals of higher education providers in their state. My understanding is that the Victorian Department of Education and Training has had—

**Senator WONG**—Sorry, is that the extent of the Commonwealth government's involvement—raising it with the state government?

**Ms Sparkes**—Yes, we have, because under the national protocols it is the state governments who have the relevant jurisdiction to approve educational providers operating in their state.

**Senator WONG**—Isn't this organisation registered under Corporations Law?

**Ms Sparkes**—Not to my knowledge. The Commonwealth does have powers under Corporations Law in respect of the use of the title 'university', but at this stage I am not aware of that. I would have to take that on notice and get back to you.

**Senator WONG**—You are not aware whether or not it is a registered company?

**Ms Sparkes**—To the best of my knowledge, if it is purporting to operate out of Victoria, which is my understanding, that is a matter for the Victorian government and the Victorian government has taken that up with the respective principals of that organisation.

**Senator WONG**—Are you familiar with Medical Education Services Australia Pty Ltd?

**Ms Sparkes**—Yes.

**Senator WONG**—In fact, the Oceania University of Medicine is a trading name for the company—is that not right?

**Ms Sparkes**—According to the advice I have before me, the university operates as Medical Education Services Australia, formerly known as OUM.

**Senator WONG**—So you are calling them a university too.

**Ms Sparkes**—My understanding is that is operating under ‘MESA’ the moment. MESA is based in Victoria.

**Senator WONG**—So you have not taken any action in relation to their use of the term ‘university’? In fact, you just referred to them as such.

**Ms Sparkes**—No, the information I have that the moment is that they are operating under ‘Medical Education Services Australia Pty Ltd’.

**Senator WONG**—That is a company registered under Corporations Law. You are not aware of that?

**Ms Sparkes**—I would have to get back to you. I do not have that information before me.

**Senator WONG**—I am not been critical of you, but I am saying that the Commonwealth government has not in fact investigated—or have they?—the status of this company and whether it is actually registered under Australian law, which would seemed to be likely, given that it is Medical Education Services Australia Pty Ltd.

**Ms Sparkes**—Yes, but it is purporting to operate in Victoria and to offer courses in Victoria and it comes under the jurisdictional responsibility of the Victorian government. We have raised that with the relevant Victorian department.

**Senator WONG**—The Corporations Law is found under corporations power, which, as I understand it, is the basis for the government’s entire WorkChoices legislation to take over jurisdiction from Victoria and other states—in fact, Victoria does not have any any more. My point is that there is a legislative basis and responsibility on the part of the federal government. I understood that Minister Nelson had indicated there would be investigation into this institution. Is that not the case?

**Ms Sparkes**—When it first came to light, we raised the issue with the relevant Victorian government authority who has responsibility for registering institutions under its own Territory Education Act in accordance with the national protocols. That was done.

**Senator WONG**—Minister Nelson was reported—and I am not directly quoting this—in the *Australian* of 10 February this year as having launched an investigation into the OUM. Was there in fact any investigation of which DEST is aware?

**Ms Sparkes**—The investigation that I am aware of is that we raised the matter with the Victorian government department.

**Senator WEBBER**—How did you do that? Did you just write to them?

**Ms Sparkes**—We wrote to them, and we have had also had a series of interactions with them on a regular basis. We interact with all state and territory jurisdictions in respect of—

**Senator WEBBER**—I am talking about this purported investigation. So ‘an investigation’ is just DEST writing a letter?

**Ms Sparkes**—Correct.

**Senator WEBBER**—Very thorough going!

**Ms Paul**—As Ms Sparkes has indicated, we also had a range of meetings with them.

**Senator WEBBER**—Yes, but she implied that that was a regular thing that she does with every state jurisdiction. We are talking about a specific case.

**Ms Paul**—I think she was implying that we spoke about this matter as well.

**Ms Sparkes**—Yes, we have spoken with the Victorian department on this matter on a number of occasions. As I understand it, the Victorian authorities have also met with MESA on a number of occasions and at this stage have advised us that MESA will not be allowed to deliver educational services to Victorian students unless its awards are accredited by both the relevant medical peak bodies and the Minister for Education and Training in that state.

**Senator WONG**—I would go back to one issue, Ms Baly. The advice I have been given is that there was written advice from DEST in comments on the draft Central Queensland University draft EBA. In terms of choice in agreement making, the written advice included this: ‘The second sentence of the second paragraph’—which was the one I read out to you—‘must be deleted in order to ensure that positions may be offered to prospective employees on an AWA only basis if the university wishes to do so.’ Is that the government’s position? Is that consistent with government policy?

**Ms Baly**—That is consistent with government policy. The written advice that we have provided to universities has been based on advice that we have received from the Department of Employment and Workplace Relations and also on advice we have received from lawyers on the agreements as well.

**Senator WONG**—Can you tell me to which other universities advice of that form has been given? Could you take that on notice?

**Ms Baly**—I can take that on notice.

**Senator WONG**—Thank you. I am finished with that area. I have nothing further in higher ed.

**CHAIR**—Shall we move to innovation and research and international education?

**Senator WONG**—I did have some questions in research infrastructure in 3.1. But I understand Senator Crossin has some timetabling issues so we would like to move to Indigenous education at this stage.

**CHAIR**—Do you still propose to deal with innovation and research and international education?

**Senator WONG**—I have a brief set of questions in relation to output 3.1 and Senator Crossin has some questions on PSPI. The International Education Group was where the TAS was to be dealt with. Is that right, Ms Paul?

**Ms Paul**—The tuition assistance scheme? Yes.

**CHAIR**—We will move on to the Indigenous and Transitions Group.

**Senator CROSSIN**—It is good to see some old faces at this table. Are you all getting old or are you stressed?

**Mr Greer**—Both.

**Ms Paul**—We might lay claim to both those things, actually.

**Senator CROSSIN**—I will start with the Indigenous Education (Targeted Assistance) Amendment Bill, which is due in the Senate next week. What is the intention with that bill in relation to changes of funding arrangements for the Indigenous VET providers?

**Mr Greer**—The intent of the bill is to remove from IESIP the annual funding that we have been providing for transitional assistance since 1996 in respect of four independent VET training colleges. To transfer those funds from the Indigenous Education (Targeted Assistance) Act into the Skilling Australia's Workforce Act, into that mainstream VET funding provision, and have the mainstream match the \$10.9 million that will be going over. In a sense, it will create a pool of around \$23 million to be used for targeted assistance predominantly in the independent VET area. That funding at the moment is historically directed to four of these institutions when in fact there is something like 13 independent VET providers in that area. My understanding is that the funds, once they are in the Skilling Australia's Workforce Act, would be subject to the provisions of the AEP—that is, the full pool would be used for the purposes of the Aboriginal education policy.

**Senator CROSSIN**—When you talk about there being 13 independent VET providers, are they Indigenous-specific VET providers?

**Mr Greer**—Yes.

**Senator CROSSIN**—So the intent of this will be to move that \$10.9 million—where it was predominantly given to four, it will now be spread across 13?

**Mr Greer**—Yes, on a competitive basis, but weighted predominantly for independent VET providers, and there will be a transitional impact—it will grandfather out.

**Senator CROSSIN**—I will get to that. So we are going to go from four Aboriginal VET providers getting \$10.9 million—

**Mr Greer**—Over the three years, Senator.

**Senator CROSSIN**—It will now be spread across 13 VET providers?

**Mr Greer**—The opportunity will be there for the 13 providers or more to apply for this funding, whereas at the moment it is quarantined to those four.

**Senator CROSSIN**—As part of the skilling Australia legislation, do you quarantine that \$10.9 million for Indigenous VET providers?

**Mr Greer**—Yes.

**Senator CROSSIN**—If it is matched—

**Mr Greer**—It is matched.



**Senator CROSSIN**—then I am assuming that what you now have is almost a \$22 million bucket of money for Indigenous VET providers. Is that correct?

**Mr Greer**—That is correct.

**Mr Hoffman**—The bill is not quarantined solely for Indigenous VET providers.

**Senator CROSSIN**—I am just wondering whether that bucket of money is.

**Mr Hoffman**—That is what I am talking about, Senator. The Indigenous funding pool which will be established by the \$10.9 million from the Indigenous Education (Targeted Assistance) Act, and matched by other funds—mainstream VET funds—would be accessible to providers who have significant numbers or a significant proportion of Indigenous students.

**Senator CROSSIN**—Let us say that at the end of the day it is \$22 million, that \$22 million can be accessed by those 13 Indigenous VET providers or any other VET provider that has predominantly Indigenous students?

**Mr Greer**—Yes. The providers would need, in applying to access these funds, to point to the outcomes for Indigenous clients that are competitive—that is, be able to identify Indigenous community involvement in provider governance arrangements for the institutions or the bodies that are applying, identify Indigenous staff involvement in the training and delivery of support services, and identify community support to expand the range of qualifications being offered. So if you look at the criteria there, the criteria will be—

**Senator CROSSIN**—Yes, but I like to look at the detail when it comes to Indigenous education funding. Last year, Tranby College got how much money?

**Mr Hoffman**—Tranby received \$1.1 million in 2005.

**Senator CROSSIN**—And IAD?

**Mr Hoffman**—The Institute for Aboriginal Development received \$2.1 million.

**Senator CROSSIN**—This is under the transitional funding bucket?

**Mr Hoffman**—Under the TPA arrangements.

**Senator CROSSIN**—Technically, and theoretically, once this legislation is passed, Tranby and IAD will be competing on a competitive basis with other VET providers and may end up getting none of that money. Is that correct?

**Mr Hoffman**—Theoretically, that is correct. You would expect that, provided they are achieving outcomes, they would be eligible to receive a portion of those funds.

**Senator CROSSIN**—But the funding is not guaranteed. It will be allocated on a competitive basis. So there is no guarantee.

**Mr Greer**—There is. The guarantee is that—as we have touched on earlier—the transitional arrangement in this would guarantee that those providers will receive at least 80 per cent of their 2005 transitional—

**Senator CROSSIN**—Eighty per cent for next year?

**Mr Greer**—Eighty per cent of the 2005 level in 2006. They would receive at least 60 per cent of their 2005 level in 2007, at least 40 per cent of the 2005 level in 2008 and at least 20

per cent in 2009. So they would at least get that if they were otherwise uncompetitive. In the unlikely scenario that they were otherwise uncompetitive they would at least attract those transitional rates.

**Senator CROSSIN**—On the basis of that, would you say the government is still committed in the long term to providing targeted financial assistance to Indigenous VET providers?

**Mr Greer**—Yes. What this is doing is making in some sense the mainstream work harder and better for Indigenous people. It is matching \$10 million of Indigenous specific supplementary funding by another \$10.9 million from mainstream funding. You have that pool specifically targeted to providers of Indigenous vocational education, particularly those who are demonstrating they are getting outcomes and who can demonstrate also Indigenous community governance arrangements.

**Senator CROSSIN**—If that commitment was there—if you were committed to targeted assistance in the VET area—wouldn't you make that pool of money only accessible to the 13 Indigenous VET providers?

**Mr Hoffman**—The assistance is more targeted to the Indigenous students regardless of whether they are attending an Indigenous VET institution or any other vocational education and training institution.

**Senator CROSSIN**—Where we are hearing reports that you intend reducing your contributions to the joint funding pool by 20 per cent each year until 2010, that only relates to the transitional arrangements of the four colleges—is that correct?

**Mr Hoffman**—That does not relate to the Indigenous funding pool. That is separate from the pool.

**Senator CROSSIN**—That is separate from the \$10.9 million is it?

**Mr Hoffman**—Yes, that is separate from the pool altogether.

**Senator CROSSIN**—In my mind I thought it was part of the \$10.9 million.

**Mr Greer**—That is separate.

**Senator CROSSIN**—There is another transitional pool, basically.

**Mr Greer**—The grandfathering will be funded separately to the competitive allocation of the funding pool, if that makes sense.

**Senator CROSSIN**—I see.

**Mr Greer**—I am sorry; we should have clarified that for you upfront.

**Senator CROSSIN**—Is the \$10.9 million an allocation over four years?

**Mr Hoffman**—Three years.

**Senator CROSSIN**—Starting from this year?

**Mr Greer**—2006.

**Senator CROSSIN**—From 2006 to 2009. So it is a three-year forward estimate.

**Mr Greer**—The VET funding agreement is a triennial agreement whereas the Indigenous and the schools funding agreements are quadrennial. So it is locking into the triennial nature or character of the—

**Ms Paul**—It is just part of the triennial agreement.

**Senator CROSSIN**—So that is all part of the skilling Australia VET agreement the states have signed up to—is that correct?

**Mr Greer**—That is correct. In the context of that, the states have agreed to match those funds coming through.

**Senator CROSSIN**—The states will agree to anything these days, won't they!

**Ms Paul**—We already know the states must match because that was a requirement of them signing the vocational and technical education agreement.

**Senator CROSSIN**—In total, how much of the Skilling Australia's Workforce funds are actually earmarked for Indigenous specific projects?

**Mr Greer**—I think that is probably a question better asked of vocational and technical education—

**Senator CROSSIN**—I will put that on notice to them.

**Mr Greer**—other than to say that the majority of that funding, of course, is per capita funding.

**Ms Paul**—We are happy to take it on notice.

**Senator CROSSIN**—I will submit it with the questions. Would you know what percentage of the total \$10.1 billion allocated to Skilling Australia's Workforce is for Indigenous specific projects?

**Ms Paul**—We would need to take it on notice.

**Senator CROSSIN**—Can you provide a brief description of the elements of the COAG trial your department is leading and what specific initiatives are being implemented?

**Ms Paul**—Our department leads the COAG trial in Murdi Paaki on behalf of the Commonwealth government. Our partner department in the New South Wales government is the Department of Education and Training. We work with the local governance arrangements that have been set up by the 16 Indigenous communities through their 16 working parties and their regional assembly. We have an oversight/lead agency role for the whole trial.

**Senator CROSSIN**—Yes, I know. I asked what specific initiatives are being implemented.

**Dr Jarvie**—We can all answer this because we are all so deeply involved in the deliveries. There are a wide range of specific initiatives. In terms of shared responsibility agreements, 14 have been signed and are currently in place—six regional agreements and eight local SRAs.

**Senator CROSSIN**—In Murdi Paaki?

**Dr Jarvie**—The last two, one regional one and one with the community of Ivanhoe, were signed last week at the workshop that was held in Cobar. Do you want me to go through them all? There are quite a lot now.

**Senator CROSSIN**—We are short of time.

**Ms Paul**—We could give you a list of what they deliver, if you like.

**Senator CROSSIN**—Yes. Can you do that, if that is all right? How much has your department spent on the COAG trial?

**Mr Greer**—We answered that question in E29, which Senator Carr asked for.

**Senator CROSSIN**—Are they all the latest figures?

**Mr Greer**—Yes, that incorporates the figures that Dr Jarvie just mentioned. At the headline level, since 2003-04, from the Commonwealth perspective we have injected \$5.097 million into the trial and, of that, \$1.819 million has come from the department. So we have been able to leverage other Commonwealth agencies to contribute to those. That of course is in addition to the contribution that our New South Wales colleagues have made also.

**Senator CROSSIN**—Have the figures you provided to Senator Carr changed? Is that the annual allocation to the next budget?

**Mr Greer**—No. Those are the figures that underpin the initiatives that we have implemented in Murdi Paaki under the COAG trial, including the 14 SRAs and other—

**Ms Paul**—It is the commitment to date.

**Senator CROSSIN**—The COAG trial's objectives talk about negotiating agreed outcomes and benchmarks. Given the October 2003 document, *Shared responsibility shared future*—all you senior public servants would be familiar with all of that now, if the new way of operating is working properly—has your department identified baseline data that would be used in measuring the success of the trial?

**Mr Greer**—Yes. I am pretty sure that at the last session we provided Senator Carr with a full copy of the evaluation framework for the Murdi Paaki trial.

**Senator CROSSIN**—Is that the evaluation framework that is being used across all COAG trials?

**Mr Greer**—That was the evaluation framework for the Murdi Paaki trial, which the two lead agencies have agreed. The OIPC will be coordinating a uniform approach across all trials to draw on aspects of good practice from the Murdi Paaki framework as well.

**Senator CROSSIN**—Yes, I know. They were at estimates last night. When was this baseline data formally agreed on? I assume you agreed with Murdi Paaki community about the baseline data—is that right?

**Dr Jarvie**—We have agreed the framework. We have been putting together the data and certainly when the New South Wales government released their report—*Two ways together*—if I am correct, it contained a lot of the baseline data for Murdi Paaki compared to other areas in New South Wales. It had a lot of indicators on assaults, injuries and criminal justice system data. I do not think we have actually put it together in a public form and put it out at this point.

**Senator CROSSIN**—Are you intending to do that?

**Dr Jarvie**—Yes.

**Senator CROSSIN**—When?

**Dr Jarvie**—I will take that on notice. I do not have that with me at the moment.

**Senator CROSSIN**—Have you started tracking this data?

**Dr Jarvie**—We have put it together.

**Senator CROSSIN**—Have you identified performance indicators for the trials?

**Dr Jarvie**—I will have to take that on notice. I do not have that directly in front of me.

**Senator CROSSIN**—Would it be better if I put all of these questions on the COAG trials on notice?

**Dr Jarvie**—We would be happy with that. We have a very detailed approach to evaluation and monitoring.

**Senator CROSSIN**—I am racing through! I want to move on to the PSPI. At the last estimates, you provided figures on the number of applications made for PSPI funding and the number funded. Can you provide me now with the number of applications that have been received? You might remember that at the last estimates we had a discussion about the number of applications and the number of projects. Can you tell me how many applications have been received as opposed to how many of these were for projects?

**Mr Greer**—Yes. I think as at 5 August, which was pretty much at the end of round 3, the number of applications received, from memory—and I will turn it up here—was 712. I will see what we see said in our response to you.

**Senator CROSSIN**—712?

**Mr Greer**—That was formal funding applications.

**Senator CROSSIN**—I think we sorted these apples and pears out at the last estimates. I am hoping so.

**Mr Greer**—Yes. As at 30 June, there had been 712 applications, as distinct from concept plans, for funding under the whole-of-school intervention strategy. Of those, at that stage 512, or 82 per cent, had been approved. That was 138 homework centres and 444 parent-school partnerships. Since then, 1,058 projects under the whole-of-school intervention program have now been approved, including 867 PSPIs and 191 home work centres. The aggregate of that funding is \$20.5 million, which is 85 per cent of the annual allocation for that program. Those approvals do not of course count the fifth funding round, for which applications closed yesterday. At this point in the period, there are 1,058 approved projects, which is 85 per cent of the annual allocation of \$24 million—so \$20.57 million has been approved. The fifth funding round applications were due to us on 1 November—that is, yesterday.

**Senator CROSSIN**—Would you have brought with you how much the funding was per state and territory?

**Mr Greer**—Yes.

**Senator CROSSIN**—Did you anticipate that I was going to ask this? You might get a gold stamp for this!

**CHAIR**—Senator, we will have to break for dinner in a moment.

**Senator CROSSIN**—All right. You have brought with you the number of applications and projects applied for and funded by state and territory?

**Mr Greer**—No. I can give you a table. It does not go down to the numbers applied for, but it gives the DEST approved funding, the numbers of projects in aggregate, the split between PSPIs and homework centres and how much funding we have leveraged from other sources. There has been \$19.4 million of leveraged funding—that is, accompanying the \$20 million in Commonwealth contribution here, another \$19.5 million has been leveraged from other source funding. I am happy to give you a copy of this or come back to you to give you more specific details on concept plans and applications.

**Senator CROSSIN**—I think we have to move onto employment after dinner. I have about six pages of questions. I am sorry but I will have to put them on notice. Are you keeping track of schools that have got funding this year that is more than last year and schools which have funding this year which is less than last year?

**Mr Greer**—I have not done that for the totality, but I have in fact been able to do that for the Northern Territory.

**Senator WEBBER**—That is called anticipation! I think you just got the gold stamp that she was threatening you with.

**CHAIR**—If you have that available, could you make that available to the committee.

**Senator CROSSIN**—Could you table it. I am very impressed.

**Mr Greer**—It is not in a suitable form at the moment! It is a synopsis of what we have already provided to you. Of the 130-odd schools—I think it is 131—in the Territory that have been recipients of funding, two-thirds of those attracted \$3.84 million compared to, for those schools, \$1.736 million in ASSPA funding. Therefore in aggregate they were attracting something like 122 per cent more. However, a third of the schools attracted somewhat less than they might have been funding. But, if you look at the average across the Territory, on average all schools attracted more funding.

**Senator CROSSIN**—And this is a combination of the PSPI and homework centre funding as well, isn't it?

**Mr Greer**—Yes, it is a combination. It is funding under the whole-of-school initiatives.

**Senator CROSSIN**—I am under pressure and you are under pressure, but could you could somehow get that typed up. I will give you the rest of my questions on notice. I know you do a lot of work for me, and I am sorry we have such short time.

**CHAIR**—I thank the officers for their attendance. After dinner, we will be spending about 20 minutes to half an hour on innovation and research and the International Education Group before we start workplace relations.

**Proceedings suspended from 6.32 pm to 7.31 pm**

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**Innovation and Research Systems Group**

**Senator WONG**—I have some questions about the research quality framework. As I understand it, this is essentially a ranking mechanism. Is that right?

**Dr Arthur**—In other exercises of this nature which have been employed around the world, the result is indeed usually a ranking of universities according to research quality.

**Senator WONG**—If you could slow down for someone who is new to the area I would much appreciate it.

**Dr Arthur**—The usual product of a research quality exercise in similar cases where such an exercise has actually been carried out is a ranking of research activities in universities to a uniform scale.

**Senator WONG**—Is the proposition to undertake a trial next year?

**Dr Arthur**—No. The current proposition is that we will carry out trialling of various elements of the model, which we expect will be recommended to the minister later this year. Whether there would be a trial of all elements simultaneously, I am not quite sure. But, certainly, there will be trialling of elements of any model which might be recommended to government.

**Senator WONG**—And the recommendation of the model you are referring to will be drawn up by the expert advisory group. Is that right?

**Dr Arthur**—That is correct.

**Senator WONG**—How advanced are they in their activities?

**Dr Arthur**—Very advanced. We have published a document we call the preferred model for an RQF. That document was published a month or so ago—in September. That contains the majority of features, which we would need to have agreed to to carry out an RQF exercise. We are now in the process of refining some of the elements prior to the AG providing definitive advice to the minister.

**Senator WONG**—Which are the elements that are envisaged to be trialled next year?

**Dr Arthur**—That is going to be determined in detail in the course of next year. However, it is clear that a number of things that we will be likely to trial include testing whether the methodology for ranking the quality of research teams is sufficiently robust. It could include putting some assumptions about the relationship between scores for particular elements of a scale against some assumptions of how universities might perform and modelling the results for those universities. Those are two examples of things that one could trial, but they are not exhaustive.

**Senator WONG**—When you say trial, does that mean the allocation of the \$550 million will be subject to the RQF?

**Dr Arthur**—The minister has stated to date that his expectation is that the RQF would allocate all of the current Institutional Grants Scheme and be a driver of at least 50 per cent of the allocation of the Research Training Scheme. If you add those two together, you get roughly \$500 million.

**Senator WONG**—So it is about \$500 million?

**Dr Arthur**—Indeed.

**Senator WONG**—So does that mean that any funding next year out of that pool will all be allocated pursuant to the RQF or only some aspects, which will be trialled?

**Dr Arthur**—It is not expected that any funding next year will be allocated according to the RQF. It would not be possible to allocate funding on any trial. It would be necessary to carry out a full RQF to have that have any financial consequences.

**Senator WONG**—So what is the start date for implementation of funding being allocated utilising the RQF?

**Dr Arthur**—At the moment, there has been no government decision to implement an RQF nor any government decision to link funding to an RQF, if that is introduced. In terms of time frames, the EAG has indicated its view that it would not be feasible to carry out an RQF data collection before 2007. That would mean that, if government were to decide to implement an RQF, it could not have funding consequences, presumably, if that estimate is accurate, before 2008.

**Senator WONG**—I thought you said that there was no government decision the funding would be allocated or that the RQF would impact upon funding allocation. I must have misunderstood. I thought the minister had, in fact, announced that the RQF would be utilised for the purpose of funding allocation of the \$500 million.

**Dr Arthur**—The minister certainly has indicated his view that he would expect that, if an RQF were introduced, it would affect those amounts—that is, the minister providing the sector with clarity on what his preferred intentions are. However, it is the case that there has been no formal government decision to implement an RQF nor has there been any formal approach to government at this stage in terms of exactly how an RQF, if implemented, would affect funding.

**Senator WONG**—You said the EAG has distributed a number of discussion papers over the course of this year to date. Have they done a final report to government?

**Dr Arthur**—No. As I indicated, they have published what they have called the preferred model paper. At all stages, the EAG has reported as it has produced discussion papers of increasing firmness. There have been reporting processes to the minister associated with those. But it is not anticipated that the EAG will provide a final report until December this year.

**Senator WONG**—In that report you say the indication is that the EAG will not anticipate an RQF being feasible until 2007.

**Dr Arthur**—Correct.

**Senator WONG**—Have any particular universities been selected for the purposes of the trial?

**Dr Arthur**—No.

**Senator WONG**—Is it proposed that it be all universities or just some?



**Dr Arthur**—That very much depends on the detail of what is being trialled. So, at this stage, I do not know the answer.

**Senator WONG**—Who does know the answer? Does the EAG, or is it with government?

**Dr Arthur**—There is no answer at the moment because we do not know what precisely will be trialled and we do not know what the best methodology might be to trial that.

**Senator WONG**—On notice, can you give me a breakdown of the \$500 million-plus that you described over the forward estimates.

**Dr Arthur**—Certainly.

**Senator WONG**—That will be subject, or potentially subject to or conditional upon, the RQF.

**Dr Arthur**—I can certainly provide you with a statement—indeed, it is very easily available—of the amount of funding available under the Institutional Grants Scheme over the forward estimates and what 50 per cent of the Research Training Scheme would amount to over the forward estimates.

**Senator WONG**—How many staff members from the department are involved in supporting the RQF and the EAG?

**Dr Arthur**—I can certainly provide that information on notice. I do not have that detail.

**Senator WONG**—And the costs of same?

**Dr Arthur**—I can provide some costing information.

**Ms Harvey**—With regard to the supporting of the EAG, would you be after the staffing costs as well as the other costs that are incurred in supporting the EAG?

**Senator WONG**—Yes, thank you.

**Ms Harvey**—I will take that on notice.

**Senator WONG**—Is it possible to determine the DEST staff costs in providing that support?

**Ms Harvey**—Yes, we will split that out for you.

**Senator WONG**—The budget allocated \$2.8 million for 2005-06 for this purpose. What has been spent to date?

**Dr Arthur**—That figure referred to the development of both the quality of framework and the accessibility of framework, and it was a BAA decision. It covered two years of funding. We certainly can provide you with a breakdown of the expenditure of those funds.

**Senator WONG**—Thank you. Has there been no decision about details such as the compensation to universities for any costs for participating in the trial or anything like that?

**Dr Arthur**—No. Those things will be the subject of future decisions.

**Senator WONG**—In the minister's announcement and the foreword to a recent discussion paper, the minister said:

My Department will conduct a process, with the Australian Research Council and the National Health and Medical Research Council, to develop the way in which the outcomes of the RQF will impact on the funding distributed by the research councils.

Can you just remind me how much funding is, in fact, distributed by the ARC and the NHMRC?

**Dr Arthur**—It is certainly more than \$500 million in the case of, I think, the ARC but I am not going to swear to the accuracy of that. I have not got that information in front of me. It is in the order of some hundreds of millions of dollars, certainly.

**Senator WONG**—Can you provide that on notice?

**Dr Arthur**—We certainly can.

**Senator WONG**—Do I understand that the minister's announcement indicates that potentially all of that funding could be impacted upon by the RQF?

**Dr Arthur**—The minister's announcement is that he has requested a process to be put in place to examine those questions. That process has not yet formally started so there are no answers to those questions at the moment.

**Senator WONG**—I am not sure about the word 'examination'. The process is to develop the way in which the outcomes of the RQF will impact on the funding distributed by the Research Council. So the policy decision, as I understand it—tell me if I am wrong—is that the NHMRC and the ARC will be impacted by the RQF in terms of the allocation of their funds.

**Dr Arthur**—In terms of the detail of how an impact might occur, that is what the minister has requested a process to examine.

**Senator WONG**—You keep talking in the conditional—'it might occur'. I do not see that in the minister's announcement. If your understanding of government policy is different from mine, I would be pleased if you could indicate it to me. Has there been a decision that the RQF will affect the funding distribution of those two research councils or not?

**Dr Arthur**—I can probably answer that most effectively by giving a hypothetical answer to what the process might deliver. The RQF, I anticipate, will produce a large amount of data on the quality of research in Australia. That data will then be available to the ARC. One of the issues that the process will look at is the ways in which that might be of use to the ARC in making its decisions. Whether or not that will lead to changes in the way the ARC decide individual projects, I do not know.

**Senator WONG**—I understand that, but there is no hypothetical, is there, in terms of the RQF actually affecting the funding distribution by the Research Council? It is a question of how.

**Dr Arthur**—No, Senator. In the example that I just gave, there was no certainty that the RQF information would affect the decisions the ARC makes and therefore no certainty that it would affect the distribution of those funds. It is highly likely in fact that the wealth of information produced by the RQF will be found to be very valuable by a range of bodies dealing with research, including the ARC and the NHMRC, and it may well be the case that it has an effect on the distribution of funds, but I am not in a position to predict that it will.

**Senator WONG**—You are talking about outcomes. I am asking about whether they will be required to have regard to the RQF when allocating funds.

**Ms Paul**—That is the process we are undertaking with them now. Depending on the model that the EAG comes up with, the minister wants us to sit down with the ARC and the NHMRC and work out what impact the model might have on the decision-making processes inside the ARC and NHMRC—on how they make grants. You would expect that it would have an impact and that they would want it to. They would want to take into account, for example, excellence. If the RQF found that a team was particularly excellent, then that might be a factor that would be considered when the ARC panels made recommendations on grants. What we are going into now is the process to work out how the RQF model might impact on the decision-making processes in the ARC and NHMRC.

**Senator WONG**—You keep using the word ‘might’ as well. I do not see might in the minister’s comments. The process is to develop the way in which:

the outcomes ... will impact on the funding distributed by the research councils.

**Ms Paul**—Of course they will have an impact. There is no problem with that. All that we are qualifying or making conditional is that we do not yet know the ways in which it will.

**Senator WONG**—I accept that.

**Mr Cook**—Also, the next sentence states:

It is expected that any impact on research council funding would not occur until after the first RQF assessment process has been completed.

**Senator WONG**—That is just a timing issue.

**Ms Paul**—All we are saying is that of course there will be some sort of impact, but we just do not know what it will be.

**Senator WONG**—Was there any discussion with the ARC and the NHMRC about them being included, in terms of the RQF, prior to the minister’s announcement?

**Dr Arthur**—It had been made clear in the early announcements with regard to the RQF that it was to cover all publicly funded research in Australia. Indeed, the overall framework is already having an impact in terms of improved performance assessment of the publicly funded research agencies within the EST portfolio.

**Ms Paul**—Like CSIRO, for example.

**Senator WONG**—I thought you said it had not been developed yet. How is it having an effect?

**Dr Arthur**—The overall framework is that we should have an improvement in the assessment of the quality of Australian research as a part of their triennial funding agreements. The three EST agencies, CSIRO, the Australian Institute of Marine Science and ANSTO, have been required to have improved performance quality assessment processes put in place. In overall terms, it has always been clear that the RQF was intended by government to have an impact on all Commonwealth publicly funded research.

**Senator WONG**—When were the ARC and the NHMRC specifically advised that the intention was that the RQF would affect them? Were they advised before this announcement on 10 September?

**Dr Arthur**—I know the ARC was advised of the minister's intention to announce that a process would be put in place.

**Senator WONG**—When?

**Dr Arthur**—Prior to that announcement being made. I understand there were some contacts with the health portfolio on the issue, but I am not aware of the detail of that.

**Senator WONG**—Who would be aware of that?

**Dr Arthur**—I understand that those contacts occurred through the minister's office.

**Senator WONG**—So you are saying the ARC was advised when?

**Dr Arthur**—Shortly before the foreword to the report was made public. The sequence was that the EAG had prepared a report. The minister was intended to provide a foreword to that report. That foreword was drafted very shortly before the report was to be released. At that time, the ARC was advised of the intention to include that statement in the minister's foreword.

**Senator WONG**—When you say the foreword was drafted very shortly before the announcement, was that a few hours or a few days before?

**Mr Arthur**—We are talking days; we are not talking hours.

**Senator WONG**—But not weeks?

**Mr Arthur**—Not to my recollection. In terms of its attachment, I could not be certain that some of my staff had not been doing some wordsmithing before then, but, in terms of its inclusion in a formal process of advice, it certainly was a matter of days before the release of the preferred model paper.

**Ms Harvey**—When the initiative was announced in BAA, back in May 2004, it was clear it was for all Commonwealth publicly funded research. So it was back then.

**Senator WONG**—Shall we ask the ARC whether they understood that that meant that they were going to be part of this process?

**Ms Harvey**—It is certainly my understanding that they—

**Senator WONG**—You are saying they understood then?

**Ms Harvey**—I believe they did.

**Senator WONG**—But they were advised of the announcement of the process around the time the foreword was altered or finalised?

**Mr Arthur**—That would be correct.

**Ms Harvey**—Yes, that would be correct.

**Senator WONG**—Was the decision to include the reference to this process regarding the ARC and the NHMRC a decision of the minister's office?

**Mr Arthur**—It was the minister's foreword, yes.

**Senator WONG**—And is it the case that the first draft of the foreword by the department did not make reference to these two bodies?

**Mr Arthur**—I am not sure that we normally go into the issue of what advice we provide to the minister on these issues.

**Senator WONG**—That's probably right. Can I then ask about the NHMRC. Dr Arthur, to your knowledge was the NHMRC advised of that fact prior to the foreword being made public?

**Mr Arthur**—I believe I have answered that question in that I believe there was contact at the minister's office level, but I am not in a position to talk—

**Senator WONG**—But not at the departmental level?

**Ms Paul**—I spoke with the secretary of the department as well, before.

**Senator WONG**—When did you do that?

**Ms Paul**—I do not know, Senator, I would have to go back. But it would be in a similar time frame to the ARC. So it must have been a similar sort of time frame.

**Senator WONG**—In the days prior to the foreword—

**Ms Paul**—I presume so. I cannot remember.

**Senator WONG**—being made public.

**Ms Paul**—I cannot remember.

**Mr Cook**—I spoke to the CEO of NHMRC around the same time.

**Senator WONG**—Was that the first time they had been advised of that process?

**Ms Paul**—It would have been, because it was the intention then for the minister to put it in the foreword.

**Senator WONG**—What was the NHMRC's view about this?

**Ms Paul**—I did not speak with the NHMRC.

**Mr Cook**—They were interested to know exactly what the process was going to look like, and I said we would get back in touch with them about the process, because we would work that out as we developed our thinking on it.

**Senator WONG**—Has there been any research or analysis of NHMRC or ARC funding which suggested that this type of central control would be required?

**Ms Paul**—This is not central control; this is a process to work out the way in which the RQF findings can impact on the decision-making processes of the ARC and the NHMRC. They would have expected this since the announcements, as Ms Harvey said. So all this is doing is formally saying: 'And now we're going to start that process. Now is the point that we're starting the process.' The EAG has come quite a long way on the RQF. Now is the moment when we are starting the process of looking at the impact on these two major publicly funded research agencies.

**Senator WONG**—Has there been any concern raised about the way in which funding has been allocated by the ARC or the NHMRC?

**Ms Paul**—No.

**Senator WONG**—Has DEST done any analysis which has given rise to concern or divided advice in relation to the distribution of funds by those two bodies?

**Ms Paul**—No, this is not to do with concern; this is to do with the process of working out how the impact of the RQF will be taken account by those two agencies. It is not based on a particular concern; it is just the point we now find ourselves at in the process of the RQF development.

**Mr Arthur**—The ARC processes at the moment, in accessing applications, have considerable reference to the track record of researchers and research teams. The RQF will provide some rather more systematic information based on wide peer review, which will go to those particular questions.

**Senator WONG**—Prior to the department of health being advised in the manner you have indicated, Ms Paul, were the NHMRC advised of this process?

**Ms Paul**—I think we have indicated that. I do not know what the sequencing was but obviously Mr Cook says he has spoken to the NHMRC.

**Senator WONG**—Perhaps you could take on notice then from DEST's perspective the dates of contact in relation to the announcement for both the ARC and the NHMRC.

**Ms Paul**—Yes.

**Senator WONG**—This is not the EAG; this is DEST's process, isn't it?

**Dr Arthur**—That is correct.

**Senator WONG**—Are you intending to make that a public process?

**Dr Arthur**—Yes.

**Senator WONG**—Do I understand from your answer that the ARC would have known that the RQF would apply to it from May this year?

**Ms Paul**—I think we said, 'May last year', when the announcement was made.

**Senator WONG**—I am sorry—last year.

**Ms Paul**—I think we said that the RQF was to impact on publicly funded research agencies, of which they are one.

**Senator WONG**—Yes; I understood that the ARC and the NHMRC would generally give grants to individual researchers or research groups. Can you explain to me why they would need to take account of the ranking of universities?

**Dr Arthur**—I can certainly answer that one. The key point of the RQF is that it does not just provide rankings of universities; it provides assessments of the teams within universities working on particular research topics at a far more granular level than we are currently able to. That is one of the particular attractions of it for research policy. So against a common scale the RQF will produce scores of the research quality of groupings within universities. The

ARC, as you say, awards grants for individuals. It also creates centres—particularly centres of excellence—and in both those processes, as I have indicated, information on the track records—the quality, if you like—of the researchers and research teams is vital information. The RQF will produce information going directly to that point.

**Senator WONG**—So you are saying that the RQF will rank individual researchers?

**Dr Arthur**—No. The RQF, unlike the New Zealand exercise in this space, will not be ranking individual researchers. At least, it will not be reporting on individual researchers—that is the recommendation of the EAG. However, it will be providing, according to the current model, rankings of groupings of researchers within particular discipline areas.

**Senator WONG**—Discipline areas?

**Dr Arthur**—Indeed.

**Senator WONG**—And you would be expecting that the NHMRC and the ARC would have to take that ranking into account in some form, and that is what the process is looking at?

**Dr Arthur**—We are saying that that will be a large amount of information that, *prima facie*, we would think would be highly relevant to their processes. Therefore, we want to carry out a process—a very public process, as we have indicated—where we, with the ARC, NHMRC and the sector, can examine the best way in which that can occur.

**Senator WONG**—The ARC chief executive is reported to have stated in various public forums that the council would not be part of the RQF. Are you saying that he misunderstood what the government's policy was?

**Dr Arthur**—I am not really in a position to comment on the CEO's comments in that general format. I am not quite sure what you are referring to.

**Senator WONG**—Your assertion is that they would have known since May last year that the RQF would apply to them. I am putting to you that what is on the public record suggests that that is not the case.

**Dr Arthur**—I can only repeat what we have already said in terms of the announcement of government.

**Senator WONG**—Sorry?

**Dr Arthur**—We have already stated what government announced.

**Senator WONG**—Yes, but did people understand that that would apply to the ARC and the NHMRC, which are dealing with individual research grants and have done so independent of government? Did the ARC and NHMRC understand that that announcement meant that they would be subject to this?

**Dr Arthur**—I am afraid I really cannot speak for them.

**Senator WONG**—Did you advise them of that prior to 10 September?

**Dr Arthur**—Government made announcements in terms of the application of the RQF to all Commonwealth publicly funded research.

**Senator WONG**—You are the ones who deal with this. Prior to the discussions that were held immediately prior to the foreword announcement, did anyone from DEST have any discussions with the ARC and the NHMRC communicating the fact that the ARC and the NHMRC would be affected by the RQF?

**Dr Arthur**—I do not recall having discussions on that particular subject. Both the ARC and the NHMRC have been intimately involved in the development of the RQF itself. The CEOs of both organisations are on the expert advisory group. Discussions to date with the ARC and NHMRC have rather concentrated on the issue of how the RQF should operate.

**Senator WONG**—Can you on notice provide any correspondence from DEST to the ARC and the NHMRC, if there is any, in which it is indicated that the RQF is intended also to apply to their processes?

**Dr Arthur**—Certainly.

**Senator WONG**—And vice versa.

**Ms Paul**—Yes. We can certainly give you the documents which show clearly the scope of the RQF and probably give some sense of the EAG discussions that also go to that point.

**Senator WONG**—Has the process described in the foreword commenced?

**Dr Arthur**—No, it has not commenced. One complication has been that the current CEO of the NHMRC has announced the fact that he has resigned and will take up the position of Vice-Chancellor of the University of New England. It is probable that we will not commence the process until there is a new CEO in place or at least there is clarity in terms of the future arrangements.

**Senator WONG**—I think we will have more questions on notice on that, but I am happy to move on.

[8.03 pm]

**CHAIR**—Thank you very much, ladies and gentlemen. I now call officers from the International Education Group.

**Senator WONG**—I have one set of questions on the Bridge Business College. Did they apply for an exemption from the Tuition Assurance Scheme?

**Ms Laker**—Yes, that is correct.

**Senator WONG**—When did they make that application?

**Ms Laker**—They applied in August 2005.

**Senator WONG**—Are you able to give me the date?

**Ms Laker**—It was 8 August 2005.

**Senator WONG**—Has it been determined?

**Ms Laker**—At present, we are awaiting submissions by the college before a decision is made.

**Senator WONG**—They applied, but they have not made submissions?



**Ms Laker**—We have asked if they would like to make submissions before a decision is made.

**Senator WONG**—When did you make that request?

**Ms Laker**—Within the last month. I would have to take it on notice to give you an exact date.

**Senator WONG**—They are not currently subject to the TAS, are they?

**Ms Laker**—They are currently not a member of the Tuition Assurance Scheme.

**Senator WONG**—They are currently operating without tuition assurance for students?

**Ms Laker**—That is correct. They are not a member of a scheme.

**Senator WONG**—Why was there a delay between when you received the application and when you requested submissions?

**Ms Laker**—In order to consider a ministerial exemption, the college was first asked to examine all other alternatives. That would include a bank guarantee, an indemnity from a parent organisation—which, in this case, could not apply—and seeking membership of another tuition assurance scheme. We allowed them to do all of that before seeking to determine whether a ministerial exemption should be granted.

**Senator WONG**—And they were not able to obtain any of those other guarantees or securities?

**Ms Laker**—They have chosen not to take out a bank guarantee and have pursued a ministerial exemption.

**Senator WONG**—What is the time line on resolution of this?

**Ms Laker**—We are awaiting their submissions, which are due by 10 November.

**Senator WONG**—Are there some statutory factors or other factors on the public record the minister is required to consider when making this determination?

**Ms Laker**—I am not sure that I understand the question.

**Senator WONG**—Are their criteria which guide the minister's determination of this application? If so, where are they set out?

**Ms Laker**—There are not published criteria. Each ministerial exemption is considered on its own merits.

**Senator WONG**—So there are no internal guidelines or criteria?

**Ms Laker**—There are no published guidelines.

**Senator WONG**—That was not my question. Are there any internal guidelines or criteria?

**Ms Laker**—I do not believe that there is a document that would be called criteria or guidelines for determining ministerial exemption.

**Senator WONG**—What do you say are the factors the department understands would be used to assess this application?

**Ms Laker**—The primary interest is ensuring the protection of students. Each individual application is considered on the grounds that the applicant is seeking a ministerial exemption. The regulations provide for some examples of why a ministerial exemption could be granted.

**Senator WONG**—You have been very careful in answering my questions, Ms Laker, saying there is no document. Are you seriously telling me there is no guidance at all provided for the ministerial determination of this issue internally?

**Ms Laker**—I am sorry. Could you repeat that?

**Senator WONG**—You have been very careful to say there is no document headed, ‘Guidelines’ or ‘Criteria’. I do not want to engage in sophistry here. What I want to know is: what is the department’s understanding of the basis on which the minister makes his determination on such an exemption application?

**Ms Laker**—As a starting point, it would be the regulations, which provide examples of the types of circumstances under which the minister would consider providing an exemption. The types of things that are listed in the regulations include that there is not a tuition assurance scheme available that covers the courses provided by that individual provider. Another one is that the tuition assurance schemes that exist, which do cover the kinds of courses, have rejected the provider’s application for membership.

**Senator WONG**—That is the starting point. Are there any additional grounds, criteria, guidelines or considerations?

**Ms Laker**—The granting of ministerial exemption requires that the minister believes on reasonable grounds that that provider should not be expected to become a member of a tuition assurance scheme. As I said, in looking at the interests and protection of students, we would look at any reasons that the provider could put forward that would suggest that it was reasonable for the minister to take that decision. That may include that they have sought membership of another tuition assurance scheme and have not been accepted into another tuition assurance scheme. They may propose to us that the cost of the tuition assurance scheme of which they have sought membership is excessive.

**Senator WONG**—How many students are currently studying with Bridge, Ms Laker?

**Ms Laker**—In the vicinity of 700.

**Senator WONG**—So 700 overseas students are currently studying at Bridge without protection for their moneys paid to Bridge and without protection of the future provision of education services to them by that provider.

**Ms Laker**—No, that is not correct. There are alternatives to tuition assurance coverage. There are basically three tiers of protection. The first is—

**Senator WONG**—I do not want a theoretical; I want to know what assurances the 700 students have.

**Ms Laker**—At the moment, they have no reason to be seeking any consumer protection; Bridge is providing the course for which they have paid.

**Senator WONG**—That is not the question I asked. They are not a member of the Tuition Assurance Scheme—

**Ms Laker**—That is correct, and we are considering ministerial exemption.

**Senator WONG**—I understand that. I am moving on from that right now. I am asking what protection these 700 students have.

**Ms Laker**—Those students have the protection of being able to seek a refund direct from the provider.

**Senator WONG**—If they have the money.

**Ms Laker**—If they are eligible, they are also able to apply for a refund from the fund manager, who manages the assurance fund. In the first instance, that fund manager would determine that the students were eligible. Once that was determined, the fund manager would place the student in an alternative course if that was possible and, if not, would provide a refund to the student.

**Senator WONG**—Who is the fund manager?

**Ms Laker**—The fund manager is PricewaterhouseCoopers.

**Senator WONG**—So this is separate to any Tertiary Assistance Scheme?

**Ms Laker**—That is correct.

**Senator WONG**—Do we know the liquidity or the financial situation of the fund and of Bridge?

**Ms Laker**—Yes.

**Senator WONG**—Have you undertaken those inquiries?

**Ms Laker**—The assurance fund is managed by PricewaterhouseCoopers via a contract from the department so, yes, we are aware of the status of the fund at all times.

**Senator WONG**—Are you satisfied that Bridge continues to be a viable financial operation and that students are not going to lose money or have education services withdrawn without having recourse to refunds?

**Ms Laker**—We have no reason to believe that Bridge is not financially viable.

**Senator WONG**—That is not what I asked.

**Ms Laker**—And, in the instance that a student would seek a refund, if Bridge does provide a refund, as I have said, they would be entitled to go to the fund manager and the fund manager would be able to satisfy any eligible students' claims.

**Senator WONG**—Have you done a financial risk assessment?

**Ms Laker**—On Bridge?

**Senator WONG**—Yes.

**Ms Laker**—Yes.

**Senator WONG**—When was that done?

**Ms Laker**—August 2005.

**Senator WONG**—After the application?

**Ms Laker**—No.

**Senator WONG**—What prompted the financial risk assessment?

**Ms Laker**—There are separate issues that we have been investigating in terms of compliance with the ESOS Act.

**Senator WONG**—Can you provide a copy of the financial risk assessment please?

**Ms Laker**—We might have to take on notice whether we are able to do that. If we are, we will provide that.

**Mr Kriz**—Amongst other things, I am responsible for conducting the financial viability assessments in the department, including in matters like these. We do not have the information with us, so we cannot provide it to you now. The concern that I have with the request is that, in this particular committee, we cannot provide information in camera. That would indicate to the world at large the methodology that we employ to assess financial viability in instances like these and, in fact, right across the board. From a risk management perspective with regard to the people that we assess that would be a real problem not just for this program but right across the board of the department.

**Senator WONG**—What I am interested in is what associated issues were being investigated. Could you take that on notice? I also advise that there are two pieces of advice from the Clerk which I ask the committee to provide to you in relation to the provision of this sort of information. That is what I am interested in, and if you have concerns about it, we can have another argument another time about your internal processes regarding whether you have to disclose how you undertake a risk assessment. What I am particularly interested in is what associated issues—which Ms Laker referred to—are being investigated by the department. I am also interested in the results of the financial risk assessments for Bridge. Can you take on notice how many other applications for exemption have been made over the last five years? How long has the scheme been in existence?

**Ms Laker**—Tuition Assurance Schemes have been in place since 1997. We can take that question on notice. It is a relatively small number, given there are 1,200 providers.

**Senator WONG**—Are there any other applications currently awaiting determination?

**Ms Laker**—Not that I am aware of, no.

**CHAIR**—Thank you very much.

[8.21 pm]

## **EMPLOYMENT AND WORKPLACE RELATIONS PORTFOLIO**

### **In Attendance**

Senator the Hon. Eric Abetz representing the Minister for Employment and Workplace Relations

### **Department of Employment and Workplace Relations**

#### **Portfolio overview and major corporate issues**

Dr Peter Boxall, Secretary

Mr Graham Carters, Deputy Secretary, Workforce Participation

Ms Malisa Golightly, Deputy Secretary, Employment

Mr Finn Pratt, Deputy Secretary, Workplace Relations

Ms Vanessa Graham, Chief Financial Officer, Financial Management Group

Ms Lyn Valentine, Assistant Secretary, Financial Policy, Processing and System Support, Financial Management Group

Mr Jeremy O'Sullivan, General Manager, Corporate Group

Mr Brian Quade, Assistant Secretary, Parliamentary Performance and Communications Branch, Corporate

Mr John Burston, Chief Information Officer, IT Services Group

Ms Michelle Baxter, Assistant Secretary, Legal Branch, Corporate

Mr Simon Gotzinger, Assistant Secretary, Legal Branch, Corporate

Mr Dudley Grounds, Senior Executive Lawyer

Mr Henry Carr, Senior Executive Lawyer, Legal Branch, Corporate

Ms Rowena Barrell, Assistant Secretary, Human Resources Branch, Corporate

Mr Shayne Howard, Acting Assistant Secretary, Fraud and Investigations Branch, Corporate

Ms Diane Merryfull, Assistant Secretary, Legislation Reform Branch

Mr Peter Cully, Assistant Secretary, Legislation Reform Branch

Mr David Bohn, Assistant Secretary, Legislation Reform Branch

#### **Outcome 1: Employment**

Mr Stephen Moore, Group Manager, Employment Systems Group

Mr Michael Manthorpe, Group Manager, Employment Business Services Group

Ms Meredith Fairweather, Assistant Secretary, Employment Communications Branch

Ms Cathy Walters, Acting Assistant Secretary, Employment Pathways Branch

Ms Margaret Kidd, Acting Group Manager, Specialist Services and Income Support Group

Mr Pete Searle, Assistant Secretary, Working Age Payments and Assurance Branch

Mr Phil Brown, Assistant Secretary, Payments Projects and Coordination Branch

Ms Jennifer Chadwick, Assistant Secretary, Disability Employment Services Branch

Ms Cathy Walters, Acting Assistant Secretary, Employment Pathways Branch

Ms Janine Pitt, Assistant Secretary, Work Experience Branch

Ms Jo Caldwell, Group Manager, Intensive Support Group

Mr Ted Cole, Principal Advisor, Workplace Relations Policy Group

Mr Anthony Parsons, Group Manager, Job Search Support Group

Mr Matthew James, Assistant Secretary, Employment Exchange Branch

Mr Tony Waslin, Assistant Secretary, Transition and Participation Branch  
Ms Joan ten Brumelaar, Assistant Secretary, Centrelink and Stakeholder Management Branch

**Outcome 2: Workplace Relations**

Ms Jenet Connell, Group Manager, Workplace Relations Services Group  
Mr Tom Fisher, Federal Safety Commissioner, Office of the Federal Safety Commissioner  
Mr Craig Symon, Group Manager, Workplace Relations Implementation Group  
Mr Michael Maynard, Principal Advisor, Workplace Relations Implementation Group  
Ms Tulip Chaudhury, Acting Assistant Secretary, Public Sector Branch  
Mr Leigh Quealy, Assistant Secretary, Building Industry Branch  
Ms Jacinta Galluzzo, Acting Assistant Secretary, Industries Branch  
Ms Helen Bull, Acting Group Manager, The Office of the Australian Safety and Compensation Council  
Mr John Kovacic, Group Manager, Workplace Relations Policy Group  
Mr John Stewart, Director, Training and Skills Formation Section, Workplace Relations Policy Group  
Mr Brant Pridmore, Acting Assistant Secretary, Strategic Policy Branch  
Ms Anna Clendinning, Assistant Secretary, Strategic Policy Branch  
Mr Bob Bennett, Assistant Secretary, Legal Policy Branch  
Mr David Debate Silva, Assistant Secretary, Legal Policy Branch  
Ms Melissa Ryan, Director, Workplace Relations Reform Implementation Taskforce, Workplace Relations Policy Group  
Ms Louise McDonough, Assistant Secretary, Wages and Conditions Policy Branch  
Mr Les Andrews, Acting Assistant Secretary, Wages and Conditions Policy Branch  
Mr George Brennan, Assistant Secretary, Workplace Relations Reform Implementation Taskforce  
Ms Anya Moore, Assistant Secretary, Workplace Relations Reform Implementation Taskforce  
Mr Alfred Bongi, Assistant Secretary, Employee Entitlements Branch  
Mr Stewart Thomas, Acting Assistant Secretary, Employee Entitlements Project Branch  
Mr Steve Kibble, Assistant Secretary, Workplace Services Branch  
Mr James Smythe, Chief Counsel, Workplace Relations Legal Group  
Ms Sherry Pullen, Head of Secretariat, Awards Review Taskforce Secretariat, Workplace Relations Policy Group

**Outcome 3: Workforce Participation**

Mr Bob Harvey, Group Manager, Indigenous Employment and Business Group  
Ms Lynne Curran, Group Manager, Research, Evaluation and Legislation Group  
Mr Barry Sandison, Acting Group Manager, Working Age Policy  
Ms Mary Anne Sakkara, Assistant Secretary, Community Development Employment Project, Future Directions Branch  
Ms Jody Hamilton, Assistant Secretary, Business and Policy Development Branch  
Ms Christine Langsford, Assistant Secretary, Community Development Employment Project, Business Development Branch  
Mr Bruce Whittingham, Principal Adviser, Working Age Policy

Ms Alison Durbin, Manager, Working Age Taskforce  
Ms Susan Devereux, Project Manager, Working Age Taskforce  
Ms Jennifer Taylor, Group Manager, Labour Market Strategies Group

**Office of the Employment Advocate**

Mr Peter McIlwain, Employment Advocate  
Mr David Rushton, Senior Legal Manager  
Ms Ann Skarratt, Corporate Director  
Mr Geoffrey Casson, Deputy Employment Advocate, Client Service Network

**Equal Opportunity for Women in the Workplace Agency**

Ms Anna McPhee, Director

**Comcare**

Ms Barbara Bennett, Chief Executive Officer  
Mr Noel Swails, Deputy Chief Executive Officer  
Ms Janette Davis, General Manager, Occupational Health and Safety (Commonwealth Employment) Act Policy and Support  
Mr Stewart Ellis, General Manager, Injury Management  
Mr Matt Goldrick, General Manager, Claims Policy and Systems Improvement  
Mr Terry Langton, General Manager, Corporate Management Division  
Ms Jane Romeyn, General Manager, Research and Strategy

**Australian Industrial Registry**

Mr Nicholas Wilson, Industrial Registrar  
Mr Terry Nassios, General Manager, Statutory Services

**Indigenous Business Australia**

Mr Ron Morony, General Manager  
Mr Ian Myers, Deputy General Manager  
Mr Ivan Parrett, Assistant General Manager, Indigenous Economic Development Branch  
Mr Colin Clements, Assistant General Manager, Home Ownership Programme  
Ms Kaely Woods, Assistant General Manager, Policy and Partnerships  
Mr Anthony Lovell, Chief Finance Officer

**Australian Building and Construction Commission**

Mr Nigel Hadgkiss, Director, Building Industry Taskforce  
The Hon John Lloyd, Australian Building and Construction Commissioner, Office of the Australian Building and Construction Commission  
Ms Heather Hausler, Assistant Commissioner, Office of the Australian Building and Construction Commission

**Department of Employment and Workplace Relations**

**CHAIR**—Good evening. I welcome to this public hearing the Minister representing the Minister for Employment and Workplace Relations, Senator the Hon. Eric Abetz; the Secretary, Dr Peter Boxall, and officers of the Department of Employment and Workplace Relations and agencies; as well as observers. The committee examined the budget expenditure of this portfolio at its hearings on 30 and 31 May and 3 June 2005 and will tonight be considering matters of which senators have given notice. The committee has resolved that answers to questions on notice are to be lodged with the committee by Monday 5 December

2005. Any written questions on notice should be lodged with the secretariat by midday on Monday 7 November 2005.

I remind officers that in its orders of continuing effect the Senate has resolved that there is no area in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise. Officers shall not be asked to give opinions on matters of policy and shall be given an opportunity to refer such questions to superior officers or to the minister. The giving of false or misleading evidence to the committee may constitute a contempt of the Senate. Oral evidence and documents in estimates proceedings are part of the public record. Minister, would you like to make an opening statement?

**Senator Abetz**—I would, but I will desist.

**CHAIR**—Dr Boxall, do you wish to make an opening statement?

**Dr Boxall**—No, thank you.

**Senator WONG**—That was tempting, wasn't it, Dr Boxall?

**CHAIR**—In that case we will proceed directly to questions. I understand that Senator Wong has some questions.

**Senator WONG**—I want to ask some questions following up some questions on notice. I first indicate there were a number of questions which were received late, including a number on 30 September. I presume there were good reasons for the delay in the provision of those?

**Dr Boxall**—A number of answers were received—

**Senator WONG**—Sorry, I meant answers. It has been a very long day. I may not make a lot of sense, but I will try.

**Senator Abetz**—We could adjourn, if you like.

**Senator WONG**—We could always sit on Friday if you wanted to agree to that, Senator Abetz. That is the alternative.

**Senator Abetz**—No, that is not allowed. Your party did not want to.

**Dr Boxall**—My understanding is that the minister has tabled answers to all questions on notice. There were a very large number of questions on notice, including ones put on the *Notice Paper*, and all the answers have been tabled.

**Senator WONG**—Sorry, I thought the last answer was received yesterday. Is that right, or was it today?

**Dr Boxall**—That is correct.

**Senator WONG**—You made it today, but the date of receipt was 22 July. I am asking about the delay on the provision of answers.

**Dr Boxall**—The department prepares the draft responses as quickly as we can, given the large number of questions. Then the minister considers the draft responses and tables them.



**Senator WONG**—You keep saying there is a large number. DEST actually had more than you, and I was with FaCS yesterday and they claimed that they had the third highest number of questions. I do not know who is ahead of them.

**Senator Abetz**—That was Human Services.

**Senator WONG**—Sorry, it was Human Services. Minister, you are right. Are all answers provided to the minister's office before tabling with the committee?

**Dr Boxall**—Indeed. It is the minister who tables them, not the department.

**Senator WONG**—In relation to answers received from 9 August by the committee, I would like to know the dates on which those were provided to the minister's office.

**Dr Boxall**—That is a question that we would have to take on notice. To be honest, on the program this is about outcome 1 and outcome 3. Questions on the tabling of answers and the number of answers provided to the minister's office is cross portfolio and the relevant staff are not here.

**Senator WONG**—I am asking you to take it on notice.

**Dr Boxall**—And I said that I will take it on notice.

**Senator WONG**—I have asked that of a number of departments so far at this estimates and you are the first secretary to indicate that is an issue on which you would have to get advice.

**Dr Boxall**—I did not indicate I would have to get advice on it. I said I will take it on notice. There is a difference.

**Senator WONG**—Okay. Can I turn to W002-06. The answer provided states:

... estimates of Special Appropriations form part of policy advice to Government and are not available publicly.

Since when are estimates of special appropriations policy advice to government?

**Dr Boxall**—This is the minister's answer. We cannot really add to it.

**Senator WONG**—I ask you to refer to the introductory remarks by the chair about the basis on which questions must be answered. I am asking the department why it is that questions regarding estimates of public moneys being expended under special appropriations cannot be provided to this committee.

**Dr Boxall**—The minister has already considered this question and taken advice from the department, and this is the answer that has been tabled.

**Senator WONG**—What is the basis on which the department says it is not obliged to provide that answer to this committee?

**Dr Boxall**—The department has not said anything. This is the minister's answer. It is not the department's answer.

**Senator WONG**—Fine. Can I please have the department's forward estimates for the DSP, the parenting payment and the Newstart program?

**Dr Boxall**—To be sure I understand the question, you would like the forward estimates for which areas?

**Senator WONG**—The disability support pension, parenting payment and the Newstart program.

**Dr Boxall**—The government has made a decision not to provide those forward estimates. That is the reason why those forward estimates are not in the portfolio budget statement. It is nothing to do with this department.

**Senator WONG**—Minister, perhaps you can indicate why it is the department does not feel it is appropriate to tell taxpayers what they are estimating for expenditure on three extremely large income support payments?

**Senator Abetz**—It is not the department. It has nothing to do with it.

**Senator WONG**—No. I asked why the government made this decision.

**Senator Abetz**—No, I think the question was regarding the department but reframed. That has been a policy decision, I would imagine, of the minister.

**Senator WONG**—Is that a government policy that special appropriations do not have to be the subject of scrutiny by the Senate estimates process?

**Senator Abetz**—I have been advised by the secretary that the government made a decision a number of years ago not to publish the forward estimates in portfolio budget statements. That is something that has been done in other portfolio areas as well.

**Senator WONG**—That is a different answer. I am asking why you will not provide it to this estimates committee when you are asked. It is your projected expenditure of a very substantial amount of taxpayers' money and what you are telling the estimates committee, and the Senate through that, is that you do not want to disclose it.

**Senator Abetz**—That is right.

**Senator WONG**—I want go to W005-06. Is this your area, Mr Carters?

**Dr Boxall**—What number is that, Senator Wong?

**Senator WONG**—W005-06.

**Dr Boxall**—Yes, Senator Wong. We have that answer.

**Senator WONG**—What I was asking for was the maximum average rate assumed for the 2005-06 financial year. You have given me a point in time amount. I want to know what is, for the current financial year, the maximum average rate assumed in the budget for these particular payments.

**Mr Carters**—The figures that have been provided, as you have said, are the prevailing maximum rates at the time the question was answered. As well as that, we have given estimated annual average rates for 2005-06. Are you asking what the maximum rates are for 2005-06?

**Senator WONG**—Where is the estimated annual average rate?

**Mr Carters**—Table B.

**Senator WONG**—Is that the maximum rate?

**Mr Carters**—They are average rates, not maximum rates. It is the average rates which we use for costings purposes.

**Senator WONG**—That is what is assumed for the current financial year.

**Mr Carters**—Yes.

**Senator WONG**—What are the MTAW and CPI assumptions that this is predicated on?

**Dr Boxall**—That is for the 2005-06 financial year.

**Senator WONG**—Correct.

**Dr Boxall**—Those are parameters that are distributed by Treasury. All departments base their costings on those parameters. As far as I know, the Treasurer and the government have not made those parameters available, and it is certainly not for us to make them available.

**Senator WONG**—We are getting off to a good start, aren't we, Dr Boxall? Have there been any alterations to that estimated annual average rate since the date of provision of the answer or since the budget figures were arrived at?

**Dr Boxall**—As I understand it, that annual average rate was used for the costings of the budget measure. I do not think that has been changed since. I doubt whether the parameters have been revised and there has been no call to re-cost it.

**Senator WONG**—You have not disaggregated the DSP estimated annual average rate into its various components—nor the PERSON, nor youth allowance. Is the averaging done across those categories or do you have average rates within the different categories?

**Dr Boxall**—That is the top one for 455?

**Senator WONG**—All of them. If you compare attachment A with attachment B, within an income support payment category there are a number of different categories with quite substantially different rates, as you will see. You have given me an average annual rate. I am asking: is it possible that that can be disaggregated to an annual average rate assumed for each of those categories?

**Dr Boxall**—We need to inquire of one of our experts about whether, for costing purposes, we disaggregate the annual average rate according to the categories in table A. We will make some inquiries and get back to you on that.

**Senator WONG**—This next question is in 1.2, so would you prefer that I did this tomorrow, Dr Boxall?

**Dr Boxall**—If it is outcome 1 or outcome 3, we are quite happy to do it now.

**Senator WONG**—It is 1.2, question W041-06. Can somebody explain to me what the alternative servicing arrangements are that are referred to in that answer?

**Ms Caldwell**—Your question asked for an explanation of the alternative servicing arrangements in place. Job Network sites that do not have disability access will have a range of servicing strategies, as do other Job Network sites. This may include outreaching to other locations. Many Job Network members, in addition to their permanent premises, provide services in remote and outlying areas, including the use of alternative locations if there is an issue regarding disability access.

**Senator WONG**—Can you give me a couple of examples of existing alternative servicing arrangements?

**Ms Caldwell**—Certainly. Alternative examples are not limited only to disability access. It is part of the suite of customised and individualised services that we expect of Job Network under their servicing guarantee. They take a range of forms. Some concrete examples of this would be Job Network members where need be, dealing obviously by phone with an individual, making visits by agreement to the person's home or servicing them by agreement in a community location such as a community hall or other public meeting place of that nature.

**Senator WONG**—I turn now to W151-06. This is about the very long-term unemployed who have received two rounds of ISCA. It was probably not directly asked, but what happens post the second episode of intensive support customised assistance? Are they then on permanent Work for the Dole? What happens if people do not get another job after the second round of customised assistance?

**Ms Golightly**—Currently, after these people have finished their second round of intensive support customised assistance, we require our Job Network member that they are attached to to keep regular contact with them and keep assisting them through meetings, encouragement and general assistance with job search and that sort of thing.

**Senator WONG**—Are they funded for that subsequent contact?

**Ms Golightly**—Yes.

**Senator WONG**—On what basis?

**Ms Golightly**—It is part of the general fee.

**Senator WONG**—But there is no further incentive or outcome payment beyond that period?

**Ms Golightly**—Yes, there is. It is also through their outcome fees and I think they get a higher rate for those people.

**Ms Caldwell**—There is a higher rate for very long-term unemployed job seekers. There is also recognition for placement in sustainable jobs. Very long-term unemployed people who are successfully placed into employment attract among the highest rate of outcome fees and star ratings performance recognition, which counts towards their ongoing business. They also have continued access to the job seeker account, which they can use notwithstanding that a person may have completed that particular service phase.

**Senator WONG**—I turn to W152-06 and W153-06. The first refers to the Wage Assist program and the allocation amongst providers and recipients. I am not sure when this was provided. Has this progressed any further and when is the decision expected to be made?

**Ms Golightly**—To clarify, was one of the questions W152-06?

**Senator WONG**—Yes. I am asking when the consultation is expected to conclude and a decision expected to be made?

**Ms Golightly**—The Wage Assist policy consultations and also the consultations surrounding the exposure drafts and RFT are in progress at this point in time.

**Senator WONG**—The RFT?

**Ms Golightly**—The requests for tenders, which inform the market on what is being purchased, continue until Christmas or at least early December.

**Ms Caldwell**—Our RFT is scheduled to be released in the course of this month, and consultations would continue until the request for tender was released, of course, at which time consultations would be complete.

**Senator WONG**—Are you saying the decision on the allocation of the Wage Assist program is dependent on the tender process?

**Ms Golightly**—It is information which is dealt with in the tender process, yes.

**Senator WONG**—Is that the same in relation to W153-06, in which the sectors of the jobs will be subsidised?

**Ms Golightly**—In general terms, yes, but I am not aware of any particular sectors that will limit it. Our consultations and our discussions so far have indicated that this should be available across sectors.

**Senator WONG**—Do I understand from that that the Wage Assist program will not have any criteria or restriction associated with particular sectors?

**Ms Golightly**—That is correct.

**Senator WONG**—I want to go to W147-06, which refers to the impact of the changes to the JSCI. I asked for proportions of people who were projected to be classified as highly disadvantaged under the new arrangement and those who were currently classified under the current arrangement. Mr Correll is no longer here, so I assume this is with you, Mr Carters.

**Mr Carters**—Not necessarily. It depends what the question is.

**Senator WONG**—I asked specifically for information utilising what you described as your frequency distribution pattern for the JSCI scores, and in the estimates hearing of 31 May Mr Correll provided me with the data for 2004 and I requested the data for the future, post the implementation of the policy. I do not think you have provided that, and I wonder if you could.

**Dr Boxall**—We have just reviewed question on notice No. W147-06. This is the answer that the minister has given to that question, and he has tabled that answer.

**Senator WONG**— I know that, Dr Boxall.

**Dr Boxall**—We are not in a position to add to it.

**Senator WONG**—Is there some unwritten rule, Dr Boxall, that, in relation to any answer to a question on notice that senators might have an issue with, your answer will simply be: ‘That’s the minister’s answer. Don’t ask me’?

**Dr Boxall**—No. There is no rule that I know of in that regard. But what I am saying is that the minister decides, after taking advice from the department and, no doubt, from his office and elsewhere, to answer the question. It is very clear what the minister’s answer is to this question.

**Senator WONG**—Mr Correll made it very clear, in discussions we had on 31 May, that the information about where people sit in the JSCI is a relatively simple graphical presentation, something the department does every two to three months. It clearly must have been something which underpins the budget parameters for the Job Network because the announcement assumes a certain proportion of people who will be classified as highly disadvantaged. Surely this is information that this committee should be provided with.

**Dr Boxall**—Yes, indeed, and, in the case of the discussion we had at the last Senate estimates about what looked like a normal distribution and where you have cut-off points for the JSCI, the point that Mr Correll was making—and I will ask Ms Taylor to elaborate on it—is that the distribution itself can change from year to year because the distribution itself depends on various factors. So what can happen is you can have a shift in the distribution from year to year, quite apart from any decision to change the JSCI. The budget announcement was to increase the JSCI by two points, I think. That is the point. I will ask Ms Taylor to elaborate on that and to explain the normal distribution and how it can move from year to year.

**Senator WONG**—I am not asking that question, Dr Boxall. What I am asking is this: for the purposes of costing the budget announcements, did the department model the financial impact of increasing the JSCI by two points?

**Dr Boxall**—Yes.

**Senator WONG**—Is that assumed in the budget figures?

**Dr Boxall**—It is one of the parameters that underlies the costings.

**Senator WONG**—I am asking for that information.

**Dr Boxall**—And the minister has given his answer to that. He tabled his answer to that question.

**Senator WONG**—The answer does not go to the information that you and I have just been discussing.

**Dr Boxall**—I cannot add to the minister's answer.

**CHAIR**—And I think that Dr Boxall has made that clear.

**Senator WONG**—What is occurring here, Chair, is that the parameters of underlying budget costings, which underpin the budget figures, are not being provided to an estimates committee.

**CHAIR**—Nevertheless, Dr Boxall has indicated that he has nothing to add to the answer that you have been given.

**Senator WONG**—I think I also asked for some historical information, but it may not have been in this question. But could you provide the frequency distribution graph, I think it is called, indicating what proportion were identified as highly disadvantaged for previous years? You have 17 per cent for 2004. Could I have the figure for 2001 or 2002, or when it commenced?

**Dr Boxall**—We will just find out the date that the JSCI started. Clearly, it was in existence before 2004.

**Senator WONG**—Yes.

**Ms Taylor**—We should be able to provide that information for you. I will have to take that on notice.

**Senator WONG**—Yes, I expected that.

**Ms Taylor**—In answer to question W051-06, there was the frequency graph. You asked, in addition to the graph Mr Correll provided, for information from January to May 2005. That was provided in that response. I just want to be clear that you are asking for—

**Senator WONG**—Essentially, what I want is the proportion identified by the JSCI as highly disadvantaged—such as is indicated in answer (a) to the question we have been discussing—for the previous years since the commencement of the use of the JSCI.

**Dr Boxall**—That is clear. So you want the answer that is in (a) for the previous years?

**Senator WONG**—Correct.

**Dr Boxall**—We will take that on notice.

**Senator WONG**—Thank you. I turn to questions W160-06, W161-06 and W162-06. You indicated this is trend data. Essentially this is updating a previous answer that I think was provided in December 2004 as to trend data in relation to various categories of income support payments. The minister has indicated in his answer that updated data is not readily available. When will it be available? We would like to update the answer which has previously been provided. This is current and past payments; this is not future projections.

**Dr Boxall**—I think we update this data once a year.

**Senator WONG**—To obviate us having this argument regularly, when will that be?

**Dr Boxall**—The last lot was tabled on 11 March, so I imagine—

**Senator WONG**—That referred to December 2004 data.

**Dr Boxall**—That is correct. We tend to update it around, I think, the beginning of the year, after the year has finished. Clearly what happened was that the minister tabled some data on 11 March which referred to December 2004. So once we get to December 2005 we will be able to update and provide that. I stand to be corrected, and I will correct the record if necessary, but I imagine we will be able to do it around February.

**Senator WONG**—So we can either do it at the February estimates or, if we sit, I can lodge a question on notice in the Senate which deals with this issue?

**Dr Boxall**—I am told by my senior staff that it is around February.

**Proceedings suspended from 8.59 pm to 9.14 pm**

**CHAIR**—The committee will resume.

**Dr Boxall**—Senator Wong, with regard to question W005-06—this was the question about table A and table B on the average rates—for table B, where we have disability support pension 455, you asked earlier whether this had been disaggregated. The answer is no.

**Senator WONG**—I am asking if it could be. I am asking if you can give the average rates for each of the components in table A.

**Dr Boxall**—If that is the question, we will have to take it on notice because it is not available.

**Senator WONG**—I will turn now to W015-06. With regard to that question, we just indicated that the costings in the budget assumed 109,000 people would move from Welfare to Work by 2008-09 under the government's package. Can the department indicate why that differs from what the Treasurer said in a number of public statements on budget night, which is that 190,000 people are moving into work?

**Dr Boxall**—The department has nothing to add to the minister's answer to this question. The minister's answer is very clear—I have it here—and we have nothing to add to that answer and we have no comment on what the Treasurer might or might not have said.

**Senator WONG**—He clearly said it. It is on the public record in a number of cases. Dr Boxall, you are not disputing that, are you?

**Dr Boxall**—No. I am saying that we have no comment on what the Treasurer might or might not have said.

**Senator WONG**—So you have no explanation of why the Treasurer, on budget night, overinflated the positive benefits of this package by about 40 or 50 per cent?

**Dr Boxall**—The department has no comment on what the Treasurer might have said on this issue, or any other issue, for that matter.

**Senator WONG**—Given that this figure differs from the 190,000 spoken about on budget night, are there any other figures which have consequently been affected in terms of the Welfare to Work changes—for example, the 137,000 people who were assumed to access the Job Network?

**Dr Boxall**—I think this is a new question about the 137,000. We do not have any additional information on that.

**Senator WONG**—So the 137,000 accessing the Job Network figure, which was provided to me on the last occasion, is not altered?

**Dr Boxall**—Could you just repeat the last part of that question?

**Senator WONG**—As recorded on page 17 of the *Hansard*, I asked Mr Correll on Monday, 30 May:

The assumption of the 137,000—that is the assumption about how many people will access Job Network.

Mr Correll answered:

Correct.

I am asking if that remains the assumption the department is operating under, or is there a change to that figure?

**Dr Boxall**—The minister has tabled an answer to question No. W142-06, which I think gets to the 137,000.

**Senator WONG**—Yes. I do not seem to have all my questions here, but I am asking if there is any alteration to that figure of 137,000.



**Dr Boxall**—No, there is no alteration that I know of to the answer that the minister tabled, which goes through the data in the budget.

**Senator WONG**—Can you provide the most recent current numbers of recipients receiving parenting payment single, the disability support pension, Newstart and youth allowance on notice?

**Ms Golightly**—I think we might have them here. I will check for you.

**Senator WONG**—So there was no change to the figure of 137,000 for Job Network.

**Dr Boxall**—The minister has tabled an answer. If you require additional information, we will have to take it on notice.

**Senator WONG**—So you are budgeting for 137,000 people to go through the Job Network and 109,000 to actually get jobs. Is that right?

**Dr Boxall**—The figure of 109,000 is in one of the answers that were tabled. For question No. W142-06 the minister has tabled an answer, which says that places are not earmarked for specific customer groups. If you require additional information on that we will have to take it on notice.

**Senator WONG**—I will ask some questions about the NATSEM reports. I assume the department is aware of them?

**Dr Boxall**—Yes.

**Senator WONG**—Did the department undertake a similar type of modelling on the effective marginal tax rates faced by income support recipients prior to the budget changes being announced?

**Mr Carters**—There was work done in that respect through the task force at the time.

**Senator WONG**—Did that work indicate effective marginal tax rates of 65 and 75 per cent at the minimum wage for 15 hours work as is outlined in the NATSEM report or did the modelling differ from that of the NATSEM report?

**Mr Carters**—The modelling was similar to that of the NATSEM report.

**Senator WONG**—So the government was aware at the time of the announcement that the figures of effective return of \$2.27 and \$3.88 an hour were the likely outcome under their package?

**Mr Carters**—We focused on comparisons such as looking at the levels of income support of people on disability support pension or parenting payment single and comparing those to the Welfare to Work model. That is essentially people on the enhanced Newstart payment and working 15 hours a week, which is the requirement that they have on enhanced Newstart. There is no such requirement on parenting payment single or DSP.

**Senator WONG**—So you compared people who were not working with people who were working.

**Dr Boxall**—The issue is to compare people under the current regime and then under the proposed regime.

**Senator WONG**—But you have to compare apples to apples. You are comparing apples with pears; you are comparing the financial position of someone on income support who is not working with the financial position of someone on a new income support who is working.

**Dr Boxall**—The department's position is that we are comparing apples to apples. At the moment, there is a policy which says that somebody can be on the disability support pension and not have a requirement to work and somebody can be on a parenting payment and not have a requirement to work. The government's policy, as announced, is that some of these people with children over the age of six in the case of people on a parenting payment and those people who can work 15 hours or more a week in the case of people on the DSP will have mutual obligations, so the relevant comparison is whether they get a job combined with their allowance.

**Senator WONG**—There are a great many things that I could discuss with you, Dr Boxall, but I prefer to ask the questions. Mr Carters, you indicated that the NATSEM report was consistent with the modelling done by the government prior to the budget announcement. Did the government modelling indicate a similar level of effective marginal tax rate for persons on an enhanced Newstart?

**Mr Carters**—The effective marginal tax rates are similar. Obviously, once the tapers and the level of income are taken into account, there is no disputing what the effective marginal tax rates are.

**Senator WONG**—So the government was aware at the time of the budget announcement that it was putting in place a regime which increases the effective marginal tax rate for people moving off welfare and into work.

**Dr Boxall**—The government was aware that it was putting in place a proposal where these people would have a mutual obligation and would have access to a job, which is not the case now.

**Senator WONG**—No. They have a mutual obligation—they do not necessarily have access to a job—and mutual obligations could have been imposed without a change in the payment rate. But I am not asking that question. I do not really want to have a discussion about the relevant policy arguments. I am asking a very specific question about whether the government were aware at the time of the budget announcement that, because of the modelling to which Mr Carters has referred, they were in fact increasing the effective marginal tax rate for this target group as a result of the changes.

**Mr Carters**—They were not actually increasing the effective marginal tax rates, because they were changing the eligibility rules for people on income support. Therefore, new entrants would need to meet those rules and be under different conditions for their payment.

**Dr Boxall**—That is right.

**Senator WONG**—A person on the disability support pension working faces a lower level of marginal tax than a person on Newstart. Is that correct?

**Mr Carters**—Yes.

**Senator WONG**—Are there any aspects of the NATSEM report which the government disputed in terms of any of the findings as to effective marginal tax rates faced and effective

returns from work? I understand the policy argument that Dr Boxall was putting, but are there any technical arguments about the NATSEM report?

**Mr Carters**—With regard to technical arguments, there are a number of figures and so on that we have not been able to validate and that NATSEM are quite vague on, but their effective marginal tax rate work is certainly in the right ballpark.

**Senator WONG**—Was that a matter that the government was aware of at the time of the budget announcement?

**Mr Carters**—Yes.

**Senator WONG**—Has the department been asked to do any analysis of the NATSEM finding, or has the department done any analysis of the NATSEM reports?

**Mr Carters**—The department has provided briefing to the minister on the NATSEM report.

**Senator WONG**—A written briefing?

**Mr Carters**—Yes.

**Senator WONG**—On how many occasions?

**Mr Carters**—I think one.

**Senator WONG**—What was the date of that?

**Mr Carters**—I will take that on notice.

**Senator WONG**—I am not asking what the briefing comprised; I am asking the date on which it was provided.

**Senator Abetz**—Yes, and you have been told it would be taken on notice.

**Senator WONG**—Do you not know, Mr Carters or do you need to check with the minister?

**Senator Abetz**—No, it is being taken on notice.

**Senator WONG**—I am entitled to ask on what basis. Timing questions have always been questions that estimates committees can ask and be answered—not the content of the brief, I accept that.

**Senator Abetz**—Nobody is denying that you can ask the question. It is being taken on notice.

**Senator WONG**—And be answered.

**Senator Abetz**—That is an entitlement of any minister or officer to do.

**Senator WONG**—Can I ask the basis on which you want to take it on notice?

**Senator Abetz**—We can take that on notice as well.

**Senator WONG**—You treat the committee with contempt, Minister.

**Senator Abetz**—No. You are treating the committee with contempt when you are being told—

**Senator WONG**—It is perfectly legitimate to ask when advice was provided.

**Senator Abetz**—When you are being told, Senator, that something is being taken on notice, whether you like it or not, you have to accept it. You then can spend the rest of the night asking why it is being taken on notice but that is, with great respect, a fruitless exercise because, at the end of the day, the question has been taken on notice.

**Senator WONG**—Given how embarrassing the NATSEM reports are, I am not surprised you do not want to answer the question, Minister.

**Senator Abetz**—It is not at all embarrassing. When you have tried them in question time, you are the one that has ended up with egg all over your face. I hope you ask a few more when the Senate resumes.

**Senator WONG**—Have there been any changes to government policy as a result of the NATSEM report?

**Dr Boxall**—No.

**Senator WONG**—Was the modelling to which you referred done by the task force or was that contracted external to government?

**Mr Carters**—It was done by departments within the task force.

**Senator WONG**—Was there any modelling done by a body outside of government?

**Mr Carters**—No.

**Senator WONG**—I think you said, when I asked you about whether or not the department disputed any aspect of the NATSEM report, there were some figures that were a bit vague. Which ones are those?

**Mr Carters**—I would have to go through the report line by line and identify them. I do not actually know which ones at this stage; I will have to take that on notice, if you really want me to come back with that.

**Senator WONG**—Thank you. QON No. W017-06 is the question about the number of people who would otherwise be on each of the parenting payments and who will instead be on enhanced Newstart. I think it was indicated there were cumulative figures, and it was 86,200. Has there been any change to that figure?

**Mr Carters**—There has been no change to that figure. That remains the figure in terms of the impact from the budget measures. I note that it is an average annual impact; they are not cumulative figures.

**Senator WONG**—The figure of 86,200 is a cumulative figure.

**Mr Carters**—Yes.

**Senator WONG**—That is what I meant. It is not 21,800 plus 57,300 plus 86,200—86,200 is the cumulative figure for that year.

**Mr Carters**—Yes.

**Senator WONG**—There was a suggestion in the *Australian* of 12 August that Minister Andrews had supplied them with revised figures of around 90,000. Is that the case? Has there been a revision to the number of parents who will be on the lower payment?

**Dr Boxall**—The figure of 86,000 is around 90,000.

**Senator WONG**—I am sure that the 3,800 who might be worse off might think that they are more than just a technical rounding up, Dr Boxall.

**Dr Boxall**—The fact that somebody moves from the parenting payment and would be on Newstart does not mean to say they will be worse off.

**Senator WONG**—Other than their income support payment being reduced and them facing a far higher marginal tax rate; apart from that they will be fine.

**Dr Boxall**—No, the fact is that, as the government has pointed out, these people will then have a mutual obligation and will be connected to the Job Network and have the chance to get a job.

**Senator WONG**—I know all that. There was no revision, despite the report in the *Australian*, Mr Carters?

**Mr Carters**—There was no revision.

**Senator WONG**—So you cannot explain why that has been suggested?

**Senator Abetz**—Around 90,000 surely is 86,200. I do not see the point at all. In very round figures it is about 90,000.

**Ms Golightly**—Madam Chair, I have the answer to Senator Wong's earlier question. The current recipients of the various payments you mentioned, plus some others, are listed on page 35 of the 2004-05 annual report. In particular, disability support pension, 707,000 recipients; parenting payment, 616,000 recipients; and Newstart, 454,000 recipients.

**Senator WONG**—Are they the most recent figures?

**Ms Golightly**—Yes.

**Senator WONG**—Was answer W017-06 discussed with the minister's office?

**Dr Boxall**—All answers are the minister's answers. They are therefore considered by the minister's office.

**Senator WONG**—When was the first draft of this answer provided to the minister's office?

**Dr Boxall**—I am not sure we can get into when the department delivered draft answers to the minister's office. We do them as soon as we can and deliver them—

**Senator WONG**—I am going to press that, because that is a perfectly legitimate question to ask. In fact, I think you have even answered that previously. I am asking when this particular answer was provided to the minister's office and then when it was tabled. How long before it was tabled was it provided?

**Dr Boxall**—We can get the date when it was tabled.

**Senator WONG**—I know the date when it was tabled. I want the date on which it was provided to the minister's office.

**Dr Boxall**—We would have to take that on notice.

**Senator WONG**—Was there any alteration to this answer after intervention from the minister's office?

**Senator Abetz**—That is not something that we are going to traverse.

**Senator WONG**—Has the department done any analysis of the ACOSS figures which were released last week? This is the regional distribution of people affected by the Welfare to Work policy.

**Mr Sandison**—We are aware of the release that was provided by ACOSS and the distribution study they have done. We have not done any detailed analysis of all the areas in response to that paper specifically, but we are aware of the distribution of the payment groups—the DSP and the parenting payment single—across the country.

**Senator WONG**—Does the department's own analysis confirm that people in rural and regional areas are more likely to be worse off under the Welfare to Work policy?

**Dr Boxall**—No, the department's analysis would not confirm that.

**Senator WONG**—What does the department's analysis confirm?

**Dr Boxall**—Because people who go onto Newstart Plus will have the opportunity to get a job, when there—

**Senator WONG**—They actually have the opportunity to get a job on the current payments. In fact, it is easier in many ways, because they keep more of every dollar they earn. So that is a policy argument which I really do not think it is useful for us to continue to have. I am asking about the regional impact. You have had a look at the ACOSS figures; do you disagree with the regional impact that is outlined in the ACOSS figures or have you not done a similar analysis?

**Dr Boxall**—We have not done a detailed analysis of the distribution of people on parenting payments, but, as Mr Sandison said, we are aware of the distribution of people on parenting payment and other payments.

**Senator WONG**—So you haven't done any detailed analysis of the ACOSS report?

**Mr Sandison**—Sorry, Senator?

**Senator WONG**—You haven't been asked by the government to do any analysis of this report?

**Mr Sandison**—We haven't had a specific request to do the analysis of those numbers on the regional impact, no.

**Senator WONG**—Are you able to indicate on what basis Peter Dutton indicated these figures were biased?

**Mr Sandison**—I cannot comment on what the minister said, nor on what basis.

**Senator Abetz**—Chances are that it is on this basis:

... ACOSS whinging about all the things they don't like in the world. But not offering any answers, other than increased transfer payments. They just don't get it.

Do you know who said that, Senator Wong? Your former leader, who you helped elect, Mark Latham. So I think that Mr Dutton's refusal to accept ACOSS at face value is something shared by your own party.

**Senator WONG**—I think the point is that the minister comes out and says the figures are biased, undermining the accuracy of the figures, when it is quite clear that his department has done no analysis of the figures. On what basis can he therefore say they are biased or incorrect?

**Senator Abetz**—Certain organisations are known by their activities, and even your former leader talked about them, saying:

... Left conservatism ... They just don't get it.

They whinge about all things but they never provide any answers. We as a government are about providing answers and it is about time that, instead of whingeing, your party and ACOSS and a few other organisations actually came up with solutions other than—

**Senator WONG**—Is this an answer?

**Senator Abetz**—throwing more money.

**Senator WONG**—Is this an answer, Senator?

**Senator Abetz**—Yes, it is.

**Senator WONG**—To which question?

**Senator Abetz**—Well, if you go back, you will find out what you asked.

**Senator WONG**—Can I go to the legislation. I presume drafting instructions have been issued?

**Dr Boxall**—Yes.

**Senator WONG**—When were they issued?

**Ms Curran**—I haven't got the exact date in front of me, but it was the end of June.

**Senator WONG**—And how many times have these instructions been altered or additional instructions been issued?

**Ms Curran**—We have had supplementary instructions during the process. I think that there are probably three major sets of instructions, so the first set went to the end of June.

**Senator WONG**—Thank you. Are you able to give me the approximate months in which the three sets of supplementary instructions were provided?

**Ms Curran**—Roughly.

**Senator WONG**—Roughly—I won't hold you to it!

**Ms Curran**—Subject to checking the record—

**Senator WONG**—Sure.

**Ms Curran**—I think that there were some further instructions in July—obviously, through the whole process we had ongoing instructions going through. Then we had some further instructions towards the end of September.

**Senator WONG**—That is two.

**Ms Curran**—Three, I'm sorry: there was June, July—

**Senator WONG**—Sorry, I thought there were three supplementary sets. So there was the primary one and then two supplementary?

**Ms Curran**—There was obviously ongoing—

**Senator WONG**—I am referring, as I understand it—I have not had the opportunity to be in government—to the formal drafting instructions as opposed to informal verbal contact or email contact.

**Ms Curran**—Except that as you go through this process it is very iterative, so you are always providing further instructions. It is very, very iterative.

**Senator WONG**—At the last estimates hearings we were advised that this particular set of changes had gone to cabinet in February. On what occasions since that time have the Welfare to Work changes gone before cabinet?

**Dr Boxall**—We cannot disclose what goes to and from cabinet.

**Senator WONG**—I am asking for the dates.

**Dr Boxall**—We just cannot give those dates.

**Senator WONG**—Again—and I am happy to get advice from the Clerk for tomorrow morning—this is a timing question; it is not a content question. You answered this previously—you confirmed that it had gone to cabinet in February. I am asking on what occasions it has gone to cabinet since then.

**Dr Boxall**—We are saying that we, in representing the minister, are not at liberty to say when things are considered by cabinet.

**Senator WONG**—With respect to the Welfare to Work changes announced on 21 September 2005, can I confirm the parameters of those. Is it the case that parents of children with a disability may be exempt from mutual obligation—in other words, it is discretionary as opposed to their being exempted as a class?

**Mr Carters**—Yes, that is correct.

**Senator WONG**—And that exemption must be negotiated with whom?

**Mr Carters**—Centrelink.

**Senator WONG**—Will there be policy guidelines or instructions in relation to the exemption issued to Centrelink by DEWR?

**Mr Carters**—Yes, there will.

**Senator WONG**—Have those been drafted?

**Mr Carters**—No.



**Senator WONG**—Are you able to indicate which disabilities fall within the category that would be exempt and which would not?

**Mr Carters**—Not at this stage. It is still being worked through and is still open for discussion with stakeholders.

**Senator WONG**—I also refer to an answer that the Prime Minister gave in question time and a subsequent announcement in which he referred to circumstances if there was low or negative gain from work after paying for child-care costs—that there may be an exemption in those circumstances.

**Mr Carters**—That is not an exemption as such. That referred to the fact that they would not be required to take that job.

**Senator WONG**—So they would not be breached if they did not take the job?

**Mr Carters**—That is correct.

**Senator WONG**—Has the Prime Minister's announcement been given effect in policy or guidelines as yet?

**Mr Carters**—It will be. We are in the process of developing the detail and continuing to consult on the detail.

**Senator WONG**—Who are you consulting with?

**Mr Carters**—Stakeholders, interest groups et cetera.

**Senator WONG**—Which ones?

**Mr Carters**—There have been quite a series of consultations over a period of time and they are continuing to occur. I can give you some examples of who it is that we have had discussions with.

**Senator WONG**—Can you take that on notice?

**Mr Carters**—Yes.

**Senator WONG**—And the dates. Were there consultations with representative groups or members of the public regarding these exemptions which were announced in September?

**Mr Carters**—Since the announcement?

**Senator WONG**—Leading up to it.

**Mr Carters**—We had a series of consultations with stakeholders post budget, and they progressed over a couple of months. We took notice of those consultations. We have not consulted on the changes which were announced post those changes but, again, we intend to do so.

**Senator WONG**—I will go back to the Prime Minister's statement. Has there been any consideration of what low or negative gain means?

**Mr Carters**—Again, this is not a position that we have fixed on yet.

**Senator WONG**—Has there been some consideration of what that means?

**Mr Carters**—Yes.

**Senator WONG**—I assume, consistent with the way the government has approached this previously, in assessing low or negative gain you would compare a person working or not working on the enhanced Newstart payment with someone on a parenting payment and someone on the Newstart payment. Do you see what I am saying?

**Mr Carters**—Yes. There will be people on Newstart who need to look for work and there will be people on parenting payment who also need to look for work. In both cases, yes, we will be looking at their rate of payment.

**Senator WONG**—Would you compare the payment which they are currently on with what their return from work would be and then you would subtract child-care costs et cetera as per the Prime Minister's announcement to determine if there was low or negative gain?

**Mr Carters**—Again, the detail has not been determined yet.

**Senator WONG**—Are transport costs envisaged to be included in determining what low or negative gain would be?

**Mr Carters**—The detail has not been worked through yet.

**Senator WONG**—It is not referred to in the Prime Minister's statement. The reference is only to the cost of care. Do I assume from that that the cost of transport would not be included in an assessment of the net financial impact?

**Mr Carters**—I cannot give you an answer at this stage.

**Senator WONG**—Have you determined whether the actual theoretical cost of child care will be utilised for the purposes of determining negative or low gain?

**Mr Carters**—No, we have not.

**Senator WONG**—I want to confirm what the situation is in relation to people who exit the parenting payment for reconciling with a former partner or entering a new relationship. If a person on parenting payment now exits the payment on that basis and then reapplies for whatever reasons, because their personal circumstances change, they would lose the protection of being regarded under the policy as an existing recipient, would they not?

**Mr Carters**—The existing recipients of parenting payment are able to return to that payment within 12 weeks. If they return to the payment after 12 weeks they are deemed to be a new applicant, so the income support entitlement will be based on that eligibility as a new applicant.

**Senator WONG**—Have you determined the specific activity requirements which will apply to parents under the new regime? I think on the last occasion—sorry; I should flesh this out a bit—you were indicating to me, for example, the range of job contexts which current Newstart recipients would have to look at in terms of their participation agreements. Has that been determined?

**Mr Carters**—Again, we have not fixed on that. Basically it will come down to individual circumstances. The maximum number of job contacts now is 10 per fortnight. I think I may have indicated that it will be less than that, but we have not finalised what that will be.

**Senator WONG**—What about filling in a job seekers diary?

**Mr Carters**—I am sorry; what is the question on that?

**Senator WONG**—Is that going to be one of the activity requirements on people with a disability and parents?

**Mr Carters**—That is still to be worked out.

**Senator WONG**—Do we know when the legislation is to be tabled?

**Dr Boxall**—The government has not yet announced when it proposes to table the legislation.

**Senator WONG**—Has the department considered how reporting requirements will be tailored to some of the people who will have activity requirements, such as those who might have difficulty in writing, people with intellectual disabilities or mental illnesses?

**Mr Carters**—There has been some consideration of that but, again, nothing has been finalised.

**Senator WONG**—What about the requirement to travel for up to 90 minutes each way to a job or job interview? Will that still be the case in relation to parents or people with a disability?

**Mr Carters**—That is a guideline which is in operation at the moment and that will be reviewed. Also, individual circumstances will be taken into account there as well.

**Senator WONG**—When you say that that will be reviewed, what does that mean?

**Mr Carters**—Again, we have not worked out exactly what the decision will be there. That will be in the guidelines.

**Senator WONG**—Previously we discussed the pilot which was undertaken in relation to DSP recipients. I have forgotten the name, sorry.

**Mr Carters**—The disability support pension pilot.

**Senator WONG**—Has there been a similar pilot in relation to the Job Network for parents?

**Ms Caldwell**—No, not a pilot of that nature.

**Senator WONG**—What sort of pilot has there been? Just the policy that Centrelink has of contacting recipients, supposedly voluntarily connecting them with the Job Network? That has been implemented.

**Ms Golightly**—It was not a pilot but we have been working with Centrelink to inform parents and others who can volunteer to be connected to the Job Network.

**Senator WONG**—So, Ms Caldwell, when you said not a pilot of that sort, can you tell me what else you might have had in mind?

**Ms Caldwell**—Certainly. The disability support pension Job Network pilot was a particular project that was brought into being to specifically target disability support pension recipients. It is not possible to draw a line and ask: did you do exactly the same thing for another group? That was the point I was making. We have done a number of activities that look at Job Network services for parents. We have been looking, as Ms Golightly said, at measures to

increase referrals through better information to parents through Centrelink at the time of their contact. We have done work in the transition to work program and also in the Work for the Dole program. There has been a range of other work around the industry strategies task force and Better Connections, and, of course, from 1 July this year, existing parenting payment recipients who are fully Job Network eligible can directly register with a Job Network member of their choice.

**Senator WONG**—Have you done any analysis of any of any of those measures, such as the success of them and the characteristics of the people involved?

**Ms Caldwell**—We have obviously done evaluation around the disability support Job Network pilot mentioned before. There has not been a formal evaluation; however, we do have administrative data around those other measures to look at their success.

**Senator WONG**—What does ‘administrative data’ mean? Is there something you can give me which shows how something works or does not work in relation to parents?

**Ms Caldwell**—The most useful data is from the annual report, and we also have an update of that data in terms of the number of job placements and results received for parenting payment recipients participating in Job Network.

**Senator WONG**—That will be great if you could table that. This is updating the annual report—is that what you are saying?

**Ms Caldwell**—Yes, I have data for the 12 months ending 30 September in addition to the annual report.

**Senator WONG**—I’d appreciate it if you could provide that. Thank you. I turn now to foster carers. Can I just confirm that the original budget announcement did not exempt foster carers from their mutual obligation requirements. Is that right? Sorry, that was poorly phrased. Foster carers who are on the parenting payment and subject to the Welfare to Work changes under the budget announcements were not exempt from mutual obligation requirements.

**Mr Carters**—That is correct. They were not exempt as a class of people but individually they would have been considered on their merits.

**Senator WONG**—Subsequent to the budget, did the department have any discussions with the Australian Foster Care Association?

**Mr Sandison**—We will have to check on whether there was a specific discussion with them.

**Senator WONG**—When did the department first become aware of the issue in relation to foster carers, or of concerns being raised by foster carers?

**Mr Carters**—I am not sure how to answer the question about when we first became aware of foster carers—

**Senator WONG**—No, aware of the concerns of foster carers regarding the impact of the policy.

**Mr Carters**—Certainly, through consultations on how best to implement the policy.

**Senator WONG**—So this was post the budget announcement?

**Mr Carters**—The detail was post budget, because the detail was in the implementation—how best to implement the elements. I have it here, Senator; we met with the Foster Care Association on 19 July.

**Senator WONG**—Right. And subsequently? Were there subsequent consultations?

**Mr Sandison**—I think that was the primary meeting.

**Senator WONG**—Thank you. Going back a bit, the minister announced changes to the policy to which we have referred previously which meant foster carers also may be exempt from mutual obligation but are not exempt as a class. Is that correct?

**Mr Carters**—Foster carers would be exempt from—it is not just job search and mutual obligation—if—

**Senator WONG**—Sorry, is that the distinction between the 150 hours and the 15 hours that we were discussing previously?

**Mr Carters**—It is, yes. You are obliged to look for work and, on top of that, there is the 150 hours of mutual obligation.

**Senator WONG**—Yes, we discussed it at length on the last occasion.

**Mr Carters**—Foster carers who are in other circumstances which limit their ability to participate in the labour market would have an exemption.

**Senator WONG**—So foster carers as a class are not exempt from the 15 hours or the mutual obligation requirements under the minister's announcement; is that right?

**Mr Carters**—That is correct—not as a class solely because they are foster carers. The detail of the foster caring needs to be considered in terms of the impact on their ability to work.

**Senator WONG**—And neither foster carers nor parents of children with a disability who are exempt from mutual obligation or work search requirements are exempt from the reduction in income—that is, being moved onto a new payment—if they fall into that category of recipient?

**Mr Carters**—New entrants?

**Senator WONG**—Yes. I am assuming that there is no difference, in terms of payment entitlements, from the rest of the parenting payment population—that is, the new entrants and the post budget announcement groups et cetera. They are only being exempted from the obligations; they are not exempt from any other aspect, including the different payment structure?

**Mr Carters**—That is correct.

**Senator WONG**—Has there been any discussion with the states and territories about any impacts this might have on foster carer numbers?

**Mr Carters**—We have had a discussion with the New South Wales Department of Community Services.

**Senator WONG**—Anyone else?

**Mr Carters**—We have had informal contact with all states.

**Senator WONG**—What does ‘informal contact’ mean?

**Mr Carters**—Just phone calls. There have not been formal meetings at a higher level.

**Senator WONG**—But there have been in relation to New South Wales.

**Mr Carters**—Yes.

**Senator WONG**—Formal meetings at a higher level.

**Mr Carters**—Yes.

**Senator WONG**—And New South Wales has expressed a concern about the impact on foster carer numbers?

**Mr Carters**—New South Wales wanted to discuss the implementation approach with us.

**Senator WONG**—They have not expressed any concern about the impact on foster carer numbers?

**Mr Carters**—They want to work with us to ensure that the policy is implemented in a way so that foster carers are considered on their merits.

**Senator WONG**—Has any correspondence been received from any of the state governments in relation to this matter?

**Mr Carters**—Yes.

**Senator WONG**—From which state governments?

**Mr Carters**—New South Wales government.

**Senator WONG**—Is that the only one?

**Mr Carters**—Yes.

**Senator WONG**—Of which you are aware?

**Mr Carters**—That is the only one that I am aware of.

**Senator WONG**—Perhaps you could take that on notice, because my information differs. I am happy for you to take that on notice.

**Mr Carters**—That is the only one that we are aware of that came to the department.

**Senator WONG**—Could you provide a copy of that correspondence and the response?

**Mr Carters**—I will take that on notice.

**Senator WONG**—I want to ask some questions about Family Day Care and mutual obligation and work search requirements. Is it the case that providing Family Day Care would meet the 15-hour requirement?

**Mr Carters**—Are you asking about providing Family Day Care as a job?

**Senator WONG**—Yes. The program Family Day Care. If you provide Family Day Care will that discharge the 15 hours requirement?

**Mr Carters**—If you are providing Family Day Care and it is paid employment, and you are doing it for 15 hours or more, it should discharge your requirement.

**Senator WONG**—Is the department involved in the discussions of the Family Day Care Council of Australia in relation to sole parents being recruited to train as home based child-care workers?

**Ms Taylor**—Yes, we have been involved in that.

**Senator WONG**—Is it intended that participating as a Family Day Care worker would discharge the 15 hours looking for work requirement?

**Ms Taylor**—We have been talking to the Family Day Care Council about an application that they have lodged under the employer demand and workplace flexibility strategy to look at the possibility of providing opportunities for employment for parents. So we have not had discussions with them about that aspect of it. It has been from an industry strategies point of view.

**Senator WONG**—I am not clear. At this stage has any decision been made by government that, if a sole parent who is subject to the looking for work requirements becomes a family day carer, as I think Minister Patterson has suggested publicly, that would discharge that parenting payment?

**Dr Boxall**—Mr Carters' answer stands on that.

**Senator WONG**—Which is what?

**Dr Boxall**—He just gave an answer on behalf of the department.

**Senator WONG**—Pardon me; I did not understand it. Perhaps I can rephrase. Has there been a decision within government that a sole parent can discharge their looking for work obligations of 15 hours per week by becoming a family day carer?

**Mr Carters**—My answer was that, yes, if that family day care is paid employment for at least 15 hours per week on an ongoing basis, it should discharge the—

**Senator WONG**—Is family day care regarded as paid employment? That is the policy question. If you provide family day care in your home, will that be regarded as paid employment for the purposes of your work obligations?

**Mr Carters**—If the payments are made then we would assume it is paid employment.

**Senator Abetz**—Yes, but is it volunteer work or—

**Senator WONG**—I am asking the question. This is your government's position.

**Dr Boxall**—Yes, but are you assuming in your question that people would do this family day care for no remuneration?

**Senator WONG**—No. I am talking about them doing family day care—

**Senator Abetz**—On a commercial basis.

**Senator WONG**—obtaining the various child-care funding arrangements which apply to that. I am asking: has there been a policy decision that that would comprise work for the purposes of people's work obligations?

**Mr Carters**—If you are deemed to be a family day carer, with that definition of the occupation, then, yes, it certainly would be covered.

**Senator WONG**—It would be covered?

**Mr Carters**—Yes. That is distinct from, say, somebody who is looking after a relative for little or no return.

**Senator WONG**—What would you be required to do in order to discharge your looking for work obligations in the family day care context?

**Mr Carters**—You would need to undertake that work for 15 hours a week on an ongoing basis.

**Senator WONG**—Would it be envisaged under these arrangements that sole parents who are suitable to become family day carers would just care for children who had not yet reached school age?

**Mr Carters**—My understanding is that, if a sole parent who is on Newstart gets a job as a family day carer, works for 15 hours and is paid for it, that should satisfy the obligation, just like if they got a job somewhere else for 15 hours and got paid for it.

**Senator WONG**—I am asking whether DEWR considers it to be a job in that sense.

**Mr Carters**—If you do something for 15 hours a week on an ongoing basis and get paid for it, it is a job, whether you do family day care or go to the retail sector and serve in a shop. We are not sure what your question is driving at, to be honest.

**Senator WONG**—How many children would a family day carer need to care for at the same time to be considered to be providing a family day care service?

**Dr Boxall**—There are issues to do with accreditation of family day carers which fall in the FACS bailiwick.

**Senator WONG**—That is why I am not asking about them. We will ask FACS about them. I am asking about people providing family day care in their own home and whether that discharges the work search obligations.

**Mr Carters**—We will need to take that on notice.

**Senator WONG**—Family day carers, as I understand it, receive fees paid by parents who can then claim child-care benefit back from the government depending on family income. It is not my area, but I understand that is how it works. Can you take on notice to tell me whether or not the person in that situation providing that care would satisfy their work search obligations?

**Dr Boxall**—To be honest, we are not sure exactly what your question is getting at. I am not an expert in this area and it is not our area, but my understanding is that you can have a day care business in your own home looking after up to five children—and we stand to be corrected on this by the FACS experts. There are probably certain procedures you would need to go through to get accreditation. In the event that somebody were to do that and were to run that as a business and receive payments, Mr Carters said—and I think this is correct—they should satisfy the obligation just the same as if they decided to go and get a job in a retail business.

**Mr Carters**—What I was taking on notice was the fact that we would need to consult with FACS about the details of the work.



**Senator WONG**—There was an article on Monday in the *Sydney Morning Herald* in which it is stated that your department has approached the Family Day Care Council to finalise plans to recruit sole parents as home based child-care workers or family day carers. That is what I am asking about. The article said:

Sole parents entering the job market under the Federal Government's welfare-to-work regime will be recruited to train as home-based child-care workers under plans being finalised with the Family Day Care Council of Australia.

... ..

The council's marketing manager, Jo Comans, has welcomed the approach by the Department of Employment and Workplace Relations to recruit sole parents as workers in the family day-care scheme.

That is what I am referring to. In that context, I am asking about the approach to sole parents who are subject to Welfare to Work. What is being envisaged and what are the rules likely to be? Who is responsible for that? Is that this department?

**Dr Boxall**—We have industry strategies, and one of the industries for which we are developing a strategy is day care. There are other industries, and one of them is day care. This article basically reports on the efforts by Ms Taylor and her colleagues to work up an industry strategy for recruitment of people into the day care industry which might or might not be sole parents. Other people might be recruited into the day care industry. That is issue one. Issue two is, in the event that a person on Newstart who was on a parenting payment gets a job, Mr Carters said that that should satisfy the requirement.

**Senator WONG**—And I am asking whether the family day care regime, the provision of family day care, constitutes a job for the purposes of the mutual obligation and looking for work requirements and what conditions, if any, are associated with that. If you have DEWR approaching the Family Day Care Council saying, 'We'll recruit the sole parents who are under obligation to your industry,' surely the department has come to a view about what family day care will constitute in terms of the Welfare to Work legislation.

**Dr Boxall**—Mr Carter has just answered that. If people have an ongoing job of 15 hours a week and it is paid then it should satisfy.

**Mr Carters**—And it is obviously an area in which sole parents should be very suited.

**Senator WONG**—Will there be any restriction on the age of children to be cared for in terms of the employment issue? I am not talking about accreditation; I am talking about the obligations and work search requirements. Will the age of the children be relevant to whether or not this discharges the obligation?

**Dr Boxall**—According to Mr Carters's testimony on behalf of the department, if the person has a job for 15 hours which is paid and ongoing then it should satisfy the requirement. Issues about whether the children are young, how many children there are and things like that go to issues of the regulation of the day care industry, which is not our area.

**Ms Taylor**—We are still in negotiation about this. This is not a project that has been approved as yet. There are several issues to be resolved about the project at the moment. It followed an approach from the Family Day Care Council to participate in the Employer Demand and Workplace Flexibility Strategy.

**Senator WONG**—But Minister Patterson has already spoken about it publicly. What is the status of her public comments?

**Ms Taylor**—I am not able to comment on that. I am able to add that the project has not been approved as yet.

**Senator WONG**—So the project has not been approved as yet, nor has any final decision been made about how this would fit into the Welfare to Work obligations specifically. I understand your answer in principle, Mr Carters, but, in relation to this particular industry strategy, if that is the phrase that you use, there has not been a decision made about how that will mesh with the Welfare to Work obligations.

**Dr Boxall**—The application under the program that Ms Taylor manages has yet to be approved.

**Senator WONG**—Yes, but that is the employer demand strategy side. I am asking about the obligation side. I am asking whether there have been, for example, discussions between DEWR and FaCS about how family day care would or would not satisfy the various obligations upon sole parents.

**Mr Carters**—The discussion with FaCS would not be on the basis of whether the 15 hours satisfied obligations; the discussion with FaCS is about the occupation of being a family day carer and the conditions of employment et cetera there. Subject to those being satisfied, yes, it would satisfy the 15 hours if they performed the work for that duration.

**Senator WONG**—Are you familiar with the media comments by the minister to which I have referred? Are you aware of them or not?

**Senator Abetz**—Which ones?

**Senator WONG**—Minister Patterson's.

**Mr Carters**—Yes.

**Senator WONG**—Were there any discussions between DEWR and FaCS prior to that announcement?

**Dr Boxall**—There have been discussions on day care basically ever since the Welfare to Work—

**Senator WONG**—No, this is a different issue. On that particular announcement, were there any discussions between DEWR and FaCS prior to the announcement?

**Dr Boxall**—There have been ongoing discussions—

**Senator WONG**—On this issue.

**Dr Boxall**—on day care ever since the Welfare to Work package was being developed.

**Senator WONG**—I do not mean the provisions. Minister Patterson announced a particular strategy of family day care workers in the context of sole parents subject to the Welfare to Work regime being recruited as family day care workers. I am asking: prior to that becoming public, were there any discussions between DEWR and FaCS on that issue?

**Mr Carters**—I would have to take that on notice.

**Senator WONG**—You are not aware of any?

**Mr Carters**—No, but that does not mean there were not any.

**Senator WONG**—Could you take that on notice and tell me and at what level that occurred and if there is any working group or other process to develop that? Presumably, Ms Taylor, you are responsible for the employer demand side.

**Ms Taylor**—Yes.

**Senator WONG**—Is there a working group with FaCS or are you simply primarily working with the Family Day Care Council?

**Ms Taylor**—On this project, primarily with the Family Day Care Council, yes.

**Senator WONG**—Is there any engagement with FaCS?

**Ms Taylor**—Not that I am aware of.

**Senator WONG**—It is rather an odd situation, isn't it, that a sole parent can provide care to other people's children that is regarded as employment but not to their own children.

**Dr Boxall**—No. The fact is that if a person on Newstart gets a job—and that job might be day care, but it could be aged care or it could be in the retail sector—then as Mr Carters outlined it would satisfy the mutual obligation. There is no restriction that I know of on the sort of job they can do as long as it is legal.

**Senator WONG**—So sole parents under mutual obligation could just swap kids and they would meet the mutual obligation requirements. So that would become employment—

**Dr Boxall**—No. Sole parents would, if they were employed by a day care centre—

**Senator WONG**—This is not a day care centre.

**Dr Boxall**—If they were running a family day care where they were looking after other people's children, who might or might not be the children of sole parents, and if they satisfied the requirements that Mr Carters outlined on behalf of the department, then that should satisfy it.

**Senator Abetz**—I suppose it would be the same if these sole parents were to clean each other's houses for 15 hours per week and get paid for it at the appropriate remuneration. They could mow each other's lawns. You could go on ad infinitum with those sorts of examples, but the test from DEWR is, as I understand it, that there be 15 hours paid work.

**Senator WONG**—So you are agreeing with me, essentially, Minister—is that right?—that you are paid for looking after someone else's children. So if a number of sole parents swapped children and looked after other people's children that may well comprise employment for the purposes of the work obligation. If they mowed each other's lawns and cleaned each other's houses and paid something, that may well—

**Senator Abetz**—We are going to have a great society of entrepreneurs, and I do not think they will be on welfare for long.

**Senator WONG**—Is that the government's answer—that, yes, that would discharge the mutual obligation—

**Senator Abetz**—The test is 15 hours.

**Senator WONG**—I am not finished—and work search requirements.

**CHAIR**—Isn't it the case that sole parents only have to undertake this obligation when their youngest child reaches six years of age?

**Dr Boxall**—Yes.

**CHAIR**—So in any case their own children may well be at school—

**Senator Abetz**—One would hope so.

**CHAIR**—when they would be providing that service.

**Senator Abetz**—Good point, chair.

**CHAIR**—Thank you.

**Senator WONG**—If a sole parent registered as a family day carer only provided care for one child in addition to her own, would that satisfy the work search requirements or the work obligation?

**Mr Carters**—I have already taken that one on notice.

**Senator WONG**—You probably would need to take this on notice, but is there a minimum number of other people's children which would have to be looked after before the care would be regarded as family day care for which child care benefit is payable?

**Mr Carters**—We will take that on notice.

**Senator WONG**—How many children would a family day carer need to care for in order to meet the mutual obligation requirements?

**Mr Carters**—We will take that on notice.

**Senator WONG**—On the last occasion I asked about the exit rates from the parenting payment partnered and parenting payment single payments. I was told by you, Mr Carters, that at that stage it was 30 per cent for PPS and 11 per cent for PPP.

**Mr Carters**—Yes.

**Senator WONG**—I presume that was as at that date.

**Mr Carters**—I cannot recall exactly what the time frame was.

**Senator WONG**—Perhaps you could take on notice exactly what point in time that data referred to. I would like the equivalent figure for 2004 and the current figure.

**Mr Carters**—We will take that on notice.

**Senator WONG**—I understand the exit rate is determined by looking at the proportion of the recipient groups who are earning—is that right? It is not a complete exit from the statement. That is a question; I am not sure what the answer is.

**Mr Sandison**—We would have to clarify your question of exit off payment. Some people can end up being on payment but with earnings. So which—

**Senator WONG**—I am sorry; the percentage who are earning was my question on the last occasion, so let us get the same data. Can we confirm what that was for 2004 and what that is for 2005?

**Mr Sandison**—Yes, Senator.

**Dr Boxall**—Do you have the *Hansard* page number there?

**Senator WONG**—Page 143 on 30 May. I presume that in your Job Network data sets you would be able to track outcome by payment recipient type.

**Ms Golightly**—Yes.

**Senator WONG**—So you could give me outcome data for PPS and DSP over various periods of time?

**Ms Golightly**—Yes, bearing in mind that they are volunteers at the moment.

**Senator WONG**—I am absolutely aware of that. How is that data? Do you have outcomes in terms of employment for—

**Ms Golightly**—It is the normal milestones that we report. That would be job placement—so when they are placed in a job—then 13 weeks later when they are still in a job and then the 26 weeks.

**Senator WONG**—Could I have that for 2004 and for 2005? Do you track that monthly or quarterly? What way is that data tracked?

**Ms Golightly**—We have got it at least quarterly.

**Senator WONG**—I am interested in looking at some trends over the last two years so if you could provide that I would appreciate that.

**Ms Golightly**—Certainly.

**Senator WONG**—Thank you. Can I ask about that cohort of DSP recipients who entered the payment on the day after the budget but prior to 30 June next year? They are, I understand, on the existing level of payment but can be reviewed against what is proposed to be the new criteria for DSP. Is that correct?

**Mr Sandison**—Yes.

**Senator WONG**—Is it still the case that the government envisages reviews for that cohort to be conducted every two to five years?

**Mr Sandison**—There is no change from the Treasurer's announcement on budget night.

**Senator WONG**—You may remember that on the last occasion we had a lengthy discussion about the outflows—so people moving into work—and the figures provided by the government, which I assume comprised 109,000. They were provided by, I think, the Department of the Treasury, weren't they, eventually? I assume you are aware of them, Mr Carters. The basis of the 109—

**Mr Carters**—The 109—

**Senator WONG**—I beg your pardon; I have got the wrong set—the numbers who will move onto the lower payment.

**Mr Carters**—When you say ‘move onto the lower payment’, what do you mean by that exactly?

**Senator WONG**—People who would have been on DSP but who are on Newstart as a result of the changes.

**Mr Carters**—I am aware of those.

**Senator WONG**—Could you just remind me which question on notice you have indicated that in?

**Mr Carters**—It is W016-06, I think.

**Senator WONG**—Yes, that’s it.

**Mr Sandison**—On that question, I will just clarify that the answer provided there is in response to the question about how many people who would previously have been on DSP will be on enhanced Newstart; it is not actually about the transition group that you were referring to a minute ago.

**Senator WONG**—Do you have figures for how many in that transition group—

**Mr Sandison**—That transition group will have to go through the review process.

**Senator WONG**—Have you made assumptions in the budget as to how many of them will move into the—

**Mr Sandison**—We did some preliminary work that I do not have with me, but I can take that on notice.

**Senator WONG**—I might come back to that tomorrow, I think.

**Ms Golightly**—Madam Chair, I might have an answer to Senator Wong’s previous question about recipients with earnings. The percentages for recipients of the various payments with earnings for 2004 compared to 2005 are reported in the annual report on page 38. Was that your question?

**Senator WONG**—Yes, but I asked for outcome trends.

**Ms Golightly**—Yes, that was another question, but I think there was an earlier one about payment recipients with earnings.

**Mr Carters**—Yes, it was the question you asked me, Senator, and the answer for 2005 is parenting payment single, 32 per cent, and parenting payment partnered, 12 per cent—and that is June 2005.

**Senator WONG**—And the 11 per cent and 30 per cent that you gave me on 30 May?

**Mr Carters**—They were June 2004.

**Senator WONG**—Mr Carters, I have just worked out exactly what I wanted to ask you previously; I apologise. The modelling that Treasury provided for people with a disability moving from welfare to work was, in 2006-07, 38,000; in 2007-08, 18,000; and, in 2008-09, 18,000. Are you aware of those figures being provided by government? They were provided in the budget estimates round.

**Mr Carters**—I’m not actually, offhand.

**Senator WONG**—I am happy to go to it tomorrow if you want to get that information, because I presume DEWR must have some knowledge of that. I want to ask some questions about the implications of that. We could come back to that tomorrow.

**Mr Carters**—Yes, okay. We will see what we can find out.

**Senator WONG**—I am not sure if it is in the existing legislation or in the social security guide, but there is a definition of ‘unsuitable work’.

**Dr Boxall**—Yes.

**Senator WONG**—Is that in the guide?

**Dr Boxall**—It is in the legislation.

**Senator WONG**—It makes specific reference to industrial awards. It says, ‘Work may be unsuitable if is covered by an award, but the employer will only employ the customer if they enter into an AWA which qualifies or abolishes the rights to that award or is award free but the pay is less than the minimum rate of comparable work.’ Given the Work Choices legislation, do I assume that that ‘unsuitable work’ definition will be changed?

**Dr Boxall**—You can assume that it is under active consideration.

**Senator WONG**—So, if you don’t make reference to awards, what would then comprise ‘unsuitable work’ in terms of those paragraphs?

**Dr Boxall**—We cannot announce what might or might not be in the legislation, which is yet to be tabled, but what we can say is that that issue that you have pointed out has been considered actively, and the government will outline its position when it tables the legislation or if it chooses to make an announcement before that time.

**Senator WONG**—Will there be any minimum level of remuneration specified?

**Dr Boxall**—As I have said, the government will make an announcement on that issue or, alternatively, it will be presented in the legislation. The government’s position is quite clear under Work Choices that there is a statutory minima. That is quite clear.

**Senator WONG**—So should I understand from that that the government’s position would be that suitable work would be work that met the five minimum conditions?

**Dr Boxall**—That is one possibility, but we cannot speculate on this. The government is considering this issue and it will announce its position, either before it tables the legislation or when it tables the legislation.

**Senator WONG**—Minister Andrews was asked about the situation where a sole parent who was also a parenting payment recipient was offered an AWA without conditions like public holidays and penalty rates in accordance with Work Choices. He was asked what choice ‘Billy’ would have in this situation. If he knocks back the job, Centrelink will take away his welfare. If he does not take the job, no matter what the conditions, he loses his benefits. Minister Andrews stated:

We don’t make any excuse for this.

Is that the government's position—that a parenting payment recipient or a person with a disability would potentially face a breaching situation if they refused work on an AWA which removed all but the five minimum conditions?

**Dr Boxall**—We have nothing to add to the minister's statement. You cannot remove the five statutory minima which are outlined in Work Choices and are in the legislation for Work Choices.

**Senator Abetz**—You cannot remove anything if the person has not had the job in the first place. The premise of your question is 'with all of these things removed'; no, the person will be applying for a job on a new basis.

**Senator WONG**—The point is, though, that if they refuse to take a job on that basis they could be breached because that could be an activity breach.

**Senator Abetz**—Our position as a government is that if people are given an employment opportunity then they have an obligation to take it, as opposed to expecting their fellow Australians to keep funding them.

**Senator WONG**—Regardless of the conditions on which work is offered?

**Senator Abetz**—No; regardless of the conditions of the employment offered, subject to the important proviso that the employment offered has to be on the basis of the legislated minima.

**Senator WONG**—The five?

**Senator Abetz**—Yes.

**Senator WONG**—I ask a question in relation to the proposed new compliance regime. If somebody turned down the offer of one shift of work for a four-hour period, would that be regarded as an activity breach?

**Mr Carters**—The circumstances need to be taken into account. It is not at all black and white.

**Senator WONG**—What does that mean? Is 'activity breach' the phrase that is still being used?

**Mr Carters**—No, it is not.

**Senator WONG**—What is the phrase?

**Mr Carters**—Suspension.

**Senator WONG**—I am talking about the breaches which give rise to the eight-week suspension. What are those called?

**Mr Carters**—Nonpayment periods.

**Senator WONG**—No.

**Dr Boxall**—Participation reports.

**Senator WONG**—Thank you. Participation breaches; is that right?

**Mr Sandison**—There is a first and second noncompliance. The third noncompliance leads to the eight-week penalty.



**Senator WONG**—I understand that; I was just asking a terminology question about what they are called. So if you turn down a four-hour shift, would that be regarded as noncompliance for the purposes of the ‘three strikes and you are suspended’ policy?

**Mr Carters**—As I was saying, it depends on the circumstances of why you turned down the shift, the conditions in terms of accessing that shift, what sort of hours the shift was, child care and transport. All of those issues need to be taken into account.

**Senator WONG**—My point here is: a four-hour shift. That is the circumstance I am asking for an answer on.

**Mr Carters**—All those circumstances that I just raised need to be considered as well.

**Senator WONG**—Potentially, it is possible.

**Mr Carters**—It is possible, yes.

**Senator WONG**—Does DEWR consider that people on income support payments, potentially facing this breaching regime, have equal bargaining power with their potential employers?

**Dr Boxall**—DEWR does not give views on those sorts of issues.

**Senator WONG**—Would a person in such a situation have genuinely consented to the terms and conditions of their employment?

**Dr Boxall**—These are issues that go to outcome 2. DEWR does not give opinions.

**Senator WONG**—I am talking about income support recipients who are faced with either being breached or taking a job offer with no penalty rates, no redundancy, no shift allowance, no overtime, no restriction on working on public holidays et cetera. Do they have a genuine choice in those circumstances?

**Dr Boxall**—What we have just said is that the government will be tabling its legislation on welfare to work, which will define ‘unsuitable’ employment. We are not in a position to disclose what the government will table. There will be criteria there on what is considered ‘unsuitable’ employment. There might well be a situation where working on public holidays where it is not possible to get child care might be considered unsuitable employment in those circumstances for some individuals but not for others. It is a question of judgment as to what is a participation failure. That is the point that Mr Carters was making.

**Senator WONG**—Has DEWR undertaken any research or modelling on the potential impact on welfare to work recipients who, on the one hand, face a job offer below award conditions or, on the other, a breaching regime?

**Dr Boxall**—The government’s position is that the Work Choices legislation will enhance employment opportunities. All their research shows that there is a negative elasticity for demand and that the Work Choices legislation will offer greater job opportunities to people who might or might not be on benefits.

**Senator WONG**—Mr Carters, just remind me: you were going to take on notice my question about the frequency distribution graph, with the two points moved.

**Dr Boxall**—Ms Taylor took this question.

**Senator WONG**—Ms Taylor, I forgot to ask some questions on this. I think you took on notice historical data, and I gather you did not want to give me projected numbers of who would be affected by the two-point move. Is that accurate?

**Dr Boxall**—No, that is not accurate. The department agreed to take on notice the issue of the frequency distributions. We said we had nothing to add to the minister's answer with respect to the parameter that was used for the budget costings.

**Senator WONG**—Is there any alteration to the JSCI to take into account the new cohort, subject to the welfare to work changes, other than the two-point change that we described?

**Dr Boxall**—Yes, there will be because that is one of the factors that influences the distribution.

**Senator WONG**—What are the changes?

**Ms Taylor**—We are still consulting on the changes, and we have not made any firm decision. The consultations, which will take place in the near future, will inform that decision.

**Senator WONG**—So you have not consulted on that yet, but you intend to. Is that right?

**Dr Boxall**—We have not finalised consultations.

**Senator WONG**—That is not what Ms Taylor said.

**Dr Boxall**—The department's position is that we have not finalised consultations on that.

**Senator WONG**—Why don't you let her answer, Dr Boxall? I am asking whether or not any consultations have commenced.

**Dr Boxall**—Chair, It is my understanding that—

**Senator WONG**—You can just give all the answers—is that right, Dr Boxall?—regardless of what departmental officials are saying?

**CHAIR**—Senator Wong, I ask you to let Dr Boxall speak.

**Dr Boxall**—Thank you, Madam Chair. It is my understanding that, where the department is asked a question on behalf of the minister, the department decides who answers that and I have just answered that question on behalf of the department.

**Senator WONG**—Okay. What consultations have occurred in relation to alterations to the JSCI to take into account the new cohort?

**Ms Taylor**—We are about to undertake some direct consultations, but there has been information received from ACOSS.

**Senator WONG**—Anyone else?

**Ms Taylor**—Not that I understand.

**Senator WONG**—And the face-to-face consultations which you are about to undertake: with whom are they intended to be?

**Ms Taylor**—I can give you a list of those. I am not sure if I have it with me at the moment. If I do not, I will take it on notice.

**Senator WONG**—Is it intended that it will take into account parenting responsibilities?

**Ms Taylor**—Yes.

**Senator WONG**—And, presumably, type of disability.

**Ms Taylor**—This is what we want to consult about: exactly what should be taken into account over and above the factors that are there at the present time.

**Senator WONG**—I want to ask one question about the interaction between Job Network outcome payments and some of the state workers compensation schemes. Some Job Network providers clearly would accept referrals from workers compensation insurers for the delivery of programs to assist injured workers gaining new employment. Certainly that is the case in New South Wales. Is DEWR aware of any possibility that Job Network providers are obtaining both outcome payments through the Job Network scheme plus payments through the state workers compensation schemes?

**Ms Caldwell**—We contract with Job Network to service eligible job seekers—that is, they are either fully Job Network eligible because of their receipt of qualifying Commonwealth income support payments or they attract lesser service fees as an unemployed eligible job search support only customer. If a Job Network member has a business operation separate and additional to those services we contract with them, that would be their own commercial operation.

**Senator WONG**—Yes, but we are talking about somebody getting paid by both levels of government for the same action.

**Ms Caldwell**—The department contracts with the Job Network members to pay them for specified services and events for clients who qualify under that contract.

**Senator WONG**—So you do not mind if somebody is getting paid by, for example, WorkCover New South Wales for the same service? Double-dipping is not a concern for the department?

**Ms Caldwell**—Senator, I believe I have answered your question. If they are delivering the services that the department contracts with them and qualifying for our payments for an eligible job seeker, I am not clear on what the particular point is. They are delivering the service and I am paying them per the contract.

**Senator WONG**—Perhaps you might want to come back to me tomorrow, but on 5 October I received an email, which was also sent to both your ministers, outlining in detail this double-dipping arrangement. Has that been referred to the department?

**Ms Caldwell**—I am happy to take a question on notice regarding the particular correspondence that you are referring to.

**Senator WONG**—I am interested in the policy issue, because what is being suggested—and I am not in a position to verify whether this is correct or not, clearly—is that there are Job Network providers who are essentially double-dipping.

**Ms Caldwell**—I am happy to take on notice the particular—

**Senator WONG**—Is the department not aware of this issue?

**Ms Golightly**—Senator, I do not recall the correspondence that you are referring to, but we can check that.

**Senator WONG**—Are you aware of the issue? Has it been raised before with the department?

**Ms Golightly**—Personally, I am not aware of that specific issue, but our contract does have a general clause in it about double funding, and that is clause 5.1. It says:

No Fee will be paid for the provision of Services to an eligible job seeker where the Provider—the Job Network provider—

may be entitled to a payment for the provision of the same or a similar service from DEWR or another public sector funded body.

**Senator WONG**—So would that mean at different levels of government?

**Ms Golightly**—It definitely could, so I will need to look into the particular case you are referring to.

**Senator WONG**—If you are able to come back to me, Ms Golightly, I would appreciate it. Do you leave after these outcomes finish? Are you here for the other ones?

**Ms Golightly**—It would depend on what is happening tomorrow morning.

**Senator Abetz**—But she lives in hope.

**Senator WONG**—I am trying to give you time to actually look at this. I would like to return to this tomorrow.

**Ms Golightly**—We will do what we can before tomorrow morning.

**Senator Abetz**—We can finish early; no such luck.

**Senator WONG**—That is a red rag to a bull, Minister. I was almost tired enough to agree.

**Senator Abetz**—You have got four minutes to rage, in that case.

**Senator WONG**—Is it ESE 3.5?

**Ms Golightly**—ESC. It is an extension to the ESC3 contract.

**Senator WONG**—People refer to it as 3.5. Is that not correct?

**Ms Golightly**—The department does not.

**Senator WONG**—Has the extension altered the criteria for outcome payments for people with a disability and parents?

**Ms Golightly**—I am sorry; I did not quite catch the meaning of that.

**Senator WONG**—Has there been an alteration to the criteria for outcome payments for people with a disability and parents or in relation to people with a disability and parents?

**Ms Golightly**—The draft contract is available for comment at the moment. It has not been finalised—I just make that clear—but we would pay outcomes at the same rates.

**Senator WONG**—For those cohorts as well?

**Ms Golightly**—If the outcome meets the criteria that applies to those cohorts under the new arrangements.

**Senator WONG**—So you do not envisage any additional financial incentive for placing people with a disability or parents? That is not contemplated under the contract?

**Ms Golightly**—Not under the contract, although they have different criteria than perhaps other people on Newstart. The other thing is, if they are classified as highly disadvantaged, then they would attract the—

**Senator WONG**—Along with everyone else. I do not quite understand the extension. What is the date of the conclusion of ESE3?

**Ms Golightly**—The current contract concludes on 30 June 2006 and the extension extends that contract to 30 June 2009.

**Senator WONG**—So you are not undertaking another complete contract. It is an extension of three years, essentially.

**Ms Golightly**—Yes, but it is dependent on high performance now and then as assessed at each six-month period between now and June 2009.

**Senator WONG**—And that is set out in the draft contract that is publicly available?

**Ms Golightly**—That is right. The exposure draft as well.

**Senator WONG**—The very big document.

**Ms Golightly**—It is slightly big.

**Senator WONG**—It is something that I got given. One of the things that we discussed on the last occasion in relation to contract negotiations and one of the things that has been raised with me is how you determine outcome payments for people with reduced work capacities. Was an issue raised with the department by Job Network members regarding the financial consequences for Job Network of the lower taper rate for Newstart?

**Ms Golightly**—The issue came up in a range of consultations.

**Senator WONG**—What changes, if any, will be made to the extension of the contract, taking into account the issues raised?

**Ms Golightly**—My understanding is that the government has announced a change to the taper rates that apply, so the outcomes will, in the draft contract, be paid at those new taper rates.

**Senator WONG**—Can you remind me what they are? Are these taper rates on Newstart or taper rates in terms of your consideration of what constitutes an outcome?

**Ms Caldwell**—This is in terms of our contractual requirements for the payment of outcome payments to Job Network.

**Senator WONG**—I thought I might have missed some substantive announcement. Can you tell me what they are?

**Ms Golightly**—I will read from my notes: from 1 July 2006, changes in taper rates for Newstart and Youth Allowance other payments will allow job seekers to earn more money before their income support is extinguished.

**Senator WONG**—But that is the 60c to 50c issue. I am asking: to get an outcome payment, what then happens?

**Ms Golightly**—The outcome payments will also come in at that lower taper rate.

**CHAIR**—I now suspend the committee until tomorrow morning. Thank you very much.

**Committee adjourned at 11.00 pm**